

**THE IMPACT OF PRICE FLUCTUATION ON THE DEMAND OF OMO
WASHING POWDER IN THE KENYAN MARKET CASE STUDY**

UNILEVER KENYA LTD

BY

MOSES MBUGO NJIMIA

BMM/16868/72/DF

SUBMITTED IN OCTOBER 2010

**A RESEACH DISSERTATION SUBMITTED IN PARTIAL FULFILMENT
FOR THE REQUIREMENT OF THE BACHELOR DEGREE OF
MARKETING IN KAMPALA INTERNATIONAL UNIVERSITY**

TABLE OF CONTENTS

Declaration.....	i
Approval	ii
Dedication	iii

CHAPTER ONE

1.0 Introduction	1
1.1 Background of the case study	1
1.2 Background of the study	2
1.3 Statement of the problem	2
1.4 Purpose of the study	2
1.5 Research Objectives	3
1.6 Research objectives	3
1.7 Scope of the study	3
1.8 Significance of the study	3

CHAPTER TWO

2.0 Literature review	5
2.1 Introduction	5
2.2 Product quality	5
2.3 Packaging	5
2.4 Advertising	6
2.5 Pricing	6
2.6 Consumer demand	6
2.7 Relations between each variable and demand	6
2.7.1 Product quality and customer demand	7
2.7.2 Packaging and customer demand	8
2.7.3 Advertise and customer demand	8
2.7.4 Price and consumer demand	9

CHAPTER THREE

3.0 Research methodology	11
3.1 Introduction	11
3.2 Research design and procedure	11
3.3 Study population	11
3.4 Sampling design and sample size	12
3.5 Data collection	12
3.6 Data analysis	12
3.7 Anticipated limitations of study	12

CHAPTER FOUR


4.0 Introduction.....	14
4.1 Response rate from the study	14
4.2 Respondents background/identification.....	14
4.2.1 Gender composition.....	14
4.2.2 Age of respondents.....	15
4.3 Research question 1.....	17
4.4 Research question 2.....	18
4.4.1 Assessment of consumer satisfaction.....	19
4.5 Research question 3.....	21
4.5 Effects of products attribute on consumer presence.....	21

CHAPTER FIVE

5.0 Research summary, discussion, conclusion and recommendations.....	25
5.1 Introduction and summary	25
5.2 Discussion of findings.....	26
5.3 Conclusion.....	27
5.4 Recommendations.....	28
5.5 Suggestions.....	29
Reference.....	30
Appendix.....	31
Questionnaire.....	31
Time frame.....	32
Budget.....	32

DECLARATION

I Moses Njimia do declare that this research is my original work and has never been submitted to any university for any award. Where the works of others have been cited, acknowledgement has been made.

Signature 

Date 15/10/10

APPROVAL

I certify that the research submitted was done under my supervision.

SUPERVISOR

NAME: ...MICHAEL M. TEGANBA...

SIGNATURE ...*[Signature]*...

DATE ...15/10/10...

DEDICATION

I dedicate this research project to my loving parents ONESMUS AND CATHERINE for their full support during my entire period of carrying out this research.

ACKNOWLEDGEMENT

This task of completing this work has been tireless and expensive both in terms of money and time and depended upon very many people for assistance, encouragement and guidance.

I thank God for sustaining me through the exercise.

I'm indebted to Kampala international university and in particular the faculty of business and management for allowing me to carry out this research. I would like to thank my supervisor RUTEGANDA MICHAEL for his guidance, technical support and for taking his time to go through this work

CHAPTER ONE

1.0 Introduction

1.1 A Background of the Case Study

Register 11949 as East Africa Industries Ltd, Unilever Kenya Ltd changed to its present name I the year 2000. It has developed to market leadership. Unilever's founding companies produced products made of oils ad fats, principally soap ad margarine. With businesses expanding fast, companies set up negotiations intending to stop others producing the same types of products. But instead they agree to merge- and so Unilever is created.

Unilever's operations around the world begin to fragment, but the business countries to expand further into the foods market and increase investment in research and development.

As the world economy expands, so does Unilever and it sets about developing new products, entering new markets and running a highly ambitious acquisition programmer. The company products ranging from Blue band, Royco, Home cup Tea, Omo, Geisha, Close up, Lady gay, Fair and lovely, Sunlight, Vaseline, Lux, Knorr among others have a long time been household names through out East Africa region Until very recently due to the effects of market liberalization its products have suffered stiff competition from other household product producers who have set in to fill the gap in consumer satisfaction that been left by the Unilever Kenya products. Some of the Unilever a Kenya's products have failed in the consumer satisfaction terms of quality and therefore not meeting consumer needs. Unilever's product which has suffered in this competitiveness trend is Omo washing powder detergent soap which has been unable to regain its original market share due to very stiff competition from other detergent. Soaps produced by other industries.

Blue Omo was first launched in 1962 then a further launch in 1972 to become Extra Active Blue Omo. In 1986 it was launched with a new perfume and later into Omo Power foam with formulation, packaging, and pricing in 1991 since then this brand has seen lots of re-launches to try to cope with reduced demand, market share and returns for this particular brand. For many years consumers have come to believe that.

1.2 Background of the study

Price determinations in an organization are of great importance in running organization efficiently and profitably. If product price and related factors are not considered properly, then there is a chance that companies won't perform as expected.

The performances of organizations/ company depend largely on consumer demand for its products and their ability to adapt to their changing needs and wants.

Successful organizations know how to influence consumer and keep those goals in time with changes in the external environment, such as those brought by technology, legislation and competitors.

TABLE 1: A TABLE SHOWING ORGANIZATION PERFORMANCE FOR UNILEVER KENYA'S OMO DETERGENT SOAP RETURNS FROM 2003/2004 TO 2005/2006.

Financial year	2003/2004	2004/2005	2005/2006
Budgeted returns	(000,000) 2420	(000,000) 1990	(000,000) 1850
Actual returns	(000,000) 1915	(000,000) 1315	1165
Performance	79.13273%	66.080402%	62.972729%

SOURCE: company annual reports (2005 - 2006)

This evidence showed that the existing trend for Omo detergent soap returns has been diminishing gradually from 2003 to 2006 hence the need to be investigated.

1.3 STATEMENT OF THE PROBLEM

Omo washing powder has lost market and is currently not a choice for many consumers in the market. This can be seen from the company's annual reports from 2003 to 2006 illustrated above. This study therefore is being carried out to establish the reasons for this trend in the marketing of this product and the possible solutions to problem.

1.4 PURPOSE OF THE STUDY

The main purpose of this study is to establish the impact of price fluctuation on demand for Unilever Kenya's Omo washing powder in the market.

1.5 RESEARCH OBJECTIVES

This study be guided by the following objectives:

- a) To determine the market share of Unilever Kenya's powdered detergent soap product against those of other industries.
- b) To access individual consumer satisfaction with Unilever Kenya's powdered detergent soap against those of other industries.
- c) To determine whether product attributes such as quality, packaging advertising e.t.c.

1.6 RESEARCH QUESTIONS

- a) What is the market share of Unilever Kenya's powdered detergent soap against those of competitions.
- b) What is the level of individual consumer satisfaction with Unilever Kenya's powdered soap against those of the competitors.
- c) Does product attributes such as quality, packaging and advertising influence customer preference.

1.7 SCOPE OF STUDY

The study will be carried out in Arthi river and Kitengela locations of Machakos district, Eastern Kenya and from July up to September 2010 and would be centered on middle income Earners with a steady source of income since the product to be studied would not be easily purchased by low income earners who have the option of using Bar soap which is much cheaper than powdered detergent soap.

1.8 SIGNIFICANCE OF THE STUDY

The study finds is of importance to Unilever Kenya's marketing Manager who will be able to know the reasons for reduced demand for their products in the market and implement possible solutions to the problem.

To organizations that read this research it will make the to know how their decisions, especially regarding price influences consumer demand.

The study will make the researcher meet the need of course requirement as a partial requirement for award of Bachelor's degree in marketing.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature related to the study variables. The study focuses on various factors that influence consumer demand for detergent soaps. Among the areas covered include product quality, packaging, advertising and their effect on consumer demand for detergent soaps.

2.1 Product quality

The quality of a product may be defined as “its ability to fulfill the customer’s needs and expectations”.³

Quality needs to be defined firstly in terms of parameters or characteristics, which vary from product to product. For example, for a mechanical or electronic product these are performance, reliability, safety and appearance. For pharmaceutical products, parameters such as physical and chemical characteristics, medicinal effect, toxicity, taste and shelf life may be important. For a food product they will include taste, nutritional properties, texture, and shelf life and so on.

2.2 Packaging

Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use.⁴ Packaging also refers to the process of design, evaluation, and production of packages. (DEAN) described packaging as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Packaging contains, protects, preserves, transports, informs, and sells. Packaging and package labeling have several objectives Physical protection, Barrier

protection, Containment or agglomeration, Information transmission, Marketing, Security, Convenience and Portion control.⁵

2.3 Advertising.

Advertising is a 'paid for communication. It is used to develop attitudes, create awareness, and transmit information in order to gain a response from the target market.⁶ there are many advertising 'media' such as newspapers (local, national, free, trade), magazines and journals, television (local, national, terrestrial, satellite) cinema, outdoor advertising (such as posters, bus sides).

2.4 Pricing

Pricing as the process of determining what a company will receive in exchange for its products.⁷ Pricing factors are manufacturing cost, market place, competition, market condition, Quality of product. The effective price is the price the company receives after accounting for discounts, promotions, and other incentives.

Demand-based pricing is any pricing method that uses consumer demand based on perceived value as the central element. These include: price skimming, price discrimination and yield management, price points, psychological pricing, bundle pricing, penetration pricing, price lining, value-based pricing, geo and premium pricing.⁸

2.5 Consumer demand

Consumer demand is described as the ability and desire for the end users to purchase particular goods and services.⁹ He further stated a number of factors may influence the demand for a product, these include: quality, packaging, prices, advertising, Customer preference, Prices of related goods, Complements, Substitutes, Income, Number of potential buyers and Expectations of a price change. The researcher

decided to venture in to only for dominant variables which include quality, price, advertising and packaging.

Relationship between each variable and Demand

.1 Product quality and customer demand

If a product fulfils the customer's expectations, the customer will be pleased and consider that the product is of acceptable or even high quality. If his or her expectations are not fulfilled, the customer will consider that the product is of low quality. That maximizing product quality and consumer satisfaction does not lead to maximum profits is now widely recognized.¹⁰ However, managing and linking quality and profitability presents several challenges,¹¹ especially when quality cannot be easily measured or communicated and a firm's customers are heterogeneous in their tastes for quality. One way that firms can build their reputation is to avoid disappointing their customers. However, firms have incomplete control over whether any particular customer is disappointed because different customers have different disappointment thresholds. And for many products, quality variability is an inherent trait that cannot be completely controlled. Incomplete knowledge of customer tastes and incomplete control over quality means that firms need to carefully consider how best to manage customer expectations and control of quality.

The role of customer perception of quality, satisfaction, and repurchase behavior and their impact on firm success has been the focus of a large amount of work in the marketing, psychology, and economics literatures. Several models have been proposed to infer how customers form expectations and perceptions of quality and how these interact to affect overall satisfaction and repurchase intentions¹². It is commonly accepted that satisfaction is a predecessor of repurchase intentions and behavior.¹³ It is also asserted that satisfaction is driven by disconfirmation of expectations, in what is known as the expectancy disconfirmation model.¹⁴ Quality expectations are formed based on the interactions of myriad factors, both internal and external¹⁵. The external sources on which expectations are formed include word of mouth, third-party information, and product cues such as price and scarcity. Oliver notes that consumers will, at least for many products, analyze the cues available and form different expectations about how

the product ought to perform.¹⁶ Hence, it is possible that a unit of the product is satisfactory for some but not all consumers. This is especially true for customized as opposed to standardized services.¹⁷

2.2 Packaging and customer demand

But beyond visual appeal, consumers also want product appeal; they are demanding custom packs designed especially for them, to get shoppers inside their doors. Packaging should offer the line flexibility that enables brand owners to change product quantity or variety and package size quickly to meet current requirements. For other customers, visual awareness is also important for the package to call for more attention to it.¹⁸

3 Advertising and customer demand

The existing theory and evidence provides two conflicting answers to the relationship between advertising and customer demand. Much of the theoretical advertising literature has focused on distinguishing whether advertising serves a persuasive or informative role. Under the “persuasive” view, advertising alters customers’ utility/ demand functions by changing their preferences.¹⁹ This leads to an outward shift in the demand function, which has led to claims that advertising may serve an important anti-competitive role. Under the “informative” view, advertising does not change customers’ utility/ demand functions, it increases the information that customers have about the available alternatives.²⁰

Both views of the role of advertising predict an increase in customers’ expected utility from consuming the advertised product. Under the persuasive view the change in expected utility reflects a change in the utility function itself, while the informative view predicts a change in which alternatives are evaluated and/or what is known about those alternatives. Both outcomes are consistent with advertising positively impacting demand in future periods. In particular,

under the persuasive view we would generally expect a change in the utility function to endure into future periods. Similarly, product information revealed under the informative view will generally be relevant in future periods, unless changes between periods make past information obsolete.

Yet it is also possible that the long-run impact of advertising is negative. When making purchasing decisions customers generally have the alternatives of purchasing competing brands, purchasing from different retailers or even delaying in the hope of future discounts or product improvements. If advertising makes an immediate purchase of the focal brand more attractive, it implicitly reduces the share of customers who will choose one of these alternatives. The outcome is potentially less demand for competing brands, less demand for competing retailers and/or less demand in future periods. Of these outcomes, the impact on competing brands (sometimes termed the “combative” role of advertising) has received the most interest. As early as 1942 Borden distinguished between the “primary” and “selective” effects of advertising: the primary effect describes category-level demand expansion, while the selective effect describes substitution between competing brands.

1 Price and consumer demand

The quantity demanded of a good usually is a strong function of its price. Suppose an experiment is run to determine the quantity demanded of a particular product at different price levels, holding everything else constant²¹.

The *law of demand* states that quantity demanded moves in the opposite direction of price (all other things held constant), and this effect is observed in the downward slope of the demand curve.

The price/ demand relationship refers to the perception by most consumers that a relatively high price is a sign of good quality. The belief in this relationship is most important with complex products that are hard to test, and experiential products that cannot be tested until used (such as most services). The greater the uncertainty surrounding a product, the more consumers depend on the price/quality hypothesis and the more of a premium they are prepared to pay. However,

that excessive reliance on the price/quantity relationship by consumers may lead to the raising of prices on all products and services, even those of low quality, which in turn causes the price/quality relationship to no longer apply.²²

The following is about price and consumer demand;²³

- Buyer's price sensitivity for a given product increases the higher the product's price relative to perceived alternatives. Perceived alternatives can vary by buyer segment, by occasion, and other factors.
- Buyers are less sensitive to the price of a known / more reputable product when they have difficulty comparing it to potential alternatives.
- The higher the product-specific investment a buyer must make to switch suppliers, the less price sensitive that buyer is when choosing between alternatives.
- Buyers are less sensitive to price the more that higher prices signal higher quality. Products for which this effect is particularly relevant include: image products, exclusive products, and products with minimal cues for quality.
- Buyers are more price sensitive when the expense accounts for a large percentage of buyers' available income or budget.
- The effect refers to the relationship a given purchase has to a larger overall benefit, and is divided into two parts:
 - Derived demand: The more sensitive buyers are to the price of the end benefit, the more sensitive they will be to the prices of those products that contribute to that benefit.
 - The smaller the portion of the purchase price buyers must pay for themselves, the fewer price sensitive they will be.
- Fairness Effect: Buyers are more sensitive to the price of a product when the price is outside the range they perceive as "fair" or "reasonable" given the purchase context.
- The Framing Effect: Buyers are more price sensitive when they perceive the price as a loss rather than a forgone gain, and they have greater price sensitivity when the price is paid separately rather than as part of a bundle.

4. Dolan, Simon 1996

5. Nagle, Thomas and Holden, Reed 2002

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In this chapter, the researcher dealt with the practical procedures that will be used in carrying out the study and how data was collected and analyzed. It provides details of the research design, sampling procedures, the study population, sampling design and sampling size, data collection methods and instruments, data processing and analysis, study variables, and anticipated limitations of the study.

3.1 Research Design

A case study was used and was focused on Unilever Kenya Ltd products. This was combined with descriptive research design to establish the relationship between selected variables and consumer demand. This design also will involve gathering secondary data about both the dependent and independent variables.

3.2 Research Procedures

A general letter of introduction was obtained from University, research unit and used to introduce the researcher to the respondents. A questionnaire was designed focusing on the factors that influence consumer demand for different types of detergent soaps and be answered by various respondents. Secondary data will also be collected from the company's annual reports relating to the returns with regard to the Omo detergent brand.

3.3 Study Population

The target population mainly consisted of middle income earners with a steady source of income and living in a household setting in Athiriver and Kitengela locations of Machakos district- This is because they are

people who are can easily purchase the product in question or its substitute hence can give relevant information about the study problem.

3.4 Sampling Design and Sample Size

Multistage sampling design was adopted. Three residential estate was identified from each location and households will be selected randomly to obtain a sample size of fifty. The exact number of households in each estate will obtained from the municipal council offices.

3.5 Data Collection Methods

Data in this study was obtained from both primary and secondary source. Secondary data was obtained from company records, existing company reports, magazines and the internet. If the secondary data is not enough, then the researcher will go to primary data. This was obtained through questionnaires. The questionnaires was comprised of both open ended and closed ended questions and the latter was accompanied be a list of exhaustive answers from which the respondent will pick an answer that best describes the situation. The item in the questionnaires was developed to address the specific objectives of the study.

3.6 Data Analysis

Data collected was condensed in to few manageable categories. These categories were drawn from raw data through tabulation, establishing of proportions and drawing of statistical inferences.

Chi square test model was also used to establish the significance of the data to the study problem.

The categories were then descriptively analyzed by use of tables and pie charts and conclusions will be drawn from the analysis.

3.7 Anticipated Limitations of the Study

- i. Non-sampling errors which include response errors in cases where respondents misunderstand the question or do not answer the question at all and errors in recording and processing data may affect the final results from the study.
- ii. Time constraints arising out of uncertainty on the part of the respondent being busy.
- iii. Financial constraints due to the fact that the researcher being a self-sponsored student without any findings agency for the research.
- iv. The researcher might be affected by poor weather, lack of constant power supply and limited access to data processing instruments.
- v. There might be non-response on the part of the respondents who are suspicious and not for the degree of confidentiality for opinions.

CHAPTER FOUR

PRESENTATION AND ANALYSIS

. Introduction

The finding in this section follows the analysis of the data collected from the investigation of the study. The data was collected through questionnaires which were administered to come up with reliable data. The responses to the questions were presented in statistical formats by the use of tables and pie charts. This chapter is therefore designed to provide the reader with detailed findings and interpretation of the study.

a. Response rate from the study

The study targeted a sample of 50 respondents, all of them responded yielding and overall response rate of 100%. All the respondents consulted responded by returning all the questionnaires.

b. Respondents Background/ identification information

4.2.1 Gender composition of the respondents.

The researcher asked questions relating to sex composition and the results from the study were as follows.

Table 2: Sex composition of the respondents.

Respondents	Number	Percentage (%)
Male	15	30%
Female	35	70%
Total	50	100%

Source: primary data

Table 3. Age composition of the respondents.

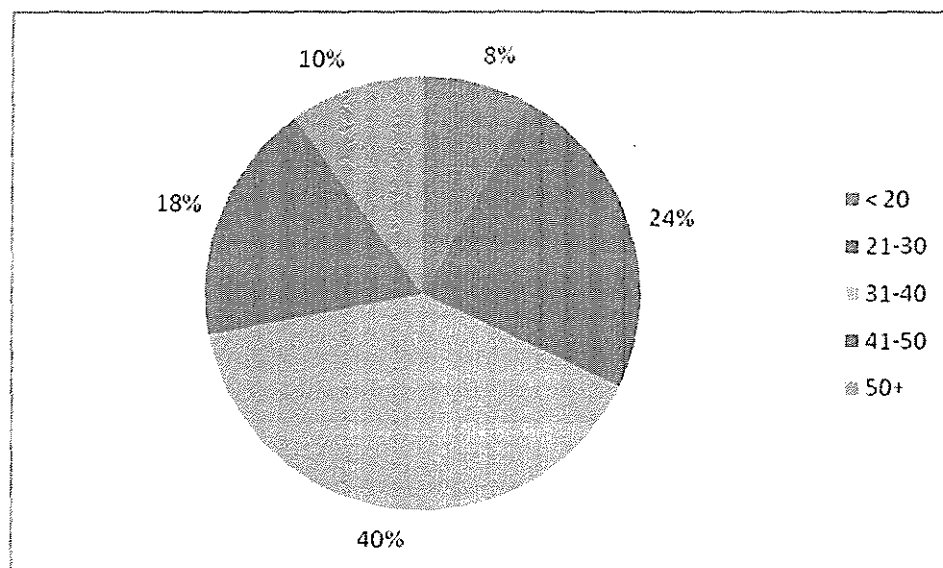
Age bracket (years)	Frequency	Percentage (%)
< 20	4	8
21-30	12	24
31-40	20	40
41-50	9	18
50+	5	10
Total	50	100

Source: primary data.

The findings revealed that the majority of the respondents were between the age of 31-40 years followed by 21-30 years with 40% and 24% respectively. The respondents of above 50 years constituted 10%. Respondents below the age of 20 constituted 8% while those of ages 41-50 constituted 18%. Most of the respondents were between the age of 31-40, followed 41-50.

This is further illustrated by the pie chart below.

Figure 2. PIE CHART SHOWING THE AGE COMPOSITION OF THE RESPONDENTS



c. Research question 1: What is the market share of Unilever Kenya's powdered detergent soap product against those of competitors?

From the data collected from economic survey report of 2006, Bidco Oil refineries were the market leaders in terms of market share followed by Unilever Kenya. This is further illustrated in the table below;

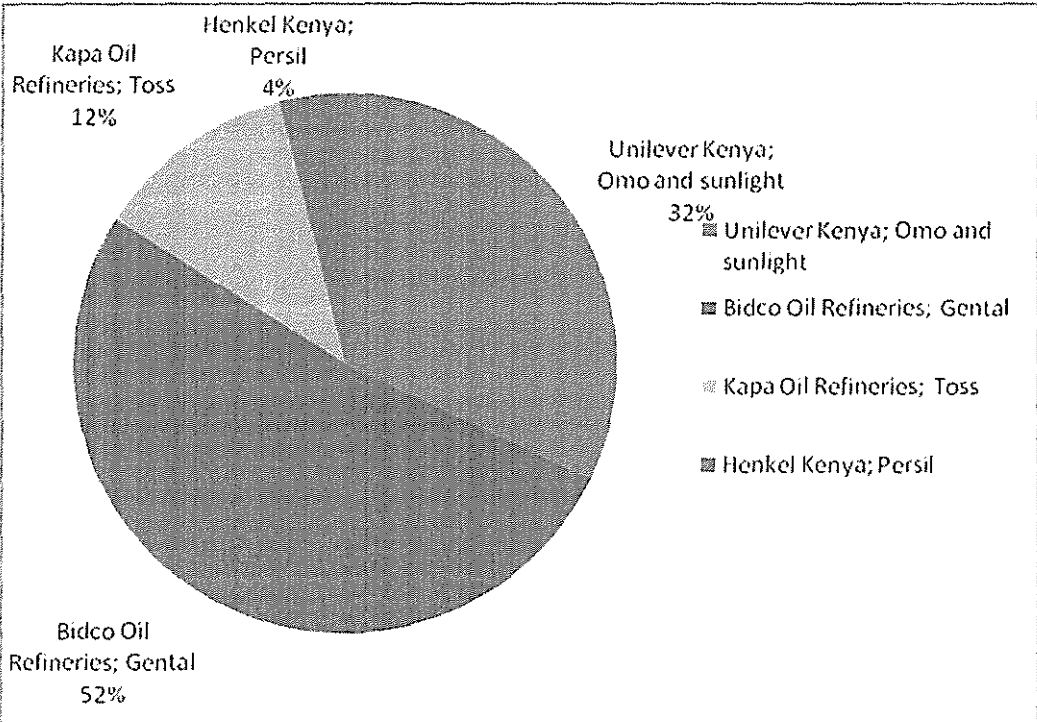
Table 4: Market share of detergent soaps produced by different industries

Industry and the detergent soap it produces	Frequency	Percentage (%)
Unilever Kenya; Omo and sunlight	16	32
Bidco Oil Refineries; Gental	26	52
Kapa Oil Refineries; Toss	6	12
Henkel Kenya; Persil	2	4
TOTAL	50	100

Source: Economic survey report 2006.

From the above table it was noted that Unilever Kenya and Bidco Oil Refineries have the biggest proportion of the market share for their powdered detergent soaps. Bidco has the highest proportion at 52% while Unilever Kenya follows closely at 32%. The margin in terms of market share between Bidco and Unilever is 20%. This difference in proportion of market share of industries has further been illustrated in the pie chart below;

Figure 3: A PIE CHART SHOWING MARKET SHARE OF DIFFERENT DETERGENT SOAPS IN THE INDUSTRY



4.4 Research question 2: What is the level of individual consumer satisfaction with Unilever Kenya’s powdered detergent soap against those of the competitors?

4.4.1 Assessment of individual consumer satisfaction with Unilever Kenya's powdered detergent soap

From the data collected from the respondents it was observed that at one point in time all the respondents were using Omo washing powder, a product of Unilever Kenya, for their laundry cleaning.

Table 5 below further illustrates the duration of time within which Omo washing powder was a choice for respondents

Table 6: Showing duration of time within which Omo washing powder was a choice for respondents

Time	Frequency	Proportion (%)
6 months	2	4
1 year	8	16
2 years	4	8
More than 2 years	36	72
TOTAL	50	100

Source: primary data

from the table above it was noted that Omo washing powder was a choice for most of the respondents for a period of more than two years though this trend did not continue for a long period of time and this was attributed to various reasons by the respondents who discontinued the use of this detergent soap (Omo). The table below illustrates the reasons for this trend.

Table 7: showing reasons why respondents discontinued the use of Omo washing powder

Reason	Frequency	Percentage (%)
i. Has a burning effect on hands	20	40
ii. Price is relatively high compared to other soaps	22	44
iii. Desire to explore new detergents in the market	6	12
iv. Attractive packaging of other detergent soaps	2	4
TOTAL	50	100

Source: primary data

From the table above it was noted that major reasons for a shift in demand for Omo washing powder to other washing powder was that it had burning effect on hands of the users and 40% of the respondents attributed their discontinuation to this fact. Another reason was that the price of Omo washing powder was relatively high compared to that of other detergent soaps in the market. 44% of the respondents attributed their discontinuation to high prices. Other factors which include exploring new detergents in the market and attractive packaging of other detergent soaps in the market are other less significant factors that contributed to the discontinued use of Omo washing powder with proportions of 12% and 4% respectively.

The table below illustrates respondents view on the effectiveness of Unilever Kenya's Omo washing powder in laundry and cleaning. This opinion was given by all the respondents even those who are not currently using the detergent soap.

Table 8: Effectiveness of Omo washing powder in laundry cleaning

Opinion	Frequency	Proportions (%)
Effective	42	84
Not effective	8	16
TOTAL	50	100

Source: primary data

From the table above it was observed that majority of the respondents at a proportion of 84% admit the effectiveness of Omo washing powder in laundry cleaning despite the fact that most of the same respondents are not using the detergent soap due to reasons already outlined above.

4.5 Research question 3: Does product attributes such as quality, packaging and advertising influence consumer preferences significantly to lead to a substantial difference in the market share?

4.5.1 Effects of product attributes on consumer preference

This study sought to establish the effect of product attributes on consumer choice of detergent soap. It was established from data collected from respondents that product attributes do have an effect on the choice of detergent soap purchased by the respondents. This is further illustrated on the table below;

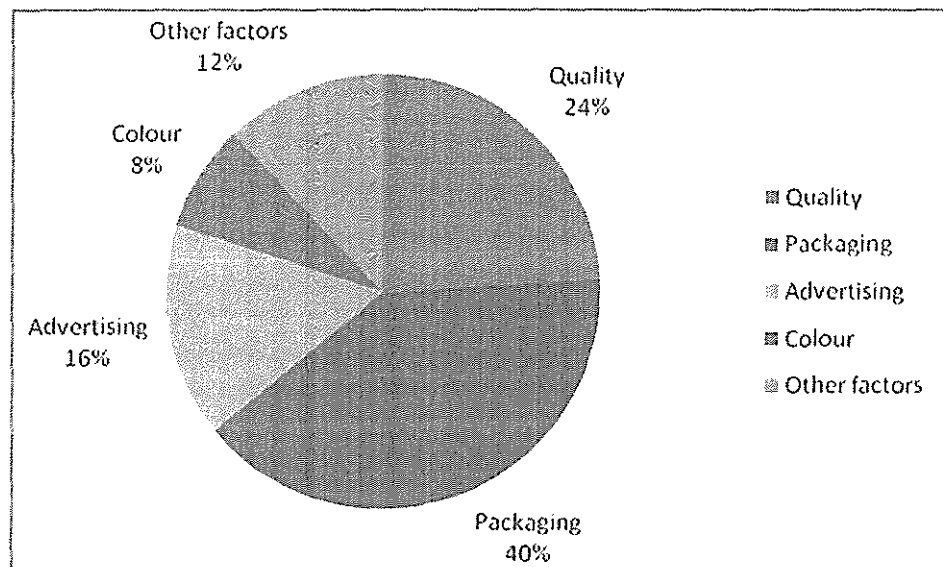
Table 9: Product attributes and their effect on consumer choice

Product attributes	Frequency	Proportions (%)
Quality	12	24
Packaging	20	40
Advertising	8	16
Colour	4	8
Other factors	6	12
TOTAL	50	100

Source: primary data

From the above table it was observed that packaging of the product has got a significant effect on consumer choice of detergent soap to use since 48% of the consumers attribute their detergent choice to good packaging. Quality, advertising and colour of the detergent soap also play a significant role in influencing the consumer on what detergent soap to use. This is further illustrated in the figure below;

Figure 4: A pie chart showing product attributes and their effect on consumer choice



The table below illustrates the detergent soap consumers would use based on an underlying product attribute;

Table 10: Detergent soap used by respondents based on underlying product attribute

Product	Underlying product attribute that influences choice			
	Quality	Packaging	Advertising	Colour
Omo	✓			
Sunlight			✓	
Gental				✓
Toss		✓		
Persil	✓			

Source: primary data

From the above table it can clearly be seen that most of the respondents who use Omo and Persil washing detergent soaps attribute their use to it quality, while those who use Sunlight detergent soap attribute their use to advertising, those who use Gental detergent attribute their use to the colour of the detergent which in this case is blue and those who use Toss attribute their choice of this detergent to its attractive packaging.

CHAPTER FIVE

RESEARCH SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATION:

5.0 Introduction

The purpose of this chapter is to discuss the findings, make conclusions and give recommendations based on these findings of this study. The chapter provides an overview of the study in brief as preparation for conclusion, recommendation of related area for further study have also been recommended.

5.1 Summary

The study analyzes impact and price fluctuations on consumer demand for detergent soap products with a case study of Unilever Kenya. The scope of the study was Athiriver and Kitengela locations of Machakos District. The study aimed at finding out the reasons behind the fall in market share of Unilever Kenya's Omo detergent soap in which appropriate recommendation will be made from the study.

Chapter one provided the background of the study, which indicates the existence of the problem and need for investigation. The chapter also outlines the statement of the problem, research questions, significance of the study, and scope of the study, limitations and conceptual framework.

Chapter two gives the review of the study variables which included quality, packaging, advertising and pricing as the independent variables and consumer demand as the dependent variable.

Chapter three explained the techniques and procedures used in carrying out research. It also outlined the sampling methods used in the development of the research.

Chapter four presented the study findings to provide the reader with detailed findings and interpretation of the study to make appropriate recommendations of the study.

5.2 DISCUSSION OF THE FINDINGS.

The issues brought forward from the research findings as presented in chapter four will be examined under the following subheadings.

- Respondents background information.
- Market share of Unilever Kenya's Omo detergent soap against those of competitors in the same industry.
- Individual consumer satisfaction with Unilever Kenya's Omo detergent soap.
- Effect of product attributes on consumer preference.

5.2.1 BACKGROUND INFORMATION

5.2.1.1 GENDER

Majority of the consumers of the detergent soap were female constituting 70% while male constitute 30% from the analysis of the questionnaires returned by the respondents. It is evident that most of the consumers are female.

5.2.1.2 AGE OF RESPONDENTS.

Majority of the consumers are between the age brackets of 21-30 and 31-40, constituting to 24% and 40% respectively. This clearly indicates that the age of the consumers has an effect on consumption of the detergent soaps.

5.2.2 Market share of Unilever Kenya's Omo detergent soap against those of competitors in the same industry.

Unilever Kenya's Omo detergent soap market share is second largest at 32% after Bidco Oil Refineries' Gental which stands at 52%. The difference of 20% may be attributed to several reasons from the respondents such as the burning effect on hands, high price, attractive packaging and desire by the consumers to explore new detergents in the market. To recover and

regain the lost market share and become the market leaders, Unilever should focus on these issues.

5.2.3 Individual consumer satisfaction with Unilever Kenya's Omo detergent soap.

the findings in chapter four revealed that majority of the consumers even those of competing detergents were satisfied with effectiveness of Omo detergent soap at 84% while those dissatisfied were a mere 16% hence the problem only lie in the problems stated above which have to be looked in to win the 16%.

5.2.3 Effect of product attributes on consumer preference.

The results from the findings of chapter four revealed that product attributes do have an effect on the choice of detergent soap purchased by the respondents. The attribute which had the biggest effect on consumer's choice was packaging at at 40% followed by quality at 24% and then advertising, and colour at 16% and 8% respectively. Therefore consumers preferred Omo and Persil in regard to quality, Toss in regard to packaging, Sunlight with respect to advertising and Gental with regard to colour.

5.3 Conclusion

Consumer demand for different types of detergent soaps is influenced by various factors which include affordability of the detergent soap in terms of price, attractive packaging, motivational adverts, quality and colour of the detergent soap: though the affordability of the detergent soap plays a major role in influencing the choice of the detergent soap used by the consumers.

Product attributes such as colour, packaging and effectiveness of the detergent soap in cleaning of laundry also play a major role in the same.

Omo detergent soap produced by Unilever Kenya has lost demand in the market due to its poor quality, i.e. consumers complained of its burning effect on hands. Its price has also led to its drop in demand since the new detergents that came in to the market are sold at a lower price than Omo and therefore consumer demand shifted to the lower priced detergent soaps.

Other industries have got a larger market share for their detergent soaps in the market at 68% compared to Unilever Kenya whose market share is at 32%. The other market share enjoyed by the other industries is mainly dominated by Bidco Oil Refineries with their product Gental washing powder with a market share of 52% out of the 68% share of other industries.

5.4 Recommendations

In view of the problem under study, the researcher recommended that in trying to look in to factors that affect consumer demand for their detergent soap products, Unilever Kenya should reach out to the consumers and try to establish the factors that affect their demand for different products.

Price of the detergent soap being a major factor influencing consumer choice for the product should be moderate so that the differences in prices charged on detergent soaps by different industries are not so large so as to make demand for particular detergent soap too high as compared to other detergent soaps.

Unilever Kenya should also focus on producing high quality detergent soaps since quality is a major determinant in the choice of detergent soap by the consumers.

Advertising of the detergent soap regularly in the media should be done as consumers are motivated by advertisements and a number of them end up purchasing the product due to the motivational adverts.

Other factors such as colour of the detergent soap also play a major role in influencing consumer choice and therefore Unilever Kenya should know what colour of the detergent soap is preferred by consumers and make necessary changes in colour of the detergent soaps if need be.

5.5 SUGGESTIONS FOR FURTHER RESEARCH.

It is also important to examine other factors such as;

- Effects of income and on consumer demand.
- Effects Seasonal factors on consumer demand.
- Effects of substitutes on consumer demand and
- Effects of distribution on fall in market share of the detergent soap.

REFERENCES;

1. Economic survey reports- Kenya (2006).
2. Unilever Kenya's Annual Report (2006).
3. Household care report. Kenya (2007)
4. Kotler, Philip, Keller, Lane (1980) "Marketing Management", Prentice Hall
5. Consumercare.ukl@unilever.com
6. Anderson, E. W., C. Fornell, and R. T. Rust. 1997. "Customer Satisfaction, Productivity, and Profitability: Differences Between Goods and Services." *Marketing Science*.
7. Zeithaml, V. A., L. L. Berry, and A. Parasuraman. 1996. "The Behavioral Consequences of Service Quality." *Journal of Marketing*.
8. Zeithaml, V. A., L. L. Berry, and A. Parasuraman. 1993. "The Nature and Determinants of Customer Expectations of Service." *Journal of the Academy of Marketing Science*.
9. Spence, M. 1975. "Monopoly, Quality and Regulation." *Bell Journal of Economics*.
10. Oliver, R. L. 1997. *Satisfaction: A Behavioral Perspective on the Consumer*. The McGraw-Hill Companies, Inc.
11. Kaldor N. (1950), "The Economic Aspect of Advertising," *Review of Economic Studies*.
12. Becker G. S. and K. M. Murphy (1993), "A Simple Theory of Advertising as a Good or Bad," *Quarterly Journal of Economics*.
13. Stigler, G. J. (1961), "The Economics of Information," *Journal of Political Economy*, 69, June.
14. Comanor, W. S. and T. A. Wilson (1967), "Advertising, Market Structure and Performance," *The Review of Economics and Statistics*.
15. Comanor, W. S. and T. A. Wilson (1974), *Advertising and Market Power*, Harvard University Press.
16. Milgrom P. and J. Roberts (1986), "Price and Advertising Signals of Product Quality," *Journal of Political Economy*.
17. Kihlstrom R. and M. Riordan (1984), "Advertising as a Signal," *Journal of Political Economy*.
18. Calver, G., What Is Packaging Design, Rotovision. 2004.
9. Dean, D.A., 'Pharmaceutical Packaging Technology', 2000.

APPENDIX

QUESTIONNAIRE

QUESTIONNAIRES FOR THE FACTORS INFLUENCING CONSUMER DEMAND FOR DIFFERENT TYPES OF DETERGENT SOAPS

I am a third year student in Kampala international University pursuing a degree course leading to an award of Bachelor of business administration in marketing. I am carrying out a research study on the above mentioned topic and as part of my research work I am required to collect data by use of questionnaires. Information given here will be treated with the highest degree of confidentiality and am thus requesting for your cooperation in filling of this questionnaire.

Researcher.....

Signature.....

Date.....

Section A

Identification

Gender	Male []	Female []
Marital status	Single []	Married []
Age	Below 20yrs []	21-30yrs []
	31-40 []	41-50 []
	51	
and above []		

Section B

Questions relating to detergent soap used

1. Do you use powdered detergent soaps?

Yes ☐

No ☐

2. If yes in question 1 above which of the powdered detergent soaps listed below do you use?

OMO []

SUNLIGHT []

GENTAL []

TOSS []

PESIL []

3. Why do you prefer the above mentioned detergent soap?

- a. It affordable in terms of price []
- b. It has an attractive packaging []
- c. It was motivated by adverts []
- d. It is of good quality []
- e. Colour of the detergent soap []

Section C

Questions relating to OMO washing powder

1. Have you ever used OMO washing powder before?

(NB: Answer this question if OMO is not the detergent soap you are using currently)

Yes ☐

No ☐

2. If yes for how long have you been using the above mentioned powdered detergent soap?

6 months []

1 year []

2 years []

More than 2 years []

3. What are your reasons for discontinuing the use of OMO washing powder?

.....
.....

4. In your opinion, is OMO washing powder effective in laundry cleaning as compared to the laundry soap you are currently using?

Yes ☐

No ☐

Give reasons for your

answer.....

Section D

Questions relating to market share of detergent soaps

1. According to you, from your experience, which laundry industry in Kenya produces the best detergent soap?

i. Unilever Kenya which produces OMO and SUNLIGHT [☐]

ii. Bidco Oil Refineries which produces GENTAL [☐]

iii. Kapa Oil Refineries which produces TOSS [☐]

iv. Henkel Kenya which produces PERSIL [☐]

2. Are you satisfied with the powder detergent soap produced by the industry mentioned above?

Yes ☐

No ☐

Give reasons for your answer in 2 above.

Section E

Questions relating to product attributes

1. Does packaging of the detergent soaps in the market influence your choice of the detergent soap you use?

Yes ☐

No ☐

If yes in question 1 above which detergent soap do you use?

2. Does advertising of the effectiveness of a detergent soap in the media influence your choice of the detergent soap to use?

Yes ☐

No ☐

If yes in question 2 above which detergent soap do you use?

2. Does the quality of the detergent soap in the market influence on your choice of detergent soap to use?

Yes ☐

No ☐

If yes in question 3 above which detergent soap do you use?

3. Does the color of the detergent soap in the market influence your choice on the detergent soap to use?

Yes ☐

No ☐

TIME FRAME WORK

TIME FRAME WORK	
Period	Activity
August	Proposal writing
September	Data collection
October	Data completion
November	Handling of the dissertation

BUDGET FRAME WORK

BUDGET FRAME WORK	
Activity	Amount (UG sh)
Stationery	30,000
Questionnaire administration	90,000
Transport	70,000
Typing & printing	45,000
Miscellaneous	50,000
Total	285,000