FACTORS INFLUENCING SUSTAINABLE COMPETITIVE ADVANTAGE IN THE FAST-MOVING CONSUMER GOODS SECTOR: A CASE OF BIDCO AFRICA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2017
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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2017
STUDENT’S DECLARATION

I, the undersigned declare that this is my original work and has not been submitted to any other university or college institution except the United States International University- Africa in Nairobi for academic credit.

Signed: ____________________________ Date: ____________________________

Caroline Nyambura Wanjoji (ID 644032)

This project has been submitted for examination with my approval as the appointed supervisor.

Signed: ____________________________ Date: ____________________________

Dr. Kefah Njenga

Signed: ____________________________ Date: ____________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to investigate Factors influencing Sustainable Competitive Advantage in the Fast-Moving Consumer Goods sector: A case of Bidco Africa. The study was to be guided by the following research objectives: To find out if Advertising helps FMCG companies to attain a sustainable competitive advantage in the industry; To identify if Packaging is a contributing factor for a sustainable competitive advantage to be met; To examine if Branding leads to the attainment of a sustainable competitive advantage. The study adopted a descriptive research design. The sampling technique was the systematic random sampling, whereby every 4th case of the respondents was selected for inclusion in the sample. A sample size of 30 respondents was considered for the study. The study implemented primary data collection and the pre-testing of the questionnaire was done using a small sample of 30 respondents. Quantitative data was collected, coded and entered into the computer for analysis using the Statistical Package for Social Sciences (SPSS). Descriptive statistical methods such as mean, frequency, percentages were used. In addition, regression analysis was also used. The study found that BIDCO brand in terms of quality assurance, taste and odor, and manufacturer’s reputation was likely to positively contribute to the company sustainable competitive advantage. This was because these were the intangible aspects that the majority of the customers used to differentiate BIDCO products with the rest of the FMCG players. It is concluded that the three factors (advertising, packaging and branding) significantly influenced the sustainable competitive advantage of BIDCO. More specifically, advertising contributed the most to the sustainable competitive advantage of BIDCO followed by packaging and branding respectively. The most significant factor influencing sustainable competitive advantage at BIDCO is advertising, followed by packaging and branding respectively. The study recommends that the management of BIDCO should segment their customers and use the specific channel of communication to advertise to respective segments. BIDCO management should continuously study customer tastes and preferences to inform their packaging. BIDCO management should also allocate adequate resources to drive their brand in the FMCG sector.
ACKNOWLEDGEMENT

I would like to extend special thanks to my supervisor, Dr. Kefah Njenga whose constant input and support has made this research project a reality. I would also like to acknowledge Dr. Joseph Ngugi for his introduction to Business Research Methods and setting me on the path of appreciating research. Finally, I wish to thank most sincerely the respondents for their co-operation and whose responses made this research such a success.
DEDICATION

I dedicate this study to all those who desire the need for self improvement in whatever phase of life they may be in.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The average consumer spends a lot of their total budget on FMCGs (Celen, Erdogan, & Taymaz, 2015). Fast moving consumer goods (FMCGs) are types of goods that are purchased for almost immediate consumption (Majumdar, 2014). Kenya has a total food and beverage consumption of approximately US$11 billion per annum, and expected GDP per-capita growth of 3% until 2025. Kenya has more often been named as one of the most important ‘emerging markets’ in Africa.

Many industries across all sectors are striving to meet the ever-increasing demand of goods and services; thanks to steadily expanding national population that is increasing at an average annual rate of 2.1% (as at 2014 est.) As a result, demand for most commodities have increased has prompted many manufacturers to rethink and re-strategize their business models to be well equipped with new marketing and distribution strategies and one such industry is edible oil industry (Ogutu, 2016).

Cooking oil is one of the common commodities in almost every household which makes the industry one of the highly lucrative in Kenya with an average annual consumption of 500 million litres annually. The commodity has for a long time been a compliment to most meals in our kitchens thereby making it almost inevitable a fact that has seen consumption of cooking oil increase by a margin of approx. 11% annually. The industry is oligopolistic in nature with market leaders being Bidco Africa, Kapa Oil, Pwani Oil and Menengai Oil whose market shares are 39%, 24%, 11% and 9% respectively (Africamonitor, 2016).

Other market players in the cooking oil industry include Golden Africa, Diamond manufacturers, United Millers and Gill Oil. The four market leaders have been in constant competition with a sole objective of increasing their market as the industry has a high cross elasticity of demand. Further, consumption of edible oils is quality
sensitive as opposed to being price sensitive, especially in major urban centers such as Nairobi and Mombasa, thanks to the increasing population of middle income class consumers. Edible oil manufacturers in this industry are therefore using non price competition strategies with a prime objective of distinguishing their products on the basis of distinctive attributes such as packaging type and design, health benefits and quality (Africamonitor, 2016).

According to Forbes (2014), the rise of private-label goods has led to increased competition within the Fast-Moving Consumer Goods (FMCG) industry. A focus on bringing high volume products at lower prices to the market has created greater demands on all factors. Producers must differentiate their products and quickly bring them to market. Since products are consumed shortly after they are produced, it is imperative to keep production uptime high at all times. Any stop in production can cause empty shelves and lost market share. Private label brands are no longer a cheap alternative to the FMCG category as they have evolved into exclusive trusted brands that retailers have created, which keep consumers returning to their stores. As a result, private labelling has become a major threat to FMCG brands that now have to differentiate their brand benefits even more strongly (Ranu, 2014).

According to Dina Myers, director and co-founder of Aperio, a business consulting company focused on accelerating growth of FMCG brands in South Africa and Sub-Saharan Africa, “Retailers used to offer private label brands as a cheap offering to increase their margins. While they increased their margins, the overall value of the category shrunk. Retailers moved away from providing only private label products that are cheap and created or partnered to provide brands that stand for something unique,” says Myers (Fox, 2014).

The danger for FMCG brands is that consumers originally saw private label brands as cheap, but now they are trusting retailers to bring them quality brands,” explains Myers. “Retailers are actually building trust better than FMCG brands can because they get higher visibility in store, more shelf space, knowledge of promotional
programmes, which means they can be more competitive. This is a major threat to other FMCG brands (Fox, 2014).

Brands have reacted by increasing their product offering in by introducing basic ranges to cater for all consumers. There are some good examples from Pampers, Huggies, and Danone, who have created a value yoghurt range in collaboration with Shoprite. Myers cites Caltex with Seattle coffee shops and their partnership with Food Lover’s Market for the Fresh Stop range; and Sainsbury’s in the UK with Jamie Oliver. These unique product offerings build loyalty and ensure consumers come to the store to buy their products, and whilst they are there, consumers often complete their shop. Woolworths SA has many great examples and the exclusive and unique Chuckles range is just one example of where consumers say they often enter a store to purchase this product (Fox, 2014).

Many retailers have developed tiered brands catering to different consumer’s needs. For example, in South Africa Pick n Pay offers a variety of private label brands including No Name, a basic range for those on a budget; Finest, a premium range carefully selected at the most authentic sources; Organic, a range that is certified organic and food safe; and Green, an environmentally responsible alternative to chemical cleaning products. Retailers including forecourts have also entered into partnerships to build their overall brand (Ranu, 2014).

Studies show that many companies selling FMCGs have competed with dimensions like time and price. There is a wide range of FMCGs from ready meal products to convenience stores to fast fashion, but what they all have in common is trying to settle consumers’ impatience. It is therefore important for organizations to understand what activities companies that sell FMCGs do in order to achieve customer value and hence maintain competitiveness (Burt, 2014).

Customer satisfaction may lead to customer loyalty. Generally, customers’ main priority is time and responding to time pressure requires companies to have an excellent coordination throughout the demand chain. An example that demonstrates
the speed of market responsiveness is fast fashion, which requires not only quick
delivery to stores, but also flexibility in activities in order to respond to the constant
variation in consumer taste. (Burt, 2014) The fast fashion retail industry can be
portrayed by Darwin’s infamous words, “survival of the fittest” as generally,
companies that react quickly to changes in the environment, so called “active
companies”, will endure the tough competitive industry (Bergström & Fölster, 2015).

International FMCG companies are eyeing the African market for investment and
future growth. Due to various challenges faced by businesses in African markets,
companies are entering in selected African countries and, as a result, these markets
are beginning to saturate. For companies planning to enter/expand in Africa, the key
is to look beyond the obvious and invest in other emerging economies in the African
continent for sustained growth (Hokisson & Hitt, 2015). In order to be successful,
FMCG companies should study in detail the FMCG markets in various countries.
Though there are several commonalities across the FMCG markets in these selected
countries, each FMCG market has its own unique features, including consumer
preferences, distribution infrastructure, branding and advertising, retail channels, and
regulatory environment, which should be taken into account when formulating an
entry strategy (Hokisson & Hitt, 2015).

Companies in the FMCG industry face the dilemma of how they should escape price
and time pressures using competitive strategies by differentiating their customer-
oriented activities. In addition, companies need to be concerned of consumers’
changing tastes and their increased influence in what companies offer on their shop
shelves (Gamble & Strickland, 2012). According to the Porters Five Forces model, it
is explained that in order to create a competitive advantage, companies must examine
the industry characteristics and how companies differentiate themselves compared to
other companies in the industry.

Time and price are a way companies try to differentiate their offering, but today all
players on the market consider these factors in their competitive strategies. Therefore,
companies can turn to customer-oriented activities in their strive to differentiate
themselves and offer something unique. Companies may consider the development in technology to renew their business model and search for an opportunity on how they should differentiate (Baroto, 2012). Many companies find it challenging to renew and adapt their business model to constant industry changes (Christensen & Kagermann, 2013). According to Johnson (2013) it is difficult to define one’s business model, which is perhaps why companies use other tools to outline their strategies and value proposition. The Porters Value Chain is a tool used to illustrate how companies add value to a product using different activities along the supply chain.

According to Porter’s Value Chain and Osterwalder and Pigneur’s Business Model Canvas, activities are developed for companies so that they can analyse how they can add emotional value to their functional offering. Existing research on value chains study the supply chain activities as a whole and rarely refine the tools to just focus on a few activities. There are specific aspects of the FMCG industry that are interesting to study theoretically since they have a considerable impact on the competitive situation and the chains’ competitive strategies. This contributes theoretical value by validating, modifying or rejecting existing theory about the industry structure, competitive strategies and value in the FMCG industry (Johnson, 2013).

A successful competitive strategy offers added value to the customers and contributes to the company’s competitiveness. Companies must offer a product in demand and a pleasing customer experience. A good product is essential before even considering how to differentiate the business concepts and products from competitors using customer-oriented activities (Abdullah & Lai, 2012).

It is essential for companies to integrate customer-oriented activities in the company to achieve customer value. Consequently, companies focus on the customers to achieve uniqueness in the industry. They must keep updated on the technological developments when deciding their marketing technique. It is also important that they choose marketing techniques appropriate for their target market. There are disagreements concerning the customer service and relations in the FMCG industry because the products are offered at such a low price and do not involve too much

Customer service can also be identified as a unique selling point to differentiate the offering from competitors’. Companies should integrate the virtual world in the physical brick and mortar stores to take advantage of the physical store as a way to directly reach interested customers, as a way to stand out from competitors and offer complementary service and a pleasant experience (Baroto & Win, 2012). The FMCG industry is dynamic, based on the following factors: technology developments, over-establishment of chains on the market and increased bargaining power of customers. Companies selling FMCGs rely on a good product to attract customers. Companies need to choose their sustainable competitive strategies by considering their industry structure, which attests to Porter’s theory on competitive strategies (Abdullah & Lai, 2012).

1.2 Statement of the Problem

Bidco Africa is the largest producer, marketer and retailer of fast moving consumer goods in East, Central and Southern Africa owning over 40 brands (Forbes, 2014). Its products include edible oils, fats, margarine, laundry bars, detergents, personal care products and animal feeds. The group’s products are marketed to 13 African countries with subsidiaries and distributorships across the region. The company’s vision is to grab, grow and sustain the number one position in the African market. Bidco Africa has for many years sustained itself in the FMCG industry against its key competitors, for example, Kapa Oil Refineries, Pwani Oil Refineries, and Menengai Oil Refineries (Euromonitor International, 2015).

Firms can obtain a competitive advantage by implementing value-creating strategies, not simultaneously being implemented by any current competitor. The competition must not be able to do it right away or it is not sustainable (Stutz & Warf, 2013). Following a research study carried out in 2013, it was evidenced that for a company to be considered as sustainable it needs to: have been around for a long time;
outperformed the average company consistently; not changed a lot over time to distort analysis by generating value for shareholders beyond the market average e.g. CocaCola (USA Today, 2013).

Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Passemard & Calantone, 2014). To gain competitive advantage, a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Rijamampianina, 2013) Superior performance outcomes and superiority in production resources reflect competitive advantage. Studies have shown that developing a sustainable, competitive advantage requires customer loyalty, a great location, unique merchandise, proper distribution & information channels, good vendor relations, multiple source advantages, and an excellent reputation for customer service (Day & Wesley, 2012).

There has been immense amount of research conducted in the Fast Moving Consumer Goods industry where various firms in the industry face stiff competition against their competitors in Kenya. This has led to quite a number of companies shutting down their operations as a result of cheap imports, counterfeits and high costs of production and operations, for example Reckitt Benckiser, Procter and Gamble, Cadbury and Eveready (Njoroge, 2016). All business firms exist in an open system. This means they impact and are impacted by the internal and external conditions largely beyond their control. This requires managers to look beyond the limits of the firm’s own operations.

Various research studies have concluded that Brand equity under various aspects of awareness, loyalty, distribution and perceived quality is a determinant for sustainable competitive advantage. This suggests that brand equity is subjective to broader factors. These factors cover ranges of Advertising, Packaging and Branding (Pearce, Thompson & Robinson, 2015). It thus calls for all organizations, regardless of the sector in which they are, to formulate competitive strategies in response to the
turbulent environment. This would enable them cope with competition. This therefore justifies the need for further research in this area.

1.3 Purpose of the Study

The purpose of this study was to examine the factors influencing Sustainable Competitive Advantage in the Fast-Moving Consumer Goods (FMCG) sector.

1.4 Specific Objectives

1.4.1. To find out if advertising helps FMCG companies to attain a sustainable competitive advantage in the industry;

1.4.3. To identify if packaging is a contributing factor for a sustainable competitive advantage to be met;

1.4.3. To examine if branding leads to the attainment of a sustainable competitive advantage

1.5 Significance of the Study

The Fast-Moving Consumer Goods sector in Kenya is very dynamic and ever-changing. In order for an FMCG company to sustain itself in the industry against its competitors, the affected parties need to be updated on the latest trends in the market. The findings of the research study may be significant to:

1.5.1 FMCG Industry Stakeholders

The study may help the key stakeholders to the organizations such as: shareholders, customers, retail outlets, and service providers. The information gathered may enable the respective parties to come up with sound decisions in regard to their interactions with the organizations day to day operations. This may provide benefits to the stakeholders as well as impact on the gains the companies get from the stakeholders.
1.5.2 Researchers and Academicians

The research may provide a background for future research on sustainable competitive advantages on FMCG companies. The study may be of importance to future scholars and academicians as it adds on to the growing body of knowledge and form a basis for additional research. It should provide opportunities for further research in the fields of business management and customer relationship management.

1.5.3 Government

The Government of Kenya may find this study a valuable source of information on the FMCG industry, which is a major contributor to the economy. The analysis of the opportunities and challenges surrounding the industry may help the government come up with ways to mitigate them and support the development of the industry and country as a whole. The Kenyan government may use the information to attract and advise both local and foreign investors interested in the industry. This in return would help the economy to grow and develop through increased levels of employment and capital inflows.

1.5.4 Management of FMCG Companies

The outcome of this research may be beneficial to the management of organizations that deal with fast moving consumer goods in guiding them to come up with local and global strategies. These are strategies that may help them to invest more into the businesses and develop within the industry. It may assist in designing policies that would help the organizations overcome the challenges of marketing themselves locally and globally.

1.6 Scope of the Study

The study focused on the factors that influence sustainable competitive advantage for fast moving consumer goods companies in the Kenyan market. The study used structured questionnaires to collect data. It was focused on the analysis of three key
factors that influence the companies to attain sustainable competitive advantages against their competitors in the industry: advertising, packaging, and branding.

Nairobi is considered for the study because it is the capital city of Kenya. The questionnaires were administered to research volunteers positioned within various supermarkets purchasing Bidco Africa products (edible oils and fats).

1.7 Definition of Terms

1.7.1 Advertising

Advertising is a means of communication with the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them. It is an audio or visual form of marketing communication that employs an openly sponsored, nonpersonal message to promote or sell a product, service or idea (Wearne & Morrison, 2016).

1.7.2 Packaging

Packaging is the technology of enclosing or protecting products for distribution, storage, sale, and use. It also refers to the process of designing, evaluating, and producing packages described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Packaging contains, protects, preserves, transports, informs and sells (Crawford, 2013).

1.7.3 Branding

Branding is the process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers (Ranu, 2014).
1.8 Chapter Summary

The chapter highlights how FMCG companies can ensure and maintain a sustainable competitive advantage in the industry. The chapter has given background information of the study and the statement of the problem. This has been followed by the purpose of the study, followed closely by the specific research objectives that the research aims to expound on. It also covers the importance of the research to various parties as well as the scope of the study. The last section provides the definition of terms used in the study. The next chapter highlights the literature review of the study topic.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews existing literature on the factors influencing Sustainable Competitive Advantage in the Fast-Moving Consumer Goods sector. The chapter is structured on the basis of the research specific objectives: To find out how Advertising helps FMCG companies to attain a sustainable competitive advantage in the industry; To identify how Packaging is associated with the effectiveness criteria for a sustainable competitive advantage to be met; To examine how Branding leads to the attainment of a sustainable competitive advantage.

2.2 Advertising as a catalyst to the attainment of Sustainable Competitive Advantage in the FMCG industry

Advertising is a marketing promotional strategy to catch the people’s attraction for specific action for product or service. It is an audio or visual form of marketing communication that employs an openly sponsored, nonpersonal message to promote or sell a product, service or idea (Vajaya and Ranu, 2015). Bidco communicates in multiple local languages – seven in Kenya alone – and focuses its media spend on wall branding, alongside TV, radio and billboards. It brings in advertising directors from South Africa and India to help to create its TV commercials and is also pushing its brands through social media and mobile phones (The African Report, 2015).

2.2.1 Advertising Exposure

Most of the times people rely on advertisements rather than other sources like family, friends and reference groups opinions regarding product (Aneeza & Najma, 2013). Byzalov (2014) revealed that consumer gets enough informed about product when he is more exposed to a product’s advertisement and this results in lessening the risk involved with product and this factor is called as advertising role of risk reduction.
Advertising through all mediums influence audiences, but television is one of the strongest medium of advertising and due to its mass reach; it can influence not only the individual’s attitude, behavior, life style, exposure and in the long run, even the culture of the country (Latif & Abideen, 2012). Advertising is renowned for its long lasting impact on viewer’s mind, as its exposure is much broader (Katke, 2012). Advertising is a subset of promotion mix which is one of the 4P’s in marketing. As a promotional strategy, advertising serve as a major tool in creating product awareness in the mind of a potential consumer to take eventual purchase decision.

Traditional hierarchy-of-effects models of advertising state that advertising exposure leads to cognitions, such as memory about the advertisement, the brand; which in turn leads to attitudes, i.e. Product liking and attitude toward purchase; which in the end leads to behaviors, like buying the advertised product (Mendelson & Bolls, 2012). The principal aim of consumer behavior analysis is to explain why consumers act in particular ways under certain circumstances. It tries to determine the factors that influence consumer behavior, especially the economic, social and psychological aspects (Ayanwale, 2015). When young people choose advertising information and characters as their role models, they may not only identify with them but also intend to copy them in terms of how they dress and what they are going to buy (Latif, 2016).

A company that needs to advertise itself and/or its products hires an advertising agency. The company briefs the agency on the brand, its imagery, the ideals and values behind it, the target segments and so on. The advertising industry is made of companies that advertise, agencies that create the advertisements, media that carries the ads, and a host of people like copy editors, visualizers, brand managers, researchers, creative heads and designers who take it the last mile to the customer or receiver. The agencies convert the ideas and concepts to create the visuals, text, layouts and themes to communicate with the user. After approval from the client, the ads go on air, as per the bookings done by the agency’s media buying unit (Mendelson & Bolls, 2012).
2.2.2 Advertising Frequency

Jones (2013) argued, in general, increased advertising expenditure generates only a small average volume of additional sales that can often be profitable. He classified the advertising effects in short, medium, and long term. Advertisement convinces the people to use product at least once in their lives. Celebrities used in ads have greater positive influence on people. Advertisement can affect people with any income level but it has no greater influence on any income level but it has no greater influence on expensive products (Aneeza & Najma, 2011).

The major aim of advertising is to impact on buying behavior; however, this impact about brand is changed or strengthened frequently in people’s memories. The initial effect can be positive and a prior condition for the longer effects. The medium-term has a positive influence of the brand’s own advertising as well as negative influence for competitive brands. A continuous improvement of an advertised brand may generate long-term effect in consumers’ minds that can lead to a further sales outcome which can be very beneficial. Memories about the brand consist of those associations that are related to brand name in consumer mind. These brand cognition influence consideration, evaluation, and finally purchases (Romaniuk & Sharp, 2016).

In a marketing context, mere exposure may decrease the perceived risk associated with the brand. As a result, all things being equal, consumers may be more likely to approach and select a brand that has an exposure advantage. That is, in certain circumstances, heavy brand name exposure without any associated information content may be sufficient to give a brand a relative advantage over its competitors because the exposure makes consumers feel more comfortable about approaching the brand. Empirical studies of market exposure in an advertising context are rare but supportive (Janiszewski & Obermiller, 2015). In one early field study, “advertisements” consisting solely of Turkish words were place in a school newspaper. Exposure frequency mediated attitudes towards the words (Zajone &
Rajecki, 2012). In another study, nonsense syllables were differentially exposed to subjects and subsequently identified with boxes containing nylon stockings. Exposure frequency significantly influenced brand preference and brand choice (Becknell, Wilson & Baird, 2013).

Commercial ads often seek to generate increased consumption of their products or services through "branding," which associates a product name or image with certain qualities in the minds of consumers. On the other hand, ads that intend to elicit an immediate sale are known as direct response advertising. Non-commercial advertisers who spend money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Non-profit organizations may use free modes of persuasion, such as a public service announcement. Advertising may also be used to reassure employees or shareholders that a company is viable or successful (Hasher & Zacks, 2016).

2.2.3 Advertising Message

Sandra (2012) implies that everyone should realize the role that advertising is playing in modern life. Psychologically it shapes the attitudes of the society and the individual influencing their behaviour. It also provides huge amount of information to consumer to make a choice and draw a conclusion. Hyun (2011) also stated that advertising-induced emotional responses positively influence patrons’ perceived value. He indicates four dimensions of advertising (relevant news, stimulation, empathy, and familiarity) that have a significant impact on inducing patron’s emotional responses. Beside of these positive effects, the marketers also have to be careful about their efficient uses.

According to Zhang (2016) the phenomenon of humor in the advertisement significantly influences the individual’s response towards product. And this phenomenon does not equally influence each individual. Presence of humor in advertisement produces favorable results for a person possessing low need for cognition. Moreover, Dens (2010) compares two types of advertising strategies like
informational vs. positive emotional. He finds that informational appeals in comparison to emotional appeals reduce the effects of parent brand quality and fit. It should also consider the geographical location of the consumer which can plays a vital role regarding the response of advertising and sales promotion.

Differentiations based on functional attributes, which are shown in advertisement, are never long lasting as the competitors could copy the same (Hussainy, 2010). Therefore, the marketers give the concept of brand image. Like by creating the character of the caring mother, the marketer injects emotion into the consumer’s learning and process of advertisements (Jalees, 2016). Doing so advertiser creates those types of advertisements, which carry emotional bond with consumer. Therefore, that consumer is more likely to associate with advertisements of those brands, which have emotional values and messages because, positive emotional appeals also provide a strong brand cue and stimulate category based processing (Abideen & Latif, 2011). If the categorization process is successful, then the affect and beliefs associated with this category in memory are transferred to the object itself.

Consumers are not only at first confused and disordered in mind, but they also try to categorize the brand association with their existing memory, when thousands of products are faced by them, and they might reposition memories to outline a brand image and perception / concept toward new products. They can categorize latest information into particular brand or product group label and store them accordingly. This procedure is not only associated to consumer’s familiarity and information, but also attachment and preference of brand. It is also suggested that consumer can disregard or prevail over the dissonance from brand extension (Abideen & Latif, 2011).

In today’s dynamic world, it is almost impossible for advertisers to deliver advertising message and information to buyers without use of advertising. Certainly, this may be because of the globalization and accessibility of hundreds of channels for the viewers of this modern era. More often consumerism describes the way of equating personal happiness, with purchasing material possessions and consumption in excess of one’s
Successful conditioning requires sufficient attention to facilitate associational learning, but it does not require that subjects be aware of that learning or its persuasive effects (Allen & Janiszewski, 2014). In other words, consumers may be aware that an advertisement is very funny or has beautiful visuals or contagious music, but they may be unaware that these affect-producing elements of the execution are influencing their perceptions of and behaviour towards the brand.

With increase in mass media, advertising effectiveness, as more traditional mass media, has reduced. Advertiser’s primary objective is to reach (Arens, 2016). Prospective customers and influence their awareness, attitudes and buying behaviour. The advertisers goals is to get enough relevant market data to develop accurate profiles of buyers-to-find the common group and symbols for communications. Now advertiser is looking for new and presumably less cluttered media. The current age of digital media has given consumer choices to opt in and opt out of marketing messages and advertising. Consumers are getting more control of what they want and when they want. All these things are moving toward the interactive marketing (Newell & Merier, 2012; Kondo & Nakahara, 2012).

2.3 Packaging as a contributing factor to Sustainable Competitive Advantage in the FMCG industry

Packaging is more than just a product’s pretty face. Package design may affect everything from breakage rates in shipment to whether stores will be willing to stock it. For example, "displayability" is an important concern (Raju, 2016). The year 2015 saw the leading manufacturers of oils and fats in Kenya engaging in overall packaging innovation with the aim of promoting brand loyalty and increasing sales. Bidco Oil Refineries Ltd, now known as Bidco Africa Ltd, took the lead in terms of reducing the overall unit prices of its oils and fats with the aim of promoting product sales and maintaining consumer loyalty as a way of easing the pressure on consumers due to the rising cost of living in Kenya (Euromonitor International, 2016).
2.3.1 Packaging Message

Goldberg (2013) found that wrapping messages is at the core of a communicator’s task, whether it involves designing the press kit announcing a new product, devising a catchy tagline to promote the product, staging a press conference to issue a statement, or writing the lead or headline for a breaking story. Pictures on packages are emphasized to attract attention, particularly when consumers are not very familiar with the brands. Furthermore, packages are claimed to attract attention when their appearances are not typical within a product class (Schoormans & Robben, 2016).

Food producers have to consult their country’s regulations on proper food labeling before sending labels to be professionally printed. In the US there’s quite a handful of rules for proper food labeling regulated by the U.S. Food and Drug Administration and U.S. Department of Agriculture. Apart from closely following these instructions, you as a food producer want to focus on creating a visually effective food label that will set itself apart from the competition and attract more customers. (Schmitt & Simonson, 2015).

Past research has discovered food packaging and labels should reflect what’s unique about your food product. This is accomplished by creating a recognizable logo, food packaging and label design, using appropriate colors for what a company stands for, and coming up with a smart product name and any relevant additional copy. There’s a range of possible approaches to food packaging labels design: simple, elaborate, colorful, black and white (Garber, 2010). On the other hand, it was found that pictures on packages attract attention particularly in cases when consumers are less familiar with a brand (Schoormans & Robben, 2016).

For food products, the attention-drawing ability of a package has been found to heighten the probability of purchase (Garber, 2015; Garber et al., 2010). Garber (2015) emphasizes that the visual effect of a product package is relative to a background comprised of competitor alternatives. In general, the attention drawing ability of a product can be enhanced by increasing its size and by using bright colors.
The preferred shape e.g., rounded or angular, color, or size were found to differ depending on the way in which product appearance played a role for subjects (Creusen & Schoormans, 2014).

### 2.3.2 Packaging Color

Colors are one of the non-verbal signs that are recognized as an important marketplace phenomenon (Garber, 2010; Grimes & Doole, 2015; Gorn, 2015; Schoormans & Robben, 2013; Evans, 2016; Gordon, 2014; Belizzi & Hite, 2012; Dangor, 2007). Colors’ importance is especially recognized when it refers to advertising and packaging (Belizzi, 2013). The function of colors to attract attention is emphasized by arguing that colors are the most important visual sign to attract consumers’ attention, as it is the first sign that the consumers notices on a package (Dangor, 2007). Kojina (2016) found that the colors accepted on packages by consumers may be limited. However, Kojina (2016) also suggest that preferences regarding colors and patterns may have an impact on brand choices.

Yellow is the color of sunshine, hope, and happiness, has conflicting associations. On one hand yellow stands for freshness, happiness, positivity, clarity, energy, optimism, enlightenment, remembrance, intellect, honor, loyalty, and joy. Red and yellow are the chief food colors, evoking the tastebuds and stimulating the appetite. The fast food industry has claimed this combination for a good reason—because it is effective. In the gourmet food arena, you of course want to avoid a fast food connotation, however these colors can still be very effective when used on their own and/or in different pairings (Jenn, 2014).

Graphics includes layout, color combinations, typography, and product photography, all of which create an image. For low involvement, there is a strong impact from marketing communications, including image building, on consumer decision-making. Evaluation of attributes is of less importance in low involvement decisions, so graphics and color become critical (Grossman & Wisenblit, 2009). Zand (2007) examined the effect of color on the sale of food Packaging, and he concluded that
Packaging coloring is often effective in attracting customers to purchase. Lively colors are quite effective in attracting buyers, warm colors are more suitable for sweet foods.

The capacity of colors to draw attention is a very relevant question in marketing, especially for the advertising industry and in product development (i.e., developing packages and the visual identity of the brand). Overviews of the influence of form and color on consumer perception of symbolic value can be found in Muller (2011); Murdoch and Flurscheim (2013); Schmitt and Simonson (2007), and Whitfield and Wiltshire (2013).

Favre and November (2009) carried out an experiment in order to know which colors were caught by the eyes the most easily. They showed a surface in various colors for a fraction of a second by means of a tachistoscope and people were asked to indicate the first color they perceived. The results read as follows: yellow (21.4%) and red (18.6%) attract attention best of all. They noted the high position of blue (17%) and the lower position of green (12%). These results could explain the frequent use of red in advertising and product design in Marlboro, Ferrari, Coca-Cola. Moreover, through their meanings, symbolism and personality, colors may influence or explain consumer behavior. For example, red is a dynamic and exciting color whereas blue is considered as calm, relaxing, and even soporific.

2.3.3 Packaging Sizes

The FMCG industry incorporates a lot of research into the best packaging sizes. The sizes are determined based on the target consumers. In Kenya, the “kadogo” packaging is considered by most FMCG companies in order to cater for the low-income customers who cannot afford products sold at a high cost. Commonly referred to as the ‘kadogo economy’, manufacturers that have embraced the smaller packs have seen the products moving quickly off retail shelves. The idea is to sell commodities at their lowest divisible level and it has already caught root in the country (Standard, 2012).
Ordinarily, packaging should be designed in such a way that the product can be handled without damaging the quality of the contents (Silayoi & Speece, 2007). Packaging should also be designed to promote product sales (Deliya & Parmar, 2012). Packaging must be consistent with the product’s advertising, pricing and distribution. Innovative packaging can give a company an advantage over competitors. Companies usually consider several different package designs and sizes for a new product. To select the best package, companies usually test various designs to find the one that stands up best under normal use, easiest for dealers to handle and receives the most favorable consumer’s response (Lu, 2007).

In current competitive retail environments, consumers are exposed to a plethora of messages on packaging and merchandising (Klevas, 2015; Nancarrow, Wright and Brace, 2008). When consumers are spoiled for choice in terms of the available product range, they rely on product externalities, such as packaging, as signals of perceived quality (Rundh, 2015). This presents marketing with a challenge to depend heavily on the visual communication of packaging to inform and persuade consumers, both at the point of purchase and at the point of consumption (McNeal & Ji, 2013).

Innovation must respond and develop new products that are more efficiently produced, have desirable sizes, packaged for a longer shelf life, environmentally friendly, nutritionally responsive to each of the emerging segments of society, and meet maximum food safety requirements (McIlveen, 2014). Innovative packaging may actually add value to the product if it meets a consumer need such as portion control, recyclability, tamper-proofing, child-proofing, easy-open, easystore, easy-carry, and non breakability (Mitul & Bhavesh, 2012). Silayoi and Speece (2007), "The importance of packaging attributes: a conjoint analysis approach": the aim of this study was to investigate the role of packaging as a vehicle for consumer communication.
2.4 Branding as a source of Sustainable Competitive Advantage in the FMCG industry

Brand names can be extremely successful means of communication. Some companies assign their product with a brand name that in reality has nothing to do with the emotional experience but is catchy and a name that people can easily memorize. The core base of naming a brand is that it should be unique and can be easily discriminated from other names, easy to remember and is attractive to customers (Aaker, 2011). According to Keller (2013), the brand name is a very significant choice because some time it captures the central theme or key association of a product in a very condensed and reasonable fashion.

2.4.1 Brand Recognition

Brand recognition is extent to which a consumer can correctly identify a particular product or service just by viewing the product or service's logo, tag line, packaging or advertising campaign. (Jeng, 2011). Consumer loyalty also referred as service loyalty means customer’s authenticity to precise brand in the service industry. Therefore, customers maintain a series of loyalties to the organizations whose service they usually consume. When evaluating a company’s reputation, customers are apt to put more attention on the responsibility a company takes over rather than on the product price, packing and traditional function (Zhang, 2009). Therefore, service providing organizations use corporate reputation as a tool to mold consumer behavior for repetitive purchases from the organizations (Weiwei, 2007).

The recognition that a brand holds is key to its success regardless of quality or performance. Corporate reputation on the other hand, is defined as ‘the overall estimation in which a company is held by its constituents’ (Fombrun, 2016). According to Fombrun (2016) the development of a positive corporate reputation creates strategic advantage or reputational capital. Corporations are increasingly working hard to build positive image and good reputation in the community.
Previous researches also confirm strong relationship between positive brand recognition and consumer loyalty. For instance, Shapiro (2012) asserted that good corporate reputation results in higher market share of firms and better financial performance. Yoon (2013); Robertson (2013); and Andreassen and Lindestad, (2008) suggests that good recognition help firms building stronger relationships with customer. Nguyen and Leblanc (2010) hold that degree of consumer loyalty is perceived to be higher when consumer is having strong and favorable perceptions regarding corporate reputation.

Customer faithfulness level with corporations also determines their purchasing behavior. Researchers therefore, measure the loyalty level of consumers in organizations with their buying behavior. Dick and Basu (2014) defined consumer loyalty as strength of the attitude towards the target relative to available alternates and patronage behavior. Furthermore, previous researches also confirm strong relationship between positive corporate reputation and consumer loyalty. For instance, Jeng (2008) asserted that good corporate reputation results in higher market share of firms and better financial performance. Andreassen and Lindestad (2008) suggests that good reputation help firms building stronger relationships with customer. Nguyen and Leblanc (2010) hold that degree of consumer loyalty is perceived to be higher when consumer is having strong and favorable perceptions regarding brand recognition (Helm, 2010).

Zhang (2009) declared brand recognition as antecedents of customer satisfaction and customer loyalty, and is consistent with result of (Ali, 2012) who reveals highly significant and positive association between consumer satisfaction and consumer loyalty. To sum up, good corporate reputation does exert significant positive influence on customer loyalty improvement. By examining and comparing all the path coefficients, it can be seen that performance factor and corporate social responsibility factor are the most two important driving factors on affecting customer loyalty to a brand (Zhang, 2010).
2.4.2 Brand Equity

The set of associations consumers have about a brand is an important component of brand equity (Aaker, 2011; Keller, 2013). Such brand associations include both user imagery and psychological benefits. Many consumer researchers have made the assertion that people engage in consumption behavior to construct their self-concepts and to create their personal identity (Ball & Tasaki, 2012; Kleine & Kernan, 2013; Richins, 2014).

Niedenthal, Cantor, and Kihlstrom (2015); Setterlund & Niedenthal, (2013) have found that people choose situations including products and brands by imagining the prototypical users for each item in the choice set and choosing the item that maximizes their similarity to a desired prototypical user. Thus, people choose situations including products based on their need for self-consistency: They select products by matching themselves to prototypical users, a heuristic labeled prototype matching. For example, a person who perceives himself or herself as an environmentalist purchases the type of lawnmower he or she believes environmentalists use.

Neidenthal (2013) explained his findings using self-consistency; self-enhancement could also be an underlying rationale for their findings because participants maximize their similarity to a desired prototypical user, which may enhance their self-image. Brand association would provide consumers with a purchasing reason, because most brand associations are related to brand attributes, the target consumer market, and the benefits that consumers need, so that they form the foundation of brand loyalty and consumers’ purchasing decisions (Len, 2014). Consequently, brand association plays a very important role in consumers’ purchase decision making (Boisvert & Burton, 2011).

The brand associations are stronger when consumers have positively linked them in their memory to the brand (Aaker, 2011). Brand awareness influences consumer decision making by affecting the intensity of the brand associations in their mind.
(Boisvert & Burton, 2011). The higher the consumer’s brand awareness is, the clearer the brand association held by the consumer (Homburg, 2010). Brand associations have a positive influence on consumer choice, preferences and intention of purchase, their willingness to pay a price premium for the brand, accept brand extensions and recommend the brand to others (Park & Srinivasan, 2014; Cobb-Walgren, 2015; Agarwal & Rao, 2016; Hutton, 1997; Yoo, 2010).

2.4.3 Brand Awareness

Brand awareness is the extent to which consumers are familiar with the distinctive qualities or image of a particular brand of goods or services (Junge, 2015). Consumer complaints often refer to bad taste qualities; however, one should be aware that such problems are often due to odors or a combination of taste, odor, and mouth-feel sensations (Hettinger, 2010; Young, 2016; Suffet, 2009). Flavor is the overall sensory impression of ingested food and it is determined by taste, odor, and trigeminal sensations, also called mouth-feel, which is caused by chemicals but also by touch, pressure, and temperature (Lundstrom, 2011).

Brand awareness is a key indicator of a brand's competitive market performance. Given the importance of brand awareness in consumer purchasing decisions, marketers have developed a number of metrics designed to measure brand awareness and other measures of brand health. These metrics are collectively known as Awareness, Attitudes and Usage (AAU) metrics. Brand awareness is related to the functions of brand identities in consumers’ memory and can be measured by how well the consumers can identify the brand under various conditions. Brand awareness is also central to understanding the consumer purchase decision process. Strong brand awareness can be a predictor of brand success. It is an important measure of brand strength or brand equity and is also involved in customer satisfaction, brand loyalty and the customer's brand relationships (Suffet, 2009).

The cooking oils and fats industry has recognized the importance of information about the sensory origins of customer satisfaction with the taste and odors of the products
(Howard, 2009). The taste of all the edible oils and fats has to do with the way it processed and manufactured. Most contaminants that cause consumption problems in cooking oils and fats are considered a threat to human health while unpleasant tastes and odors are the most common cause of customer complaints, and they often play a role when customers choose alternative supplies (Health Series, 2015).

Cooking oils and fats with off-flavors are often assumed to be of low quality and not to be wholesome (Doria, 2009). Cooking oils and fats from a dedicated source or plant may have a more consistent taste than others, which mostly comes from the components and ingredients of the final product (Health Series, 2015). Perceptions of cooking oils and fats quality and risk are important factors in the choice to purchase. Aesthetic qualities of cooking oils and fats, particularly taste and odor, also appear to be associated with the consumer’s choice to purchase (Doria, 2009). Other consumers choose well known and established brands for convenience as well (Olson, 2009).

2.5 Chapter Summary

In this chapter, the study reviewed literature on the importance of creating and maintaining a sustainable competitive advantage in the Fast-Moving Consumer Goods sector. The chapter reviewed: Advertising as a catalyst to the attainment of Sustainable Competitive Advantage in the FMCG industry; Packaging as a contributing factor to Sustainable Competitive Advantage in the FMCG industry; Branding as a source of Sustainable Competitive Advantage in the FMCG industry. The next chapter will look at the research methodology to be applied in this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the research methodology used to achieve the objectives of the study. The chapter starts by addressing the research design of the study, then discuss the population and sampling design. The chapter further discuss the data collection methods to be used, the research procedures, and the data analysis methods. At the end, the chapter summary is provided.

3.2 Research Design

The study was based on the research principal of a descriptive approach. Descriptive approach apply where there is gathered vital information about the influencing factors underlying. It describes or defines a subject by creating a profile of the problem, (Thietart, 2011). The study tried to draw up patterns that could be analyzed about the phenomena while the findings would shed new insights about the problem. The approach in this case meant that there was less interference with the variables and this ensured that data got from the study would be credible and unadulterated.

A variable is something that can change, and is typically the focus of the study (Sproull, 2012). By describing the influences or the phenomena, the research is set to find out how much, who, when, what and where. The descriptive survey design is useful in gaining insight into the general picture of the situation without utilizing the whole population since the researcher is not able to study the whole population. A quantitative approach is employed to design the data collection instrument. This approach has the advantage of getting responses on the same questions, from a large pool of respondents and using the results to infer on the entire population. The research attempts to understand the factors influencing sustainable competitive advantage in the fast-moving consumer goods sector: A case of Bidco Africa.
3.3 Population and Sampling Design

3.3.1 Target Population

The target population was approximately 50,000 people; within the Nairobi Central Business District, which is the capital city of Kenya. Population refers to an entire group of individuals, events or objects having a common observable characteristic (Jungeht, 2013).

According to Moody’s survey (2014), Kenya comprised of 400,000 middle class and lower middle class both of which were at 4% in 2014, but as per their forecast, by 2030 upper middle class would comprise of 100,000 upper middle class, middle class would comprise of 1,100,000 and lower middle class would comprise of 1,400,000 people. The cooking oils industry is oligopolistic in nature with market leaders being Bidco Africa, Kapa Oil, Pwani Oil and Menengai Oil whose market shares are 39%, 24%, 11% , 9% respectively. Other market players include Golden Africa, Diamond manufacturers, United Millers and Gill Oil (The African Report, 2016).

3.3.2 Sampling Design

Sampling is the process of selecting a number of individuals for a study in such a way that the individuals selected represent the larger group from which they are selected. The purpose of sampling is to secure a representative group which would enable the researcher gain information about a population. (Michael & Hubert, 2016).

3.3.2.1 Sampling Frame

The study sample frame is determined from a list of selected supermarkets located within the Nairobi Central Business District. The sample frame is also constituted of consumers purchasing fast moving consumer goods from the selected organisations in the cooking oils industry between the hours of 12.00 noon to 9.00pm, a period of 9 hours. The sample frame is a list, directory or index of cases from which a sample can be selected. Subject or cases selected from the sampling frame form the units of observation in a study (Howard, 2014).
3.3.2.2 Sampling Technique

The sampling technique was the systematic random sampling, whereby every 4th case of the respondents was selected for inclusion in the sample. To obtain a truly random sample using this method, the list of all the members in the sampling frame must be randomized (Howard, 2014). This sampling technique increased the sample statistical efficiency and also provided adequate data for analyzing. The data obtained was analyzed using SPSS (Statistical Package Social Sciences Software).

3.3.2.3 Sample Size

Sample size is a representative sample of the target population (Yamane, 2007). In this study, the sample size was 123 respondents based on calculation of a population of 50,000 having confidence level of 95% and confidence interval of +/- 9.

Where: n = N / (1 + N(e)^2)

n = The Sample size
N = The Population size
e = The acceptable Sampling error

n = 50000/1+50000(0.09)^2 n
   = 50000/1+50000(0.0081) n
   = 50000/1+405 n
   = 50000/406 n
   = 123

3.4 Data Collection Methods

The data collection method to be used is primary and data obtained from structured questionnaires was adopted for the study. Questionnaires consist of a series of specific, usually short questions that are either verbally asked by an interviewer or answered by the respondent on their own. The questions can either be open ended or close ended (Newing, 2011). The questionnaire is developed and organized on the basis of the research questions to ensure relevance to the research problem. The
collection method is carefully designed starting with a cover letter, whereby the researcher introduces herself, the area of research and institution. The researcher also guarantees the respondents that the information gathered would be held and treated in utmost confidentiality, and that at no instance would it be used for any other purpose other than for academic reasons.

3.5 Research Procedures

The research procedure begins with the drafting of the data collection instrument, which in this case is the questionnaire. It was accompanied by the cover letter. The letter was brief and contains adequate information about the research. It also included a brief assurance of confidentiality, where if necessary, steps taken were described to ensure this.

The next stage was to pre-test the data collection instrument. Samples of the questionnaire were sent out to test their validity and reliability to collect uniform and accurate information. This might also reveal vital information regarding contradictory questions, and unclear instructions. Once the questionnaires were analyzed, the researcher would see the appropriate methods of analysis (Hubert & Howard, 2014). Once the pre-testing was complete, the research procedure proceeds to the stage of refining the questionnaire. At this stage, deficiencies identified were corrected and each questionnaire issued with an identification number ready to be administered. Questionnaires were administered using three methods: Self-administered questionnaire, where the respondents fill the questionnaires themselves; Researcher administered questionnaires, where the research decides to use the questionnaire to interview the respondents and; Internet-use to send and receive the response of the questionnaire via website and e-mails (Hubert & Howard, 2014).

3.6 Data Analysis Methods

Profiling information for analysis is best suited to start-off this stage of the research process. Categorizing the questionnaires by their numerical values goes a long way in easing the tasking exercise of analysis. The researcher can categorize the
questionnaires according to their nature where close-ended are easily assigned numbers because their responses are either affirmative or negative. The conversion of these data responses to numerical codes is called coding. Categories should be appropriate to the research problem, exhaustive of the data, mutually exclusive, and uni-dimensional (Cooper & Emory, 2015).

After coding, the respective codes are entered into a code book; this is a document that describes in intricate details the coding schemes as assigned to the various data responses. Depending on the data analysis software, one is able to prepare a code sheet where only numerical codes representing the questionnaire responses are entered. This is called data entry process and precedes the actual data analysis. Data analysis is dependent upon the research design, where different research objectives call for different approaches.

Research that is leaning towards qualitative will be analyzed differently from quantitative as one is non-empirical relying on content analysis while the other depends on descriptive statistics to depict relationships, correlations and variance (Jugert, 2013). Data is measured in mode, median and mean. Mode is the most frequently occurring data score or value in a sample. Median is the mid-point that divides the array ranks into two equal parts. The mean is the summation of the values divided by the total number of the score values (Howard, 2013).

Qualitative data was analyzed using content analysis by grouping the main themes of the respondents. Quantitative data used descriptive statistics such as frequency tables for both frequency distributions and percentages, and means. The final data was presented using pie charts and bar charts for easier interpretation. Inferential statistics that were utilized included multiple regression analysis. Regression analysis was used to perform the t and f-tests and assisted in establishing the effect of the three factors (advertising, packaging and branding) on the sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. The regression model was of the form

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_1 + \beta_3 X_1 + \epsilon$$

Where,
Y = sustainable competitive advantage

\[ \beta_0 = \text{Constant} \]
\[ \beta_i = \text{Regression Coefficients} \]
\[ X_1 = \text{advertising} \]
\[ X_2 = \text{packaging} \]
\[ X_3 = \text{branding} \]
\[ \varepsilon = \text{Error term} \]

3.7 Chapter Summary

This chapter described the research methodology that was used to collect and analyse data in the study. It describes the research design, descriptive in nature that were used. The chapter also discussed the data collection method, the research procedure and the data analysis method that were used. The next chapter present the results and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The study sought to establish factors influencing sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. The specific objectives of the study included: To find out if advertising helps FMCG companies to attain a sustainable competitive advantage in the industry: To identify if packaging is a contributing factor for a sustainable competitive advantage to be met: To examine if branding leads to the attainment of a sustainable competitive advantage. The chapter covers the respondent’s background information, and the findings based on the study objectives. The study sample size was 123 respondents to whom questionnaire were administered to out of which 100 responded and returned their questionnaires duly filled in, giving the study a response rate of 81.3% as shown in Table 4.1. The response rate was adequate for statistical reporting.

Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Response Rate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaire administered</td>
<td>123</td>
</tr>
<tr>
<td>Questionnaire returned</td>
<td>100</td>
</tr>
<tr>
<td>Response rate (%)</td>
<td>81.3%</td>
</tr>
</tbody>
</table>

4.2 General Information

The study sought background information of the BIDCO customers to ascertain their suitability in answering the questions. The bio-data sought included: gender, age and the product aspects that mainly influenced customers choice and the results are presented in the subsequent sub-sections
4.2.1 Gender distribution of respondents

The study sought to establish the gender distribution of the BIDCO customers and the findings are as shown in Figure 4.1.

![Gender distribution chart]

**Figure 4.1 Gender distribution of the BIDCO customers**

From the findings, over half (56.8%) of the BIDCO customers surveyed were male while 43.2% were female. This implied that there is near gender balance in the selecting the study participants and therefore the data collected was balanced in terms of gender.

4.2.2 Age distribution of the BIDCO customers.

The study sought to establish the age of the BIDCO customers. The findings are as shown in Figure 4.3.
Figure 4.2 Age distribution of the BIDCO customers

The study established that 35% of the BIDCO customers were aged between 46-52 years, 30% were aged between 41-45 years, 22% were below 40 years while 13% were aged above 51 years. This depicts that majority of the BIDCO customers surveyed were in the prime age as bread winners given that they were over 40 years and therefore they had accumulated wealth of experience in explain how BIDCO brand, marketing and packaging informed their consumer behavior.

4.2.5 Influencers of Customer choice

The inquired from the respondents on what mainly influenced their choice of fast-moving consumer goods.

Figure 4.3 Influencers of Customer choice
According to the findings, the product aspects that mainly influenced customers choice of fast-moving consumer goods included; advertising (33%), packaging (25%), branding (21%) and pricing (19%). From the findings, it’s evident that factors that significantly influenced customer purchase behavior included advertising, packaging, branding and pricing (19%).

4.3 Advertising and sustainable competitive advantage

The first objective was to find out if advertising helps FMCG companies to attain a sustainable competitive advantage in the industry. The findings are presented in the subsequent sections.

4.3.1 Advertising Frequency

The researcher sought to establish the Advertising Frequency of BIDCO products.

Figure 4.4 Advertising Frequency

According to the findings, the frequency of advertising applied on BIDCO products was noted to be on weekly (52%), monthly (38%) and quarterly (10%). From these findings, it is evident that frequency of advertising played a critical role in enhancing the advertising influence on sustainable competitive advantage of BIDCO products in the FMCG sector. BIDCO regularly advertised their product as a way of endearing their product to the customers towards enhancing their sales volume and increase consumer behaviour.
4.3.2 Initial knowledge of BIDCO products

The respondents were to indicate the source of their initial knowledge about BIDCO products and the findings are shown in Figure 4.0 below.

Figure 4.5 Initial knowledge as a part of advertising influence

<table>
<thead>
<tr>
<th>Source</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional media</td>
<td>24%</td>
</tr>
<tr>
<td>Outdoor media</td>
<td>14%</td>
</tr>
<tr>
<td>Referrals</td>
<td>23%</td>
</tr>
<tr>
<td>Promotion</td>
<td>39%</td>
</tr>
</tbody>
</table>

Based on the finding, the sources of initial information about BIDCO products included; promotion (39%), referral/word of mouth (23%), traditional media (24%) and outdoor media. The findings imply that BIDCO used diverse advertising channels to promote their products with mass media, interpersonal communication and print media being among the key advertising channels.

4.3.3 Advertising and sustainable competitive advantage

The study required the respondents to indicate their level of agreement on statements on the influence of advertising in enhancing organizational competitive advantage. Their responses were rated on a five-point Likert scale where: 1 = strongly disagree, 2-disagree, 3-Neutral, 4-agree and 5= strongly agree.
Table 4.2 Advertising and sustainable competitive advantage

<table>
<thead>
<tr>
<th>Statement on advertising and sustainable competitive advantage</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>customers can easily recall the organization’s latest advertisement campaign</td>
<td>3.9800</td>
<td>.61922</td>
</tr>
<tr>
<td>customers choose the organization’s products because of their advertisements</td>
<td>3.6100</td>
<td>.72328</td>
</tr>
<tr>
<td>advertisements for the organizations’ products are very captivating</td>
<td>3.4100</td>
<td>1.02588</td>
</tr>
<tr>
<td>customers have seen/heard a product advertisement from the organisation today</td>
<td>3.3300</td>
<td>.87681</td>
</tr>
<tr>
<td>the organisation advertises more than its competitors</td>
<td>3.1400</td>
<td>.84112</td>
</tr>
</tbody>
</table>

According to the findings, the majority of the customers agreed that; customers can easily recall the organization’s latest advertisement campaign (Mean=3.9800), customers choose the organization’s products because of their advertisements (Mean=3.6100), advertisements for the organizations’ products are very captivating (Mean=3.4100), customers have seen/heard a product advertisement from the organisation today (Mean=3.3300), and that the organisation advertises more than its competitors (Mean=3.1400) respectively.

From the findings, it is evident that advertising significantly influenced sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. Through advertising, customers retained indelible image of the products on offer, customers’ repurchase decision was determined by highly captivating and regularly adverts employed by FMCG companies.
4.4 Packaging and sustainable competitive advantage

The second objective of the study was to identify if packaging is a contributing factor for a sustainable competitive advantage to be met. The findings are presented in the subsequent sections.

4.7.1 Packaging Attraction

The study required the respondents to indicate the extent to which they liked the packaging of the BIDCO products.

**Figure 4.6 Packaging Attraction**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly like</td>
<td>46%</td>
</tr>
<tr>
<td>just like</td>
<td>28%</td>
</tr>
<tr>
<td>neutral</td>
<td>13%</td>
</tr>
<tr>
<td>dislike</td>
<td>3%</td>
</tr>
<tr>
<td>strongly dislike</td>
<td>3%</td>
</tr>
</tbody>
</table>

According to the findings, 46% of the respondents strongly liked the packaging of BIDCO products, 28% just liked it while 13% of the respondents were neutral about the liking the packaging of BIDCO products. The findings indicate that packaging of BIDCO products greatly influenced the customer choice as majority of the customers liked the packaging of BIDCO products. Therefore, when packaging was professionally executed, it was a critical factor likely to enhance competitive advantage of BIDCO products in the FMCG sector.
4.5.1 BIDCO packaging attraction to the customers

The study investigated on the role of color, shape and seal, and texture and feel in influencing choice in BIDCO packaging attraction to the customers.

Table 4.3 BIDCO packaging

<table>
<thead>
<tr>
<th>Packaging aspects</th>
<th>Color</th>
<th>Shape and seal</th>
<th>Texture and feel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>45%</td>
<td>65%</td>
<td>55%</td>
</tr>
<tr>
<td>Agree</td>
<td>30%</td>
<td>27%</td>
<td>32%</td>
</tr>
<tr>
<td>Disagree</td>
<td>12%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>13%</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

According to the findings, the majority (79%) of the respondents were in agreement that color of the products enhanced BIDCO packaging attraction to the customers. Only 21% of the respondents disagreed that color of the products played any role in influencing BIDCO packaging attraction to the customers. On the other hand, the majority (92%) of the respondents were also in agreement that Shape and seal of BIDCO products increased packaging attraction to the customers. Similarly, the majority (87%) of the respondents were also in agreement that texture and feel of BIDCO products enhanced influencing BIDCO packaging attraction to the customers.

The findings imply that the BIDCO packaging in terms of color, shape and seal, and texture and feel greatly enhanced BIDCO packaging attraction to the customers, hence enhancing customer behavior and loyalty all of which were critical in enhancing sustainable competitive advantage for BIDCO.
4.4.1 Packaging and sustainable competitive advantage

The study required the respondents to indicate their level of agreement on statements on the influence of packaging in enhancing organizational competitive advantage. Their responses were rated on a five-point Likert scale where: 1 = strongly disagree, 2-disagree, 3-Neutral, 4-agree and 5= strongly agree.

Table 4.4 Packaging and sustainable competitive advantage

<table>
<thead>
<tr>
<th>Statement on packaging and sustainable competitive advantage</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>product’s packaging from the organisation stands out against competition</td>
<td>4.0800</td>
<td>.56282</td>
</tr>
<tr>
<td>the organisation uses consumer-friendly product packages</td>
<td>4.0700</td>
<td>.68542</td>
</tr>
<tr>
<td>the organisation uses innovative product packages</td>
<td>3.8400</td>
<td>.63118</td>
</tr>
<tr>
<td>the organisation uses durable product packages</td>
<td>3.7500</td>
<td>.70173</td>
</tr>
<tr>
<td>the organization’s product packages are considerate of low income earners (sizes)</td>
<td>3.6900</td>
<td>1.04151</td>
</tr>
</tbody>
</table>

According to the findings the majority of the customers agreed that; product’s packaging from the organisation stands out against competition (Mean=4.0800), the organisation uses consumer-friendly product packages (Mean=4.0700), the organisation uses innovative product packages (Mean=3.8400), the organisation uses durable product packages (Mean=3.7500) and that the organization’s product packages are considerate of low income earners (sizes) (Mean=3.6900) respectively.

This implies that packaging played a critical role in enhancing sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. Through packaging the companies were able to differentiate their products from their competitors enhancing their sales volume. Similarly, by being consumer-friendly, innovative and durable, the product packages enhanced customer’s favourable perception hence heir continues repurchase of the products. The association of the product package with the mass
market characterized by low income earners also served to promote customers’ appeal for them in the long run.

4.5 Branding and sustainable competitive advantage

The third objective of the study was to examine if branding leads to the attainment of a sustainable competitive advantage. The findings are presented in the subsequent sections.

4.5.1 BIDCO Brand in terms of quality assurance, taste and odor, manufacturer’s reputation

The study investigated on the role of quality assurance, taste and odor, and manufacturer’s reputation in influencing choice in BIDCO brand by the customers.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Manufacturers reputation</th>
<th>Quality assurance</th>
<th>Taste and odor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>48%</td>
<td>61%</td>
<td>57%</td>
</tr>
<tr>
<td>Agree</td>
<td>27%</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>Disagree</td>
<td>12%</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>13%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

According to the findings, the majority (75%) of the respondents were in agreement that manufacturers’ reputation played a role in influencing BIDCO brand. Only 25% of the respondents disagreed that manufacturers’ reputation played a role in influencing BIDCO brand. On the other hand, the majority (86%) of the respondents were also in agreement that quality assurance played a role in influencing BIDCO brand. Only 14% of the respondents disagreed that quality assurance played a role in influencing BIDCO brand. Similarly, the majority (81%) of the respondents were also in agreement that taste and odor played a role in influencing BIDCO brand. Only 19%
of the respondents disagreed that quality assurance played a role in influencing BIDCO brand.

The findings imply that the BIDCO brand in terms of quality assurance, taste and odor, and manufacturer’s reputation was likely to positively contribute to the company sustainable competitive advantage. This was because these were the intangible aspects that the majority of the customers used to differentiate BIDCO products with the rest of the FMCG players.

4.5.2 Branding and sustainable competitive advantage

The study required the respondents to indicate their level of agreement on statements on the influence of branding in enhancing organizational competitive advantage. Their responses were rated on a five-point Likert scale where: 1 = strongly disagree, 2-disagree, 3-Neutral, 4-agree and 5= strongly agree.

Table 4.6 Branding and sustainable competitive advantage

<table>
<thead>
<tr>
<th>Statement on branding and sustainable competitive advantage</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>the organisation sells quality brands against its competitors</td>
<td>4.1400</td>
<td>.58638</td>
</tr>
<tr>
<td>the organisation is perceived as a strong brand</td>
<td>4.1200</td>
<td>.60769</td>
</tr>
<tr>
<td>customers are aware of all the brands owned by the organisation</td>
<td>3.8000</td>
<td>.61955</td>
</tr>
<tr>
<td>customers trust the organization’s products</td>
<td>3.8000</td>
<td>.75210</td>
</tr>
<tr>
<td>the organisation uses creative branding techniques compared to its competitors</td>
<td>3.5600</td>
<td>.84471</td>
</tr>
</tbody>
</table>

According to the findings, the majority of the customers agreed that; the organisation sells quality brands against its competitors (Mean=4.1400), the organisation is perceived as a strong brand (Mean=4.1200), customers are aware of all the brands owned by the organisation (Mean=3.8000), customers trust the organization’s products (Mean=3.8000) and that the organisation uses creative branding techniques compared to its competitors (Mean=3.5600) respectively.
This infers that branding was a strategic factor that significantly influenced sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. Through creating a strong branding, the firms had gained a competitive edge in the highly competitive market by increasing customer trust and loyalty to the company products.

4.6 Inferential Statistics

The researcher conducted a multiple regression analysis so as to test relationship between independent variables (advertising, packaging and branding) on the sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. The regression coefficient of determination explains the extent to which change in the dependent variable is predicted by the change in the independent variables.

4.8.1 Model Summary

The model summary findings are as shown in Table 4.17.

Table 4.7 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.852(a)</td>
<td>.727</td>
<td>.715</td>
<td>.54746</td>
</tr>
</tbody>
</table>

The three factors that were studied, explain only 72.7% of the sustainable competitive advantage as represented by the R\(^2\). This therefore means that other factors not studied in this research contribute 27.3% of the sustainable competitive advantage.

4.8.2 ANOVA Results

The study ANOVA results are as shown in Table 4.18.
Table 4.8 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>75.717</td>
<td>4</td>
<td>18.929</td>
<td>63.158</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>28.473</td>
<td>95</td>
<td>.300</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>104.190</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how advertising, packaging and branding influence competitive advantage in the fast-moving consumer goods (FMCG) sector. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (F calculated value = 63.158), therefore, the overall model was significant.

4.8.3 Coefficient of Determination

The regression coefficient of determination are as shown in Table 4.9 below.

Table 4.9 Coefficient of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.804</td>
<td>.436</td>
<td>4.137</td>
</tr>
<tr>
<td></td>
<td>advertising</td>
<td>.643</td>
<td>.073</td>
<td>.550</td>
</tr>
<tr>
<td></td>
<td>packaging</td>
<td>.465</td>
<td>.087</td>
<td>.328</td>
</tr>
<tr>
<td></td>
<td>branding</td>
<td>.378</td>
<td>.114</td>
<td>.228</td>
</tr>
</tbody>
</table>

According to the findings, the regression equation: \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \) becomes: \( Y = 1.804 + .643X_1 + .465X_2 + .378X_3 + \epsilon \). The study established that taking
all factors (advertising, packaging and branding) to be constant at zero, sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector will be 1.804. The data findings analyzed further shows that taking all other independent variables at zero, a unit increase in advertising will lead to a 0.643 increase in sustainable competitive advantage; a unit increase in packaging will lead to a 0.465 increase in sustainable competitive advantage while a unit increase in branding will lead to a 0.378 increase in sustainable competitive advantage. This infers that advertising contributes most to the sustainable competitive advantage followed by packaging and branding respectively.

At 5% level of significance and 95% level of confidence, the significance values for the three factors were as follows; advertising (0.001), packaging (0.002) and branding (0.003) respectively. The significance values obtained indicate that the most significant factor influencing sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector is advertising, followed by packaging and branding respectively.

4.7 Chapter Summary

The key findings established include that advertising, packaging and branding were critical success factors that determined the sustainable competitive advantage of BIDCO, a fast-moving consumer goods (FMCG) company. The three factors that were studied, explain only 72.7% of the sustainable competitive advantage. It has further been established that advertising contributed the most to the sustainable competitive advantage of BIDCO followed by packaging and branding respectively. The most significant factor influencing sustainable competitive advantage at BIDCO is advertising, followed by packaging and branding respectively. The subsequent chapter presents the summary, discussion, conclusions and recommendations of the study.
CHAPTER FIVE

5.0 SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary, discussion, conclusions and recommendations of the study on factors influencing sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector, a case of BIDCO. The specific objectives of the study included: To find out if advertising helps FMCG companies to attain a sustainable competitive advantage in the industry; To identify if packaging is a contributing factor for a sustainable competitive advantage to be met; To examine if branding leads to the attainment of a sustainable competitive advantage.

5.2 Summary of the Study

The section highlights the key findings based on the study three objectives. The study confirms that the three study factors i.e. marketing, packaging and branding significantly affected the sustainable competitive advantage of BIDCO, a the fast-moving consumer goods (FMCG) sector.

The study established that the frequency of advertising applied on BIDCO products was on weekly (52%), monthly (38%) and quarterly (10%) basis. Therefore, the frequency of advertising played a critical role in enhancing the advertising influence on sustainable competitive advantage of BIDCO products in the FMCG sector. BIDCO regularly advertised their product as a way of endearing their product to the customers towards enhancing their sales volume and increase consumer behaviour.

It was confirmed that most of the customers (74%) liked the packaging of BIDCO products. Hence, packaging of BIDCO products greatly influenced the customer choice as majority of the customers liked the packaging of BIDCO products. Therefore, when packaging was professionally executed, it was a critical factor likely to enhance competitive advantage of BIDCO products in the FMCG sector.
The study determined that manufacturers’ reputation played a role in influencing BIDCO brand (75%). On the other hand, the majority (86%) of the customers confirmed that quality assurance played a role in influencing BIDCO brand. Similarly, the majority (81%) of the customers indicated that taste and odor played a role in influencing BIDCO brand. Thus, BIDCO brand in terms of quality assurance, taste and odor, and manufacturer’s reputation was likely to positively contribute to the company sustainable competitive advantage. This was because these were the intangible aspects that the majority of the customers used to differentiate BIDCO products with the rest of the FMCG players.

The study established that; the organisation sells quality brands against its competitors (Mean=4.1400), the organisation is perceived as a strong brand (Mean=4.1200), customers are aware of all the brands owned by the organisation (Mean=3.8000), customers trust the organization’s products (Mean=3.8000) and that the organisation uses creative branding techniques compared to its competitors (Mean=3.5600) respectively. Therefore, branding was a strategic factor that significantly influenced sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. Through creating a strong branding, the firms had gained a competitive edge in the highly competitive market by increasing customer trust and loyalty to the company products.

5.3 Discussion of Results

5.3.1 Advertising and sustainable competitive advantage

The study established that the frequency of advertising played a critical role in enhancing the advertising influence on sustainable competitive advantage of BIDCO products in the FMCG sector. BIDCO regularly advertised their product as a way of endearing their product to the customers towards enhancing their sales volume and increase consumer behaviour. BIDCO used diverse advertising channels to promote their products with mass media, interpersonal communication and print media being among the key advertising channels. Advertising significantly influenced sustainable
competitive advantage at BIDCO a fast-moving consumer goods (FMCG) company. Through advertising, customers retained indelible image of the products on offer, customers repurchase decision was determined by highly captivating and regularly adverts employed by FMCG companies.

The findings agree with Parag and Roberts (2009) whose findings indicated that advertising through promotions was most rampant and customers found out about water brands through these various promotional activities; like, sponsorship of events e.g. athletics, through point of sale for instance placing water stands obtrusively near super market tills, giving out branded refrigerators, among others. Byzalov (2014) revealed that consumer gets enough informed about product when he is more exposed to a product’s advertisement and this results in lessening the risk involved with product and this factor is called as advertising role of risk reduction. Advertising through all mediums influence audiences, but television is one of the strongest medium of advertising and due to its mass reach; it can influence not only the individual’s attitude, behavior, life style, exposure and in the long run, even the culture of the country (Latif & Abideen, 2012). Advertising is renowned for its long-lasting impact on viewer’s mind, as its exposure is much broader (Katke, 2012).

Based on the finding, the sources of initial information about BIDCO products included; promotion (39%), referral/word of mouth (23%), traditional media (24%) and outdoor media. The findings imply that BIDCO used diverse advertising channels to promote their products with mass media, interpersonal communication and print media being among the key advertising channels.

The study further revealed that; customers can easily recall the organization’s latest advertisement campaign (Mean=3.9800), customers choose the organization’s products because of their advertisements (Mean=3.6100), advertisements for the organizations’ products are very captivating (Mean=3.4100), customers have seen/heard a product advertisement from the organisation today (Mean=3.3300), and that the organisation advertises more than its competitors (Mean=3.1400) respectively. From the findings, it is evident that advertising significantly influenced
sustainable competitive advantage at BIDCO a fast-moving consumer goods (FMCG) company. Through advertising, customers retained indelible image of the products on offer, customers repurchase decision was determined by highly captivating and regularly adverts employed by FMCG companies.

5.3.2 Packaging and sustainable competitive advantage

The study established that packaging was professionally executed at BIDCO hence it was a critical factor likely to enhance competitive advantage of BIDCO products in the FMCG sector. Similarly, BIDCO packaging in terms of color, shape and seal, and texture and feel greatly enhanced BIDCO packaging attraction to the customers, hence enhancing customer behavior and loyalty all of which were critical in enhancing sustainable competitive advantage for BIDCO. The study further established that packaging played a critical role in enhancing sustainable competitive advantage at BIDCO. Through packaging the company was able to differentiate their products from their competitors enhancing their sales volume. Similarly, by being consumer-friendly, innovative and durable, the product packages enhanced customer’s favourable perception hence heir continues repurchase of the products. The association of the product package with the mass market characterized by low income earners also served to promote customers’ appeal for them in the long run.

The findings are similar to earlier findings by Deliya and Parmar (2012) which established that with its different functionality to ease and to communicate with consumers, there is no doubt about the increasingly important role that packaging plays as a strategic tool to attract consumers’ attention and their perception on the product quality.

The study established that the color of the products enhanced BIDCO packaging attraction to the customers (79%). On the other hand, the majority (92%) of the customers were also in agreement that shape and seal of BIDCO products increased packaging attraction to the customers. Similarly, the majority (87%) of the
respondents were also in agreement that texture and feel of BIDCO products enhanced influencing BIDCO packaging attraction to the customers. Therefore, BIDCO packaging in terms of color, shape and seal, and texture and feel greatly enhanced BIDCO packaging attraction to the customers, hence enhancing customer behavior and loyalty all of which were critical in enhancing sustainable competitive advantage for BIDCO.

The study established that; product’s packaging from the organisation stands out against competition (Mean=4.0800), the organisation uses consumer-friendly product packages (Mean=4.0700), the organisation uses innovative product packages (Mean=3.8400), the organisation uses durable product packages (Mean=3.7500) and that the organization’s product packages are considerate of low income earners (sizes) (Mean=3.6900) respectively. Informed by these findings it’s evident that packaging played a critical role in enhancing sustainable competitive advantage at BIDCO. Through packaging the company was able to differentiate their products from their competitors enhancing their sales volume. Similarly, by being consumer-friendly, innovative and durable, the product packages enhanced customer’s favourable perception hence heir continues repurchase of the products. The association of the product package with the mass market characterized by low income earners also served to promote customers’ appeal for them in the long run.

5.3.3 Branding and sustainable competitive advantage

The study established that BIDCO brand in terms of quality assurance, taste and odor, and manufacturer’s reputation was likely to positively contribute to the company sustainable competitive advantage. This was because these were the intangible aspects that the majority of the customers used to differentiate BIDCO products with the rest of the FMCG players. The study further concludes that branding was a strategic factor that significantly influenced sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. Through creating a strong branding, the firms had gained a competitive edge in the highly competitive market by increasing customer trust and loyalty to the company products. The study confirmed that the three factors
(advertising, packaging and branding) significantly influenced the sustainable competitive advantage of BIDCO. More specifically, advertising contributed the most to the sustainable competitive advantage of BIDCO followed by packaging and branding respectively. The most significant factor influencing sustainable competitive advantage at BIDCO is advertising, followed by packaging and branding respectively.

The findings are similar to Doria (2006); and Dupont (2005) whose study established that brand name influence seemed to be strongest when the customers formed linkages with the reputation of the company that made the product. The more socially conscious the company is the more a product or service is likely to be picked or considered when buying. According to Zhang (2009), when evaluating a company’s reputation, customers are apt to put more attention on the responsibility a company takes over rather than on the product price, packing and traditional function. According to Doria, 2006; Dupont, 2005, manufacturers’ reputation can be as a result of other factors including concern for health. It is true that customers perceive bottled water as safer and better quality. Unlike in the case of corporate social responsibility which could not be confirmed, quality assurance as part of the brand name was tested and the study findings concurred with that - Quality assurance as an agent of brand name exerts a lot influence (86% Agreed). Most customers will favor a brand if they think that quality is assured by certain met and maintained standards. Where the manufacturer demonstrates the process of quality control customers are more convinced than by the mere evoking of the brand name.

From the multiple regression analysis, the study determined that the three factors (advertising, packaging and branding) studied, explained 72.7% of the sustainable competitive advantage of BIDCO as represented by the $R^2$. The findings further established that when all factors (advertising, packaging and branding) were constant at zero, sustainable competitive advantage for BIDCO was 1.804. in addition, taking all other independent variables at zero, a unit increase in advertising will lead to a 0.643 increase in sustainable competitive advantage; a unit increase in packaging will lead to a 0.465 increase in sustainable competitive advantage while a unit increase in
branding will lead to a 0.378 increase in sustainable competitive advantage. This infers that advertising contributed most to the sustainable competitive advantage of BIDCO followed by packaging and branding respectively. At 5% level of significance and 95% level of confidence, the significance values for the three factors were as follows; advertising (0.001), packaging (0.002) and branding (0.003) respectively. Therefore, the most significant factor influencing sustainable competitive advantage at BIDCO is advertising, followed by packaging and branding respectively.

5.4 Conclusions

5.4.1 Advertising and sustainable competitive advantage

The study concludes that the frequency of advertising played a critical role in enhancing the advertising influence on sustainable competitive advantage of BIDCO products in the FMCG sector. BIDCO regularly advertised their product as a way of endearing their product to the customers towards enhancing their sales volume and increase consumer behaviour. It is also concluded that BIDCO used diverse advertising channels to promote their products with mass media, interpersonal communication and print media being among the key advertising channels. The study further concludes that advertising significantly influenced sustainable competitive advantage at BIDCO a fast-moving consumer goods (FMCG) company. Through advertising, customers retained indelible image of the products on offer, customers repurchase decision was determined by highly captivating and regularly adverts employed by FMCG companies.

5.4.2 Packaging and sustainable competitive advantage

The study concludes that packaging was professionally executed at BIDCO hence it was a critical factor likely to enhance competitive advantage of BIDCO products in the FMCG sector. Similarly, BIDCO packaging in terms of color, shape and seal, and texture and feel greatly enhanced BIDCO packaging attraction to the customers, hence enhancing customer behavior and loyalty all of which were critical in enhancing sustainable competitive advantage for BIDCO. The study further concludes
that packaging played a critical role in enhancing sustainable competitive advantage at BIDCO. Through packaging the company was able to differentiate their products from their competitors enhancing their sales volume. Similarly, by being consumer-friendly, innovative and durable, the product packages enhanced customer’s favourable perception hence heir continues repurchase of the products. The association of the product package with the mass market characterized by low income earners also served to promote customers’ appeal for them in the long run.

5.4.3 Branding and sustainable competitive advantage

The study concludes that BIDCO brand in terms of quality assurance, taste and odor, and manufacturer’s reputation was likely to positively contribute to the company sustainable competitive advantage. This was because these were the intangible aspects that the majority of the customers used to differentiate BIDCO products with the rest of the FMCG players. The study further concludes that branding was a strategic factor that significantly influenced sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector. Through creating a strong branding, the firms had gained a competitive edge in the highly competitive market by increasing customer trust and loyalty to the company products. The also concludes study the three factors (advertising, packaging and branding) significantly influenced the sustainable competitive advantage of BIDCO. More specifically, advertising contributed the most to the sustainable competitive advantage of BIDCO followed by packaging and branding respectively. The most significant factor influencing sustainable competitive advantage at BIDCO is advertising, followed by packaging and branding respectively.

5.5 Recommendations

5.5.1 Suggestions for Improvements

The study established that BIDCO regularly advertised their product as a way of endearing their product to the customers towards enhancing their sales volume and increase consumer behaviour. BIDCO used diverse advertising channels to promote their products with mass media, interpersonal communication and print media being
among the key advertising channels. The study recommends that the management of BIDCO should segment their customers and use the specific channel of communication to advertise to respective segments. This is informed by the fact that not all customer used mainstream channels of communication. This should be coupled with scaling up the use of digital communication in advertising given its large use by younger customers who are technology savvy.

5.5.1.2 Packaging and sustainable competitive advantage

The study confirmed that BIDCO packaging in terms of color, shape and seal, and texture and feel greatly enhanced BIDCO packaging attraction to the customers, hence enhancing customer behavior and loyalty all of which were critical in enhancing sustainable competitive advantage for BIDCO. The study recommends that the BIDCO management should continuously study customer tastes and preferences to inform their packaging. The company should ensure regularly innovation of branding to be used in the market to keep their customers engaged with their products.

5.5.1.3 Branding and sustainable competitive advantage

The study established that BIDCO brand in terms of quality assurance, taste and odor, and manufacturer’s reputation was likely to positively contribute to the company sustainable competitive advantage. The study recommends that BIDCO management should allocate adequate resources to drive their brand in the FMCG sector. This should be coupled with building the capacity of their workforce with the modern technology to help them keep improving the BIDCO product quality.

5.5.2 Suggestions for Further Research

The study focused on factors influencing sustainable competitive advantage in the fast-moving consumer goods (FMCG) sector, a case of BIDCO. It is recommended that a similar study should be conducted on Nairobi Securities Exchange listed blue chip companies in Kenya. Given that listed blue-chip companies enjoys a sustainable competitive advantage in their respective sectors, the study would help in explaining
the role of these factors in explaining the sustainable competitive advantage. This will assist in comparison and generalization of findings.
REFERENCES


APPENDIX I: Cover Letter

CAROLINE NYAMBURA WANJOHI

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA (USIU-A)

P.O. BOX 14634, 00800.

NAIROBI

Dear Respondent,

I am carrying out a research study on Factors influencing Sustainable Competitive Advantage in the Fast Moving Consumer Goods sector: A case of Bidco Africa. This is in partial fulfillment of the requirement of the Master in Business Administration degree program at United States International University.

You have been randomly selected among many to participate in this study. It is estimated that it will take less than ten minutes of your time to complete the questionnaire. Please respond as honestly and objectively as possible. Your participation is very essential for the accomplishment of this study and will be highly appreciated. I guarantee that the information that you will provide will be treated with the utmost confidentiality and will be used only for academic purposes.

This is an academic research and confidentiality is strictly emphasized. Your name will not appear anywhere in the report. Kindly spare some time to complete the questionnaire attached.

Thank you in advance.

Yours faithfully,

Caroline N Wanjohi
APPENDIX II: Questionnaire

This study is a requirement for the partial fulfillment of the Master of Business Administration (MBA) program at the United States International University Africa (USIU-A). The purpose of this study is to examine the “FACTORS INFLUENCING SUSTAINABLE COMPETITIVE ADVANTAGE IN THE FAST-MOVING CONSUMER GOODS SECTOR: A CASE OF BIDCO AFRICA”. This is an academic exercise and all information collected from respondents will be treated with strict confidentiality.

SECTION I: GENERAL INFORMATION

Kindly answer all the questions either by ticking in the boxes or writing in the spaces provided.

1. Gender: Male [ ] Female [ ]

2. Age: 21 - 30 [ ] 31 - 40 [ ] 41 - 50 [ ]
   51 - 60 [ ] 61 & above [ ]

3. Level of Education: High School [ ] Certificate [ ]
   Diploma [ ] Undergraduate [ ]
   Graduate [ ] Postgraduate [ ]
SECTION II: ADVERTISING

4. Kindly tick the corresponding view on Advertising and how it plays a significant role in enhancing organizational competitive advantage. Use a scale of 1-5 where 1=Strongly Disagree 2= Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree.

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<tr>
<td>I can easily recall the organisation’s latest advertisement</td>
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<td>campaign</td>
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<td>I choose the organisation’s products because of their advertisements</td>
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<tr>
<td>Advertisements for the organisations’ products are very</td>
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<tr>
<td>captivating</td>
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<td>I have seen/heard a product advertisement from the organisation</td>
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<td>today</td>
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<tr>
<td>The organisation advertises more than its competitors</td>
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5. Please state any other factors that you feel could lead to improved Advertising in the organisation.

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SECTION III: PACKAGING

6. Kindly tick the corresponding view on Packaging and how it plays a significant role in enhancing organizational competitive advantage. Use a scale of 1-5 where 1=Strongly Disagree 2= Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree.

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<tr>
<td>Product’s packaging from the organisation stands out against competition</td>
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<td>The organisation uses consumer-friendly product packages</td>
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<td>The organisation uses innovative product packages</td>
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<td>The organisation uses durable product packages</td>
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<td>The organisation’s product packages are considerate of low income earners (sizes)</td>
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7. Please state any other factors that you feel could lead to improved Packaging in the organisation.

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SECTION IV: BRANDING

8. Kindly indicate the corresponding view on Branding and how it plays a significant role in enhancing organizational competitive advantage. Use a scale of 1-5 where 1=Strongly Disagree 2= Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree.

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<tr>
<td>The organisation sells quality brands against its</td>
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<tr>
<td>competitors</td>
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<tr>
<td>The organisation is</td>
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<td>perceived as a strong</td>
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<td>brand</td>
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<td>I am aware of all the</td>
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<td>brands owned by the</td>
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<td>organisation</td>
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<td>I trust the organisation’s</td>
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<td>products</td>
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<td>The organisation uses</td>
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<td>creative branding</td>
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<td>techniques compared to its</td>
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<td>competitors</td>
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9. Please state any other factors that you feel could lead to improved Branding in the organization.

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Thank you for your honest response