



A Comparative Study on Brand Loyalty in Global Softdrinks Markets: Case of Kenya and India Consumers

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ABSTRACT

'Soft drink', refers to any of a class of non alcoholic beverages, usually but not necessarily carbonated, normally containing a natural or artificial sweetening agent, edible acids, natural or artificial flavors, and sometimes juice. The term was originated to distinguish the flavored drinks from hard liquor, or spirits. Marketing of carbonated soft drinks dates back to 17th century to imitate the popular and naturally effervescent waters of famous springs, with primary interest in their reputed therapeutic values. Since then we have many diverse brands from different producers. Buyers tend to be brand loyal to certain brands and others are indifferent. Although some consumers are said to be totally brand loyal, others are spuriously loyal, and others are quite indifferent in their purchase behavior. Whereas most of the studies have occurred in developed countries, little has been done in underdeveloped and developing nations. Therefore, this study sought to establish and compare the loyalty characteristics among the soft drinks consumers in Kenya and India. Kenya is a leading economic hub in Eastern Africa while India remains a powerful economic player in Asia with its large population that offers considerable scope for additional geographic penetration. The study was carried out between January 2012 and October 2012. The target group was majorly youth consumers who were sampled from local universities in both countries. The study established that in India, peer group are more powerful in influencing potential consumers to take soft drinks while in Kenya parents play a crucial role. The study is useful both to marketing policy makers in the soft drinks industry and to marketing scholars in getting an insight of trans national consumer behaviour.

Keywords: Brand loyalty, soft drinks, and consumer

Introduction

The Indian carbonated industry is worth Rs 60-billion and growing now at 5% annually with a compound annual growth rate of 4.5% where Coke and Pepsi have a combined market share of around 95% directly or through franchisees (Euromonitor, 2011). Kenya's soft drink market is worth approximately 1 billion dollars. A great portion of the market is dominated by carbonated soft drinks and synthetic juices. (Euromonitor, 2009). The study focused on the youth, who are predominantly the majority in global population and form major portion of soft drinks consumers. Youth market is very important and powerful segment of consumer to be considered as a separate section (Ness et al., 2002). Specific factors that influence the youth in their purchasing behavior pattern has been a serious issue to the behavioural researchers (Bush and Martin 2004). Previous studies have investigated how young adults earn what to consume and what influences them (Keillor et al., 1996; Moschis and Churchill, 1978). The studies which has been showed according to the social learning Theory says that the consumers' behaviour is affected by lot of sources such as their family values (Baltas, 1997 and Feltham, 1998) financial restraints (Ness et al., 2002; Rowley, 2005; East et al., 1995) peer group influences (Feltham, 1998; Ness et al 2002). Solomon (1994) highlighted that the teenagers will realise the influence of brand loyalty while purchasing different kinds of products in their age and influenced to buy the product during the age period. Hence the youth or teen may rely on the particular age and keep purchasing their favourite brand on that age onwards (Hollander and German, 1992). Previous research (Pollay et al., 1996; Spero and Stone, 2004; Roehm and Roehm, 2004) assumes that the youth customers are not much loyal to the brand however, these findings are relatively uncertain and creating more argument. Giges's (1991) study

found the lifestyles and consumption habits of people aged 14-34 around the world to be similar especially in terms of their consumption of soft drinks, and footwear. Further, a number of studies have been done on brand loyalty.

Objectives of the Study

The study was guided by the following specific objectives;

1. To establish the extent of preference for soft drinks as a beverage in Kenya and India.
2. To investigate the age and persons who influence in the consumption of soft drinks in both Kenyan and Indian Markets.
3. To assess the time when soft drinks is most preferably consumed in both countries.
4. To determine the predominant type of brand loyalty among soft drinks consumers in Kenya and India.

Findings of the Study

Consumption of soft drinks

The study sought to establish the extent at which the respondents consumed the soft drinks. The results were as follows:

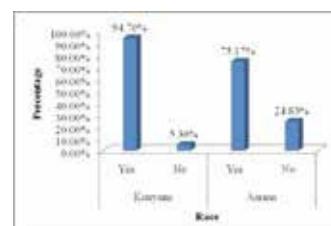


Figure 1.0: Percentage of Respondents who consume soft drinks

From the figure 1.0, it was found out that 94.70%(411) of the respondents of African origin were consuming soft drinks in comparison to 75.17%(660) Asians who were consuming soft drinks. Further it was found out that 23(5.70%) Kenyans did not consume soft drinks as compared to 218(24.83%) Indian respondents who were non-consumers of soft drinks. This implies that majority of the Kenyan youth are consuming various brands of soft drinks in comparison to their Asian counterparts. Similarly a higher percentage of Indians do not consumer soft drinks.

Reasons for non consumption

Those respondents who were not consuming any soft drinks in the two countries were asked to state reasons as to why they were not consuming soft drinks. The results are presented in figure 2.0

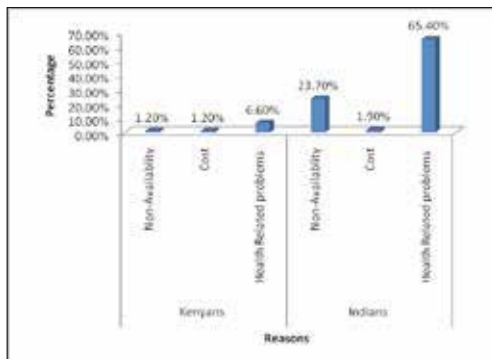


Figure 2.0: Reason for non-consumption of soft drinks.

In both markets, health concern was cited as the main reason for non consumption of soft drinks with 65 percent in India and 7 percent in Kenya.

Popular brands consumed

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

Conclusion, possible implication of findings and suggestions

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

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

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