

**INFLUENCE OF MARKETING MIX ON CONSUMER BRAND  
PREFERENCE: A STUDY OF SMARTPHONES AMONG PUBLIC  
UNIVERSITY STUDENTS IN NAIROBI**

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# DECLARATION

This project is my original work and has not been presented for a degree in any other university

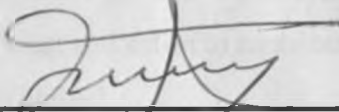


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## **DEDICATION**

To my son Kevin, my reason for smiling  
To my husband Charles, my source of inspiration  
To my mother Rose, my encouragement  
To my father Bernard, for the sacrifice  
To God almighty, my peace, my joy, my hope

## ABSTRACT

Kenya's smartphone market is growing very fast, changing with the global trends in the industry. The market has become a battle field of marketing activities by brands such as Samsung, IDEOS, LG, HTC among others. In this survey, the influence of the marketing mix (the 4 Ps) on consumer brand preference on the smartphones among students in public universities within the Nairobi Central Business District (NCBD) was assessed.

This study investigated the basic brand attributes that lead to preference, at the same time how brand preference is influenced by product, price, place, and promotion in the case of smart phones. The specific objectives included: to determine the influence of product mix on consumer brand preference of smartphones among Public University students in Nairobi, to establish the influence of pricing strategies on consumer brand preference of smartphones, to identify the influence of distribution on consumer brand preference of the smart phones, and finally to determine the influence of the different promotion mix on consumer brand preference of smartphones.

The study used a sample of 60 students from three public universities within NCBD. The students were purposively selected from different classes to ensure full representation of the different levels and study specializations. A standard structured questionnaire was administered students face to face in the three universities for data collection.

Results showed that students are motivated by both the features, and the brand origin of the smart phone. Further, the results show Google's android operating system was the most preferred operating (OS) system amongst the youth as compared to Apple's OS and Black Berry OS. This confirmed the Huawei IDEOS based on android as the leading smartphone amongst the sampled population.

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## **LIST OF ABBREVIATIONS**

OHA- Open Handset Allowance

CCK- Communications Commission of Kenya

PR- Public Relations

NCBD- Nairobi Central Business District

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

In today's rapidly changing business world, past results are no guarantees for future successes, and therefore business must survive in a turbulent environment. The large shakedown of companies which took place in the recession of the late 1970's, early 1980's, and in 2008, has left the remaining companies, for the most part, leaner, fitter and more aggressive. In addition, pace of developments in new technology, the growth in the number of business start-ups and the threat of foreign competition have increased. A situation exists where companies can no longer be inward looking, but must be aware of their external macro environment situation to survive and grow (McKeran, 1990).

According to Prahalad (1997), it's not enough to imagine the future, you also need a blue print for building future businesses which tells you what you should be doing now, which new competencies you should be building, what new customer groups you should be trying to understand, which new distribution channels you should be exploring, in order to create a winning position for yourself in a new opportunity arena.

Pophal (2000) holds that attempting to sell a product or service without a plan is like planning a vacation without a map. A person may eventually get where he/she wants to go, but it would take longer and cost more than it should. It is believed that it costs five times as much to attract a new customer as it does to retain an existing one.

#### **1.1.1 Concept of Marketing Mix**

Marketing mix is a general phrase used to describe the different kinds of choices organizations have to make in the whole process of bringing a product or service to market. Kotler and Armstrong (1997) argue that the traditional marketing mix has been defined as a set of controllable instruments to control the uncontrollable and dynamic marketing environment and consists of four major elements ("Ps"): Product, Price, Place and Promotion. However, the 7 Ps - price, product, place, promotion, physical presence, provision of service, and processes comprise

the modern marketing mix that is particularly relevant in service industry, but is also relevant to any form of business where meeting the needs of customers is given priority.

Product is the element in the marketing mix that will define to the target customers what about the company's product that meets the customer's needs (Kotler & Keller, 2006). Product Decisions include such issues such as product design in that the design of a product should be the selling point for the organization. The other is product quality which has to consistent with other elements of the marketing mix. A premium based pricing strategy has to reflect the quality a product offers. Product features are also essential in product decisions in that they increase the benefits offered to the target market, bearing in mind whether the organization should use a discriminatory pricing policy for offering the additional benefits. Lastly, product branding is also very essential in that it has power of instant sales, convey a message of confidence, quality and reliability to their target market.

Of the "P's" of marketing, pricing holds a unique attribution to a seller's profitability. Not only have companies been striving to seek effective pricing strategies, but also researchers have been investigating buyers' reactions to sellers' pricing strategies including their perceptions of price fairness (Herrmann, Xia, Monroe, & Huber, 2007).Pricing strategies also must consider strategies for new opportunities such as price skimming (i.e., charging high prices to maximize profit in the short run) and penetration pricing (i.e., introducing your product/service at a low price to gain the majority of the market) (Bustam and Stein .2010).

Perceived price fairness is consumer's subjective assessment of whether the difference between a seller's price and the price of a comparative other party is reasonable, acceptable, or justifiable (Bolton et al., 2003; Xia et al., 2004).

Place is concerned with how an organization will distribute the product or service they are offering to the end user. The organization must distribute the product to the user at the right place at the right time. Efficient and effective distribution is important if the organization is to meet its overall marketing objectives. Any disagreement between marketing channel members on goals and roles may create channel conflict, which eventually could hamper overall reputation of the specific brand (Kotler, 2006).

Promotion deals with telling the target market or others in the channel of distribution about the right product (Perreault & McCarthy, 2002). It is not enough for a business to have good products sold at attractive prices. To generate sales and profits, the benefits of products have to be communicated to customers. In marketing, this is known as promotion mix.

Promotion keeps the product in the minds of the customer and helps stimulate demand for the product. Promotion involves ongoing advertising and publicity (mention in the press), sales promotion, direct mail, public relations, and personal selling. A promotion that provides incentives to try a new flavor or new use will be more effective if the brand is familiar and there is no need to combat a consumer skeptical of brand reputation (Pringle & Thompson 1999).

Booms and Bitner (1981) has suggested another extra 3Ps that contain people, physical evidence and process. People refer to all people directly or indirectly involved in the consumption of a service, example employees or other consumers. Process is all about the procedure, mechanisms and flow of activities by which services are consumed. Finally, physical evidence is related to the environment in which the service is delivered. It also includes tangible goods that help to communicate and perform the service. However, the 4Ps is still the most common model of the marketing mix (e.g. Kotler & Keller, 2006), especially for products. Therefore the standard 4P model will be used for this paper in the case of smartphones.

### **1.1.2 Concept of Brand Preference**

Consumers almost always approach the marketplace with a well-established set of tastes and preferences (Hoyer & Brown, 1990). To win the brand preference competition by making a brand preferred over other brands in an established category or subcategory is tough and expensive. A stronger brand would always have a better understanding of needs, wants, and preferences of consumers than the brands that are not competitive. Thus stronger brands would help in creating effective marketing programs that could go beyond consumer expectations. (Keller, 1998).

A consumer during his lifetime undergoes a series of ever changing circumstances and situations. As a result his brand preference shifts with his changing needs. The brand attributes or features must fit to consumers' need to maintain an ongoing permanent relationship with the brand. The

consumers need to have a trust in their preferred brands for continued offering of the desired benefits. According to Browne (1998), if companies fail to ensure a trustworthy, stable brand reputation, the brand's growth and market share will be affected.

Thus a brand reputation is the image of superior quality and added value, which justify a premium price. A reputable brand is a strong asset, which benefits from a high degree of loyalty and stability for future sales (Kapferer, 1997). Ultimate goals of highly reputed brands should be to strengthen their image. Low selling brands with low reputation should focus on tailoring their marketing mix and fixing the overall image problem (Baldinger & Rubinson, 1996).

### **1.1.3 Overview of the Smart Phone Industry**

Emerging developments in the Smartphone industry are expected to bring about new trends for enterprise mobility management, with formerly popular business Smartphone options being replaced by new products from Google and Apple (Lee, 2011). RIM's Blackberry offering has been for years the only mobile offer taken seriously for sometime by corporate IT. However, the bring your own device philosophy continues to be adopted by the enterprise due to major cost savings, the consumerization of corporate IT, and mobile business applications. Mobile enterprise applications will need to evolve based on these factors, while provide a rich native user experience to drive employee adoption of enterprise mobility.

Research and Markets (2011) indicate that Mobile handsets market has seen an exponential growth since its first commercial launch in 1983. There were 12 million global mobile phone subscribers in 1990 and by the end of 2010, the number of mobile phone subscribers reached 5.2 billion. However, the growth had slowed a bit between 2006 and 2009 on the account of economic slowdown and lack of strong telecommunication infrastructure in emerging countries. Smartphones are fast becoming a viable alternative to feature phones. Personal Digital Assistants (PDAs) and laptops, offering phone features such as voice and SMS coupled with mobile internet applications, multimedia functionality, high speed data processing capabilities, and inbuilt GPS capabilities.

According to Meltz (2011), the smartphone market is currently witnessing high growth due to a host of factors, including lower product cost, improved handset design and functionalities, the expansion of global mobile email and browsing services, the emergence of 3G and 4G network technologies, the rising competition among mobile carriers, and the standardization and upgrades of operating systems. The global smartphones market registered growth at a brisk pace, accounting for 22% of the global mobile handset sales in 2010. This high growth has been backed by rapid technology developments such as high-speed internet browsing, sophisticated personal and professional data management, and the evolution of 3G and 4G network technologies.

The android smartphones are powered by the Google android operating system, which according to android appmobilize (2011), indicates an increased growth of 34.7% while other competing systems remain flat. Android is the mobile phone platform led by Google's Open Handset Allowance (OHA). Android has a unique security model in which the user is in complete control of the device. It is an open source platform based on Linux. All applications are written in Java and compiled into a custom byte-code. Google, the company behind android platform was founded in 1998 by Founded Larry Page and Sergey Brin. The company has offices all over the world, recording sales revenue of 9,026 (million) quarter two of 2011.

The Communications Commission of Kenya's (CCK) 2011 report indicates that between July and September 2010, 98% of Kenyans users accessed the internet using a mobile device (IT News Africa, 2011). Most of these devices are 3G enabled smartphones. The revolution of Kenya's smart phone industry has been influenced by global trends and growing need for localized software application development to enhance the day to day lifestyle of Kenyans. Years of yearning for localized content for our media has also played apart. The lifestyles of the elite have also changed due to the green initiatives replacing paper works to electronic documents e.g. use of tablets visa v paper note books.

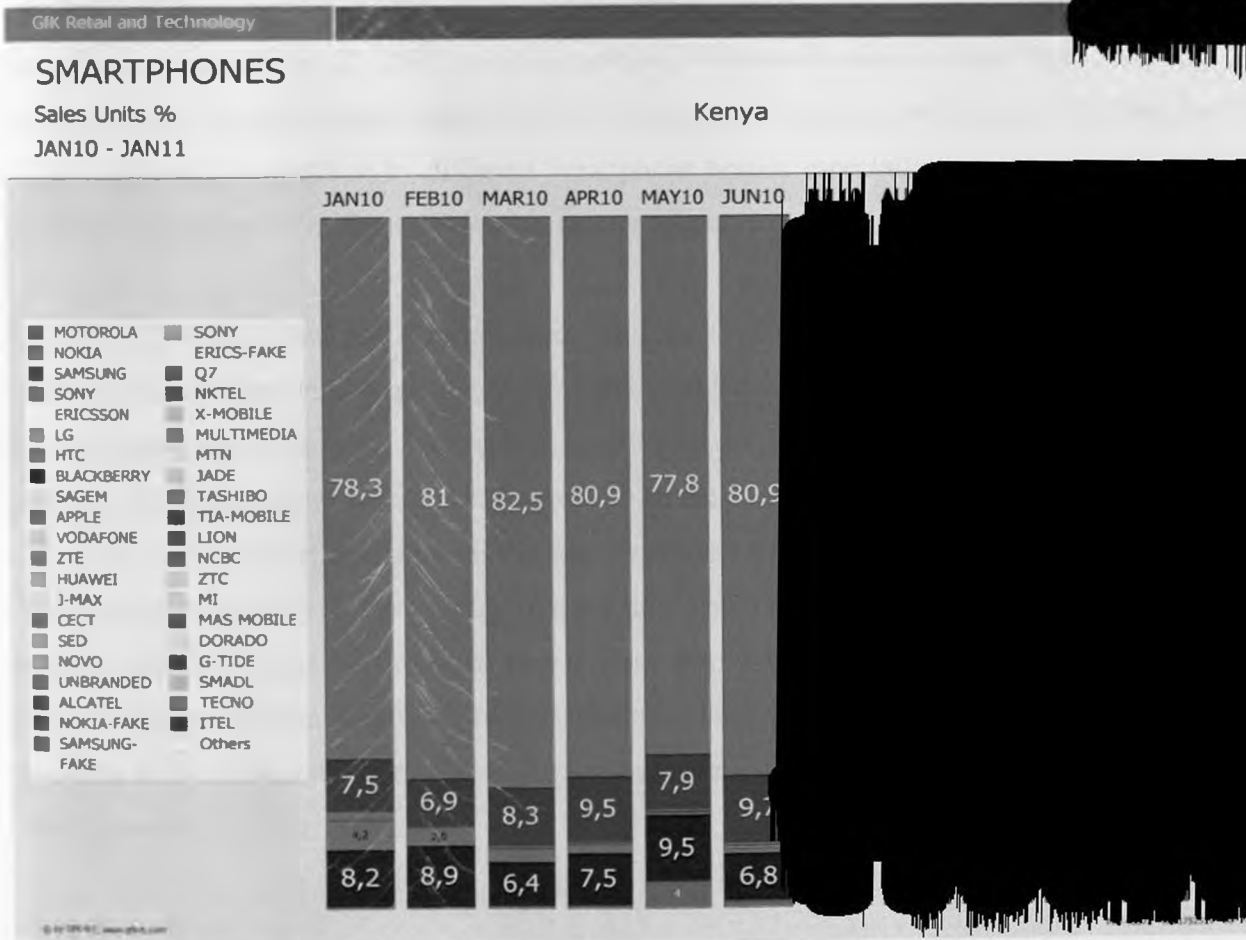
Gicheru (2011). lists the android smartphone players in the Kenyan market who include Huawei IDEOS, Sony Ericsson Xperia Live (Mini, Mini Pro and Xio), HTC Desire, Samsung Galaxy S/Galaxy Ace/ Galaxy 5, among others are available in local mobile retail stores. The smart phone industry has enhanced job creation among Kenyan youths through development of



localized applications that can be sold. According to Obura (2011), as part of the many features available on the android platform, users have access to the Android Market which is a virtual store offering thousands of both free and paid for applications for download.

Android technology site (2011) indicates that, since the launch of the Huawei IDEOS smartphone in January 2011, Kenya is now the leading country in Africa (after South Africa) in Android smartphone usage. This has led to the revolution of the smart phone market in Kenya especially in 2011.

**Figure 1:1 Smartphones Sales units in Kenya 2011 from GfK Retail and Technology**



## **1.2 Statement of the Problem**

Affordable smartphones together with the falling mobile data tariffs are set to drive an Internet adoption wave across Africa, according to Fleischer (2011). Informal Telecoms and Media report indicates there will be about 265 million data subscribers in Africa by 2015, up from the current 12 million subscribers, with Smartphone playing a vital role in boosting data access in Africa by bringing affordable online data plans. This is opening up new possibilities for consumers and organizations giving them access to instant messaging, mobile banking, email, media content and many other powerful applications online applications for the first time (Fleischer, 2011).

A recent research by ABI (2011) shows that Android represented a 46.4 percent of global Smartphone shipments in Q2 2011, with 34 percent of Android's total coming from Samsung, putting it a close second behind Apple. The local Kenyan smartphone market is not an exception of the heightened competition by different Smartphone brands especially android powered such as IDEOS, Samsung, HTC, Sonny Ericsson, among others.

Previous studies on brand preference include Mulewa (2006), on Influence of Packaging and Labeling on Consumer Preference for Tooth Paste Brands in Kenya; Marami (2006), on Factors that Determine Brand Royalty: A case of Kenya Petroleum Industry and lastly, Kiptum (2007), Survey on the Influence of Consumer Promotions on the Purchase of Cement in Nairobi. None of these studies however, combines all the four Ps of marketing and brand preference to give an overall picture especially in the smart phone industry which has grown rapidly over the last few years. In addition, some of previous studies have also been overtaken by time, targeted to population different from Kenyan university students. This study therefore seeked to determine the extent to which marketing mix used for smartphones influence the brand preference among public university students in Nairobi.

## **1.3 Objectives of the Study**

In General, this study seeked to determine the influence of the marketing mix on consumer brand preference of smart phones among Public University students in Nairobi.

Specifically, the study hoped:

- i) To determine the influence of product mix on consumer brand preference of smartphones among Public University students in Nairobi
- ii) To establish the influence of pricing strategies on consumer brand preference of smartphones among Public University students in Nairobi
- iii) To identify the influence of distribution on consumer brand preference of the smart phones among Public University students in Nairobi
- iv) To determine the influence of the different promotion mix on consumer brand preference of smartphones among Public University students in Nairobi.

#### **1.4 Significance of the Study**

The study on the influence of marketing mix on consumer brand preference in smartphones is important for different publics. The technology industry is fast growing globally and Kenya in particular, with the special interest in the booming smartphone industry. This study will contribute to the body of knowledge with current information on marketing mix influence on brand preference, for both marketing students and instructors.

The study will also be essential in ensuring consumers make smart choices when purchasing smartphones based on all marketing mix elements in relation to the brand attributes. This will give value for money to the smartphone users.

Moreover, the study will be essential to the local smartphone industry and CCK's regulatory efforts by highlighting key data in the smartphone market in ensuring the products available in the market meet the expected standards. This will promote a healthy competitive environment amongst smartphone players. The information can also be used for future research in the industry.

Lastly, the study will be important to the Government of Kenya in the actualization of Kenya's vision 2030 to promote application of science, technology and Innovation, by providing information on the capabilities of the different smartphones available in promoting localized software development.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

In this chapter, previous research by different authors examining the influence of marketing mix on consumer brand preference was summarized. It covered both theoretical and empirical studies of the two variables.

### **2.2 Marketing Mix**

A Marketing Mix is a set of policies for the four Ps that is designed to meet the needs of a company's target market. Using these four components offers the ability to reach multiple consumers within your target market. Some experimenting and solid market research are required to create a successful marketing mix that will produce the desired results. It is important not to rely on a single combination of the four Ps. Combining a number or all of these elements will be more effective than depending on one (Kotler, 2001). The marketing mix is considered the center of a marketing strategy. Elements of the mix must be compatible and be applicable to the target market.

In traditional marketing, product, price and place are essentially fixed over the short term, with only promotion being considered variable. In a turbulent market, though, all of the marketing mix variables should be considered as continuously variable as Morris (1996) indicated.

#### **2.2.1 Product**

Product is usually the first element of the mix considered, with new product development one of the most important destabilizing tactics. For low-involvement products, consumers have more objective view of the nature of the attributes (eg. food, cosmetics) because they are constantly being advertised and promoted. Similarly Rio, Vasquez and Iglesias (2001) suggested that consumer evaluation of a product can be broken down into evaluation related to product (tangible or physical attributes) and brand name (intangible attributes, or images added to the product due to its brand names). In his study on the relationship between human values and

consumer purchases. Allen (2001) found there was a significant association between human values (e.g. hedonistic, achievement, self-direction, conformity, security etc.), product preference and tangible attribute importance with how consumers perceive the product (tangible attributes) and how they evaluate the product (i.e. symbolic meaning, tangible/intangible attribute importance). Human values influence the importance of the product's tangible attribute importance's that are already important to consumers.

Product quality is an important determinant for the customers for choosing a brand that helps in the development of brand reputation. Quality belongs to the product perspective of a brand's identity whereas perceived quality is how a brand's quality is seen by the consumers. It is one of the key dimensions in Aaker's brand equity model. A higher price is a sign of high quality to the consumers. Perceived quality is a source of consumer satisfaction it makes them to repurchase the product, which leads to loyalty (Uggla, 2001).

Previous research has established the relationship between a firm's product line and the demand for its products, especially with respect to the length of the product line. Studies by Kekre and Srinivasan (1990), Bayus and Putsis (1999) and Draganska and Jain (2005a) find a positive impact of a firm's product line length (included as a covariate) on its demand.

### **2.2.2 Price**

Price is another form of attribute used by consumers to evaluate a product. Price in many cases has a psychological impact on consumers. By raising it, they can emphasize the quality of a product and increase the status associated with it and by lowering it, they can emphasize a bargain and gain customers who go out of their way to look for such to save money (Kibera & Waruingi, 1988). Consumers perceive that a higher price can be attributed to the higher cost of quality control. Some consumers are highly price sensitive (elastic demand), whereby a high price may shift consumers to competitive brands (Mowen & Minor, 1998). Therefore price can have a positive or negative influence on customers.

Price influences the brand choice in two ways: (1) Seek the lowest price to avoid financial risk or (2) Seeks the higher price to gain product quality (Macdonald & Sharp, 2000). For some consumers, the price is vital particularly when they are purchasing everyday products. Some consumer may choose a brand just because it has the lowest price, while other consumers may choose a brand just because it has the highest perceived price inferring that it is of high quality. Empirical studies of habit formation and consumer switching costs have been limited to estimating short-run effects over horizons of at most 1 or 2 years ( Erdem, 1996).

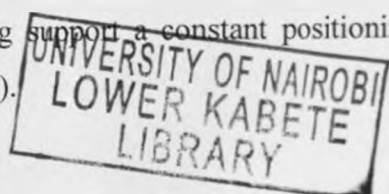
### 2.2.3 Place

Consistency of supply and availability at convenient locations are vital for brand reputation. Any disagreement between marketing channel members on goals and roles may create channel conflict, which eventually could hamper overall reputation of the specific brand (Kotler, 2006). According to Kibera & Waruingi (1988), determining the intensity of the distribution i.e. how wholesalers may and how any retailers will be recruited, is key with the options of intensive, selective and exclusive distributions being available.

Managing the whole system (i.e. the supply chain) according to the attractor pattern can enable efficiencies to be achieved. If each element of the chain tries to optimize its own performance, there is a likelihood that minor ordering differences or disturbances can be amplified up the chain, resulting in large, unpredictable disturbances at, for example, the manufacturer level (Forrester, in Stacey, 1996).

### 2.2.4 Promotion

A promotion that provides incentives to try a new flavor or new use will be more effective if the brand is familiar and there is no need to combat a consumer skeptical of brand reputation (Pringle & Thompson, 1999). Advertising acts as a major tool to enhance brand reputation. The purpose of advertising is to make the consumers to purchase their brands. Advertising is one of the most visible forms of communication. It creates a set of associations the consumers want to have about a brand. If advertising, promotion and packaging support a constant positioning strategy over time, the brand is likely to be strong (Aaker, 1991).



Previous research by Jedidi, Mela, and Gupta (1999) account for the effects of advertising and promotions on dynamic brand preferences for packaged goods.

a. Advertising

Marketers should consider using advertisement, which may play a role in making attributes important to consumers that might not have been considered before. Romariuk and Sharp (2003) suggested two objectives of short-term and long-term brand building. In the short term, managers need to identify a specific attributes to be communicated to the market based on which message gave the best execution. The key aim is to develop likeable advertisement. In the long-run, managers need to build up a bank of consumer perception about the brand to make it the one most often thought of and make it difficult for competitors to have access to the minds of consumers (Romariuk & Sharp, 2003).

Sriram, Chintagunta, and Neelamegham, (2005) study on the Effects of Brand Preference, Product Attributes, and Marketing Mix Variables in Technology Product found that, some brands can increase their advertising expenditures and still increase their profitability.

b. Personal selling

Personal Selling and relationship building is a stabilizing factor. Through sound salesperson-buyer relationships, customer can be encouraged to remain loyal to the supplier (Nilson, 1995). A company that can establish a learning relationship with its customers should retain them because the company learns more about their needs, while the customer would have so much time and effort invested that it would not be worthwhile switching to a competitor (Pitt, 1995). Personal selling, because of its personal dialogue, can create a dominating position in the mind of the customer. The sales force has a key role as a feedback loop between customer and company, and even though it is a stabilizing function, in a turbulent environment fast communication is required between the sales force and marketing management (Nilson, 1995). This requires the sales force to be decentralized and empowered to take decisions (Cespedes, 1996), and to have strong marketing knowledge to achieve this, especially in mature and stable markets (De Vasconcellos, 1991). This highlights the importance of personal selling as a stabilisation function in stable and simple environments.

### c. Public Relations

Much of what has been said about personal selling may also be true of public relations (PR), as PR also emphasises relationship building (Herbig, 1997). Nilson (1995) agrees that it can be a very effective method of disseminating information and building loyalty to a company. However, in complexity/chaos terms, a relatively small and inexpensive Public Relations (PR) activity can lead to significant outcomes because of the multiplier effect. However, like all activities based on sensitive dependence on initial conditions, the result is unpredictable. Although the instigator of the action hopes for a positive response, they have no control over the dissemination of the information, nor over the way in which the message is presented.

### d. Sales promotion

Sales promotion activities, especially when linked to price promotions, create instability in a market and so are destabilising (Nilson, 1995). The more unusual the promotion the greater the likelihood of an outcome different to what was expected. Promotions that build relationships have the same effects as advertising. Direct mail, or direct marketing, via the building of a relationship with customers through personalised communications with the help of a database, can also be stabilising.

Research into the non-linear dynamics of sales patterns at two petrol retailers with significantly different environments supported this (Priesmeyer, 1992). The retailer with a less turbulent environment was not influenced significantly by price cuts or promotional activities, whereas the retailer with a highly turbulent environment had more opportunities for influencing demand through promotional tactics. In fact, minor promotional changes resulted in major increases in sales and profitability. This study showed that aggressive sales promotional tactics in a turbulent market could enable a marketer to influence the trajectory of the attractor to increase sales, market share or profit.

Empirical meta-analysis on post-sales promotion brand preference by the journal of retailing (2006) provided insight in that on average sales promotions do not affect post-promotion brand preference. However, depending on characteristics of the sales promotion and the promoted product, promotions can either increase or decrease preference for a brand.



## 2.3 Brand Preference

Brand preference has been conceptualized in many ways in the marketing literature. In some studies, brand preference has been equated with brand loyalty ( Rundle-Thiele & Mackay 2001). In other studies, it has been evaluated as a precursor to brand loyalty (Odin et al. 2001). In this study, brand preference will be considered as a precursor to brand loyalty.

Brand preference is typically viewed as an attitude in which the consumer has a predisposition toward one or more brands. Ben-Akiva and others (1999) define preferences as comparative judgments between entities. This definition is used as a basis for distinguishing brand preference as a comparative judgment between a set of brands which leads to a more favorable attitude toward one or more of the brands.

Consumers appear to have high willingness to pay for particular brands, even when the alternatives are objectively similar. The majority of consumers typically buy a single brand of beer, cola, or margarine (Dekimpe et al., 1997), even though relative prices vary significantly over time, and consumers often cannot distinguish their preferred brand in blind taste tests (Thumin,1962).

Theorists have long speculated that willingness to pay for brands today could depend on consumers' experiences in the past. Willingness to pay could be a function of past consumption, which could enter expected utility directly (Becker & Murphy, 1988), through switching costs (Klemperer, 1987), or through beliefs about quality (Schmalensee ,1982). It could depend on past exposure to advertising or on past observations of the behavior of others.

At the extreme, brand preferences could be entirely determined by experiences in childhood (Berkman, Lindquist, & Sirgy 1997). Under these assumptions, consumers' accumulated stock of preference capital could be a valuable asset for incumbent firms and a source of long-term economic rents. In Bain's (1956) view, the advantage to established sellers accruing from buyer preferences for their products as opposed to potential entrant products is on average larger and more frequent in occurrence at large values than any other barrier to entry.

Empirical studies by Allenby and Lenk (1995) conclude that consumer preferences for brands are not nearly as entrenched as might be expected. Their research shows that promotional activities such as feature ads, displays, and price cuts can have a significant effect on whether or not buyers follow through with their preferences. Additional reasons (other than promotions) why consumers may purchase other brands despite a stated brand preference include a desire to try and learn more about different brands in the category; changing needs or situations: variety seeking; and changes in the available alternatives due to new products or improvements to existing products.

Large literatures have measured the effects of advertising, but these studies often find no effects, and the effects they do measure are estimated to dissipate over a horizon ranging from a few weeks to at most five or six months (Bagwell, 2007). Existing empirical evidence provides little support for the view that past experiences have a longlasting impact on brand preferences. However, a recent study (2011) by Bronnenberg & Dubé concludes that Consumers' observed willingness to pay for brands may reflect the Influence of past experiences. Siriram, Chintagunta, & Neelamegham,(2006) conclude that, intrinsic brand preferences have a much bigger effect on the performance of the brand than the inclusive value which reflects model level prices, product attributes, and the length of the brand's product line.

## 2.4 Summary of the Literature Review

Both theoretical and empirical studies have indicated to some extent how the marketing mix of a product influences consumer brand preference depending on the product in the question. The summary of the literature review for the key contributions on the concepts of marketing mix and brand preference is as below:

**Table 2:1 Summary of Literature Review**

Author	Year	Topic	Conclusion
Allenby and Lenk	1995	Consumer preferences for brands are not nearly	Additional reasons (other than promotions) why consumers may purchase other brands despite a stated

		as entrenched as might be expected.	brand preference include a desire to try and learn more about different brands in the category; changing needs or situations; variety seeking; and changes in the available alternatives due to new products or improvements to existing products
Sriram, S., Chintagunta, P.C., & Neelamegham, R.	2005	Effects of Brand Preference. Product Attributes, and Marketing Mix Variables in Technology Product Markets	Intrinsic brand preferences have a much bigger effect on the performance of the brand than the inclusive value which reflects model level prices, product attributes, and the length of the brand's product line.
Philip Kotler	2001	Marketing Mix	Elements of the mix must be compatible and be applicable to the target market.
Syed Ehtesham Ali	2008	Marketing Mix and the Brand Reputation of Nokia	Compared to other independent variables, product (quality) and promotion (advertising & communication) of the Nokia brand cell phone have stronger relationships with the dependent variable brand reputation.
Bronnenberg, B.J. & Dubé JP.H.	2011	The Evolution of Brand Preferences Evidence from Consumer Migration	Consumers' observed willingness to pay for brands may reflect the influence of past experiences

		as entrenched as might be expected.	brand preference include a desire to try and learn more about different brands in the category; changing needs or situations; variety seeking; and changes in the available alternatives due to new products or improvements to existing products
Sriram, S., Chintagunta, P.C., & Neelamegham, R.	2005	Effects of Brand Preference, Product Attributes, and Marketing Mix Variables in Technology Product Markets	Intrinsic brand preferences have a much bigger effect on the performance of the brand than the inclusive value which reflects model level prices, product attributes, and the length of the brand's product line.
Philip Kotler	2001	Marketing Mix	Elements of the mix must be compatible and be applicable to the target market.
Syed Ehtesham Ali	2008	Marketing Mix and the Brand Reputation of Nokia	Compared to other independent variables, product (quality) and promotion (advertising & communication) of the Nokia brand cell phone have stronger relationships with the dependent variable brand reputation.
Bronnenberg, B.J. & Dubé, J.P.H.	2011	The Evolution of Brand Preferences Evidence from Consumer Migration	Consumers' observed willingness to pay for brands may reflect the influence of past experiences

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Research design

The study used a descriptive design based on cross-sectional survey employing both qualitative and quantitative research methods to determine the influence of marketing mix on consumer and preference in smartphones. This is because through a descriptive study, will obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation (Key, 1997).

### 3.2 Population of the study

The population of interest in this study included university students from Public Universities within the Nairobi Central Business District (NCBD) i.e. University of Nairobi, Kenyatta University and Moi University to have a balanced outcome. The location was convenient since there was time limitation for this study.

Table 3:1 List of Public Universities with Campuses within the NCBD

University	Population Range	Town Campus
University of Nairobi	1,000,000-5,000,000	University Way
Kenyatta University	1,000,000-5,000,000	Haile Selasie
Moi University	50,000-250,000	Bazaar Plaza

### 3.3 Sample

Simple random sampling technique was used to gather information for the study, by selecting the universities within Nairobi. This ensured a truly representative sample where every student had an equal chance of being chosen to participate in the survey. The sample included a total of 60 students, 20 from each university both male and female.

### **3.4 Data Collection**

The primary data was collected through a questionnaire survey, administered face to face in campus and collected immediately it was filled. This limited the number of non-response rate and at the same time safe time.

The questionnaire was divided into three parts. Part I contained questions on demographic profile of the students, part II had questions focusing on brand preference, and part III had questions on smartphone marketing mix.

### **3.5 Data Analysis**

Descriptive statistics were used to analyze data. Mostly, the questionnaire data was analyzed using frequency distribution and percentages. Data of the questionnaire was also analyzed using mean score and standard deviation to determine the influence of marketing mix on brand preference of smartphones amongst the target population especially in the area of smartphone brand attributes. The data collected was analyzed using SPSS V.16 for cross tabulation and descriptive ration statistics.

## CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

### 4.1 Introduction

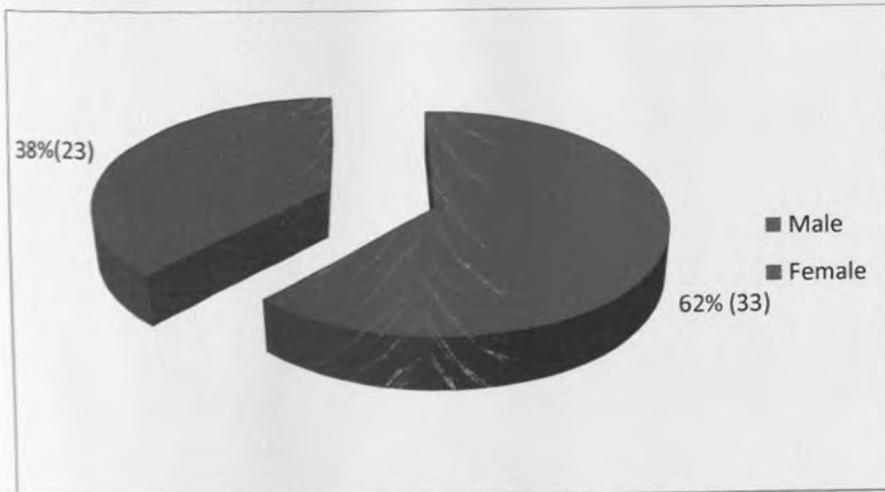
As per the title of the study, this research sought to determine the influence of marketing mix on consumer preference on smartphones. The primary data as mentioned earlier was collected through questionnaire survey, administered face to face to limit the number of non-response rate and at the same time safe time. The questionnaires targeted to collect data on the variables of demographics, brand attributes, price, promotion and distribution.

Data from the field was collected, coded and edited for completeness. Sixty questionnaires were administered and 56 returned representing a response rate of 93% which is very good for this kind of study.

### 4.2 Demographics Data

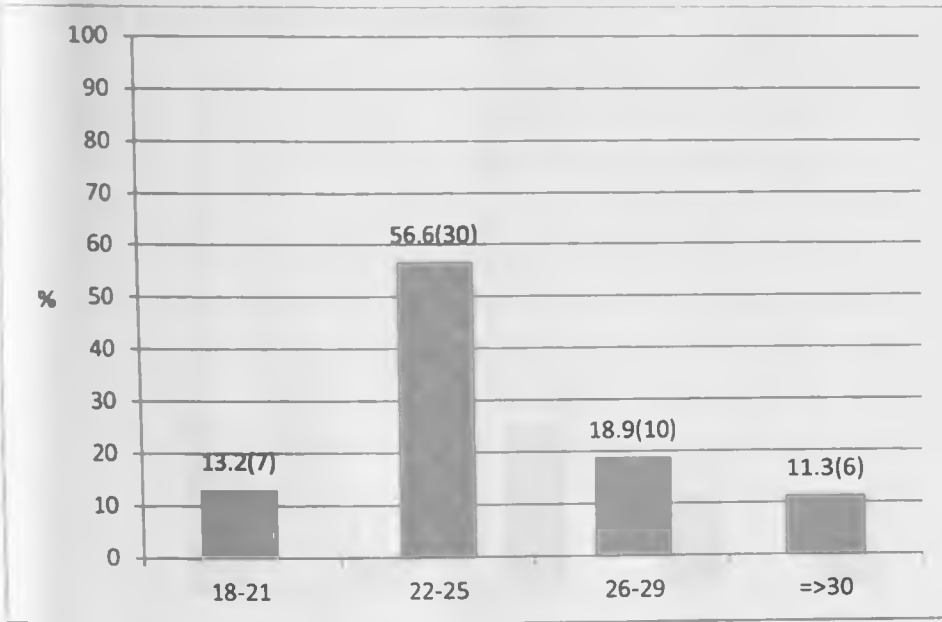
Gender plays a very important role in influencing the tastes and preferences in the case of smartphones. Among the 56 students studied, all owned or had used a smartphone.

**Figure 4:1 Distribution by Gender**



More than half of them 33(62%) were male as shown in figure 4.1 above. Young college men have been known to be trend setters in the latest technological gadgets, being early innovators.

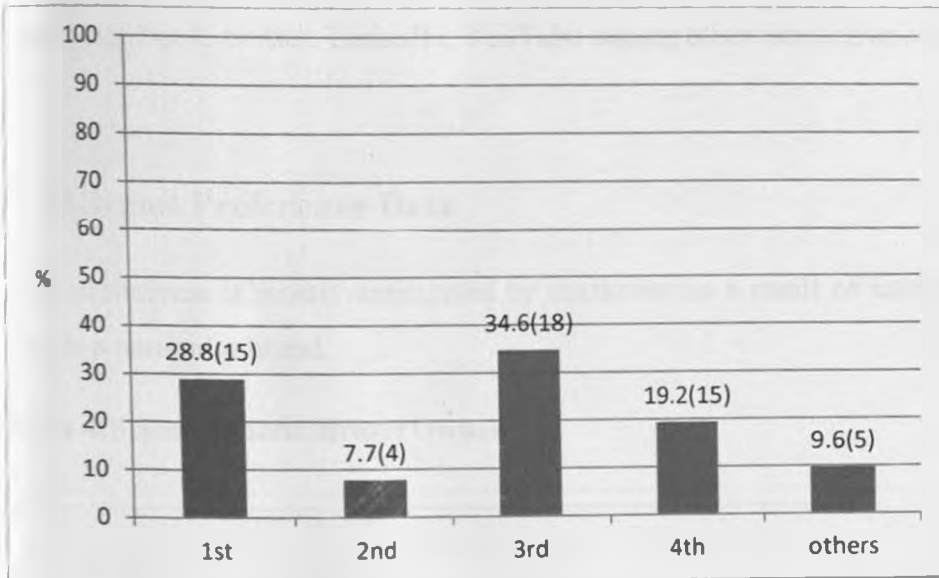
Figure 4:2 Distributions by Age



More than half 30(56.6%) were aged between 22 and 25 years old with only 6(11.3%) being aged 30 and above years old as indicated in figure 4:2 This is because most of these students are in the undergraduate regular programme and in the master's programme too.

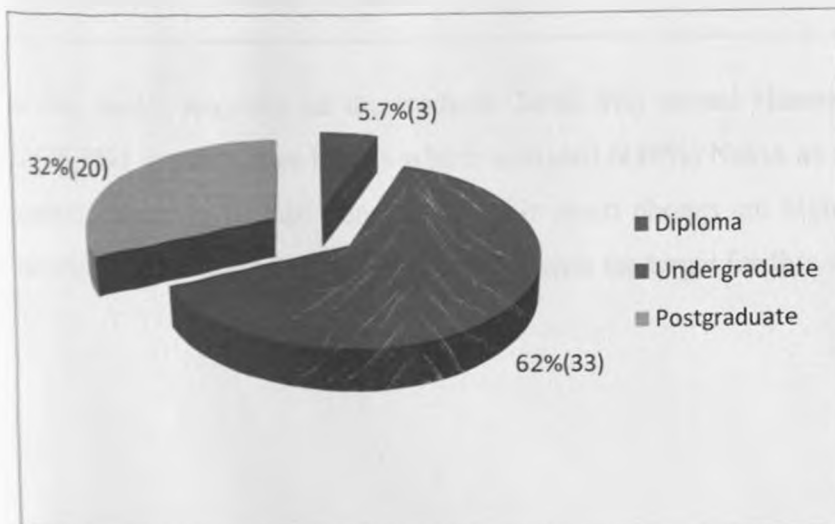


**Figure 2:3 Distribution by Year of Study**



With regard to year of study, 18(34.6%) were third years while 15(28.8%) were first years (fig 4: 3). More than half 33(62.3%) were undergraduates while only 3(5.7%) were at diploma level as in figure 4:4. This shows the study covered all level and year of study to give a more inclusive result.

**Figure 4:4 Distribution by Education Level**

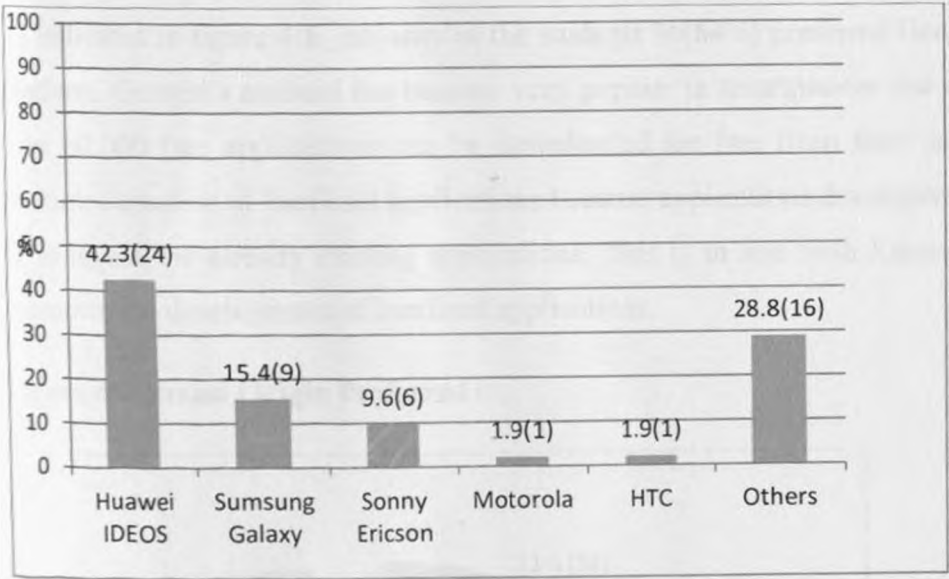


The undergraduate seems to be the largest group to be admitted in most universities therefore the largest number to be captured in this survey. They also form a greater part of the youth who are active in social media which is greatly promoted by the use of the current smartphones which support face book, twitter, LinkedIn, YouTube among other interactive social networks.

### 4.3 Brand Preference Data

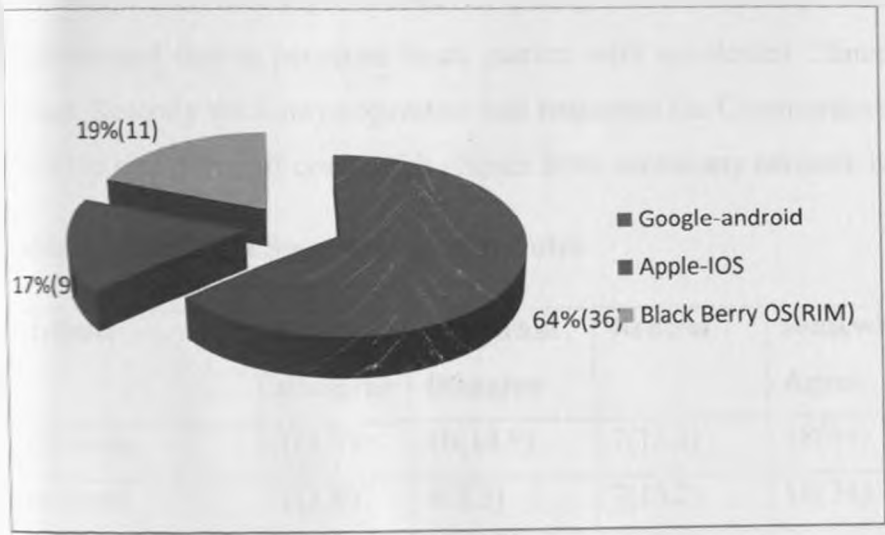
Brand preference is mostly anticipated by marketers as a result of integrated marketing efforts towards a particular brand.

Figure 4:5 Smartphone Brand Owned



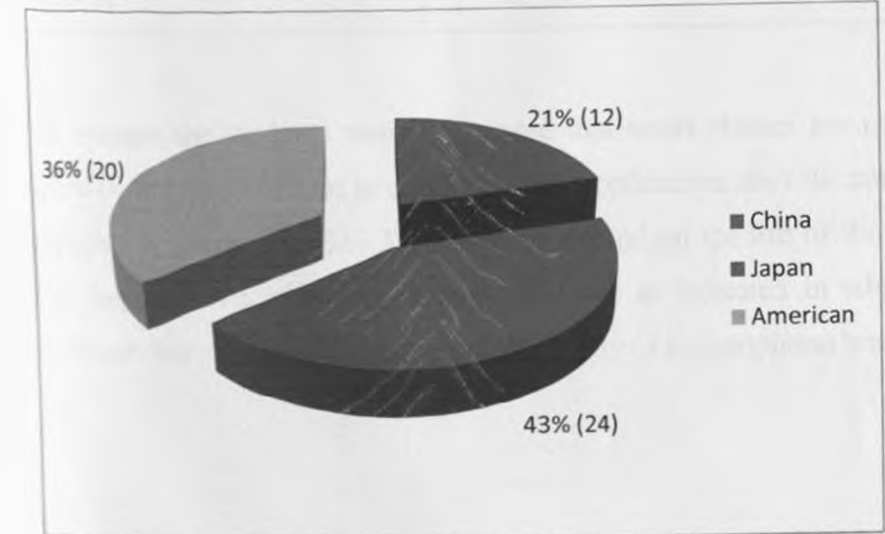
In this study, majority of the students 24(42.3%) owned Huawei IDEOS phone brands while 16(28.8%) owned other brands which included 6(40%) Nokia as in figure 4:5. Nokia has been a market leader in feature phones, but their smart phones are high end targeting more on higher income earners therefore not very popular with the target for this research.

**Figure 4:6 Operating Platform Preferred**



As indicated in figure 4:6, majority of the students 36(64%) preferred Google-android operating platform. Google’s android has become very popular in smartphones due to its openness in that over 60,000 free applications can be downloaded for free from their android market. It also promotes creation of localized applications because applications developers can easily customize or re-invent the already existing applications. This is in line with Kenya’s vision 2030 which promotes the development of localized applications.

**Figure 4:7 Brand Origin Preferred**



As indicated in figure 4:7, 24(43%) of the students preferred brands from Japan. Japan products have always been held high in terms of quality and affordability. The Chinese brands have been disadvantaged due to previous black market with counterfeit Chinese products in the African market. Recently the Kenya operators had requested the Communications Commission of Kenya (CCK) to shut down all counterfeit phones from access any network in Kenya.

**Table 4:1 Rating on Smartphone Attributes**

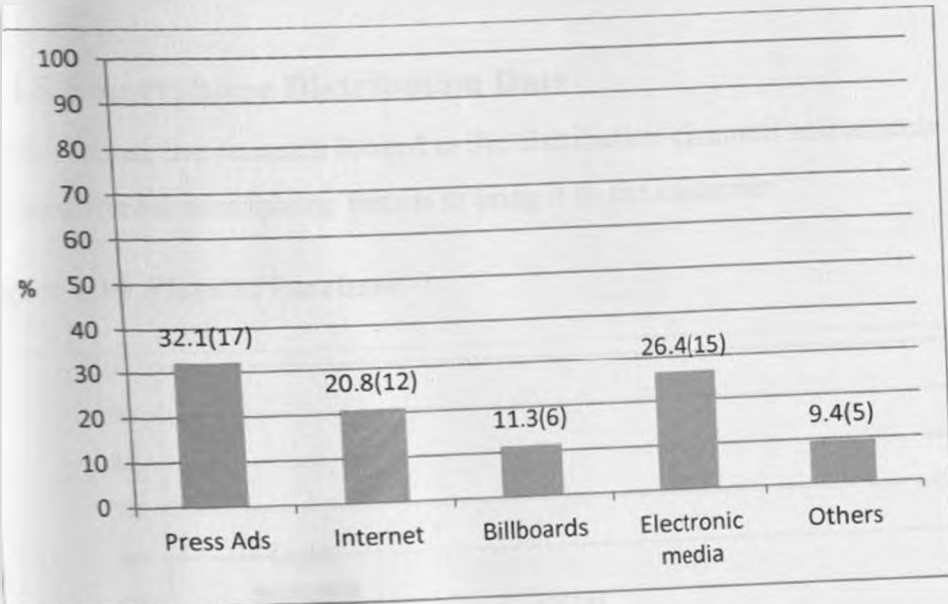
Attribute	Strongly disagree	somewhat Disagree	Neutral	somewhat Agree	Strongly Agree	Mean
Easy to use	1(1.9)	10(18.9)	7(13.2)	18(34)	17(32.1)	3.7±1.2
Fast speed	1(1.9)	4(7.5)	7(13.2)	18(34)	23(43.4)	4.1±1.0
Long battery life	11(20.8)	9(17)	10(18.9)	11(20.8)	12(22.6)	3.1±1.5
Excellent appearance	1(1.9)	1(1.9)	2(3.8)	10(18.9)	39(73.6)	4.6±0.8
Excellent accessories	2(3.8)	2(3.8)	8(15.1)	17(32.1)	24(45.3)	4.1±1.1
Applications relevance	0(0)	6(11.3)	7(13.2)	12(22.6)	28(52.8)	4.2±1.1
Application software	3(5.9)	7(13.7)	10(19.6)	7(13.7)	24(47.1)	3.8±1.3

On average the students somewhat agree that smart phones are easy to use (3.7±1.2), fast in speed (4.1±1.0), excellent in cost (4.1±1.1), applications are relevant (4.2±1.1) and that they have application software (3.8±1.3). they were neutral on the life of the battery and strongly agreed that they have excellent appearance (4.6±0.8) as indicated in table 4:1. These are the brand attributes that have contributed to the likeability of a smartphone brand in totality by its users.

#### 4 Promotion Data

The promotion section of the research sought to find out the different marketing communications to publicize smartphones.

Figure 4:8 Learning about Smartphones



As in figure 4:8, 17(32.1%) learnt about smart phone through pressAds and 14(26.4%) learnt through electronic media. This is a clear indication of the investment made by these multinationals to ensure their target market are informed of their product offering.

Figure 3:9 Smartphone Publicity

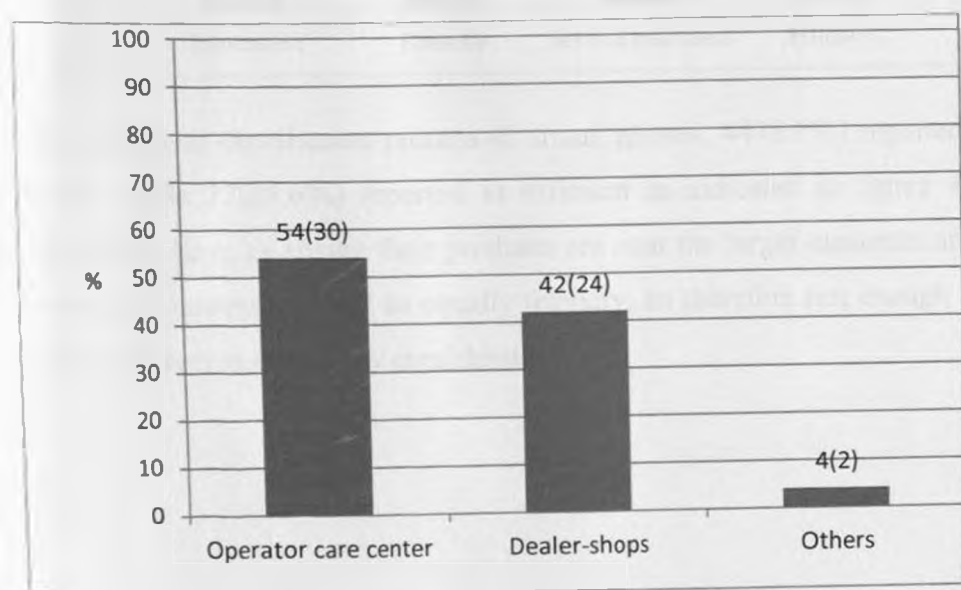


ightly more than half 27(51%) reported that smart phone had well been publicized as in figure 9. This clearly indicates the importance of promotion in making a brand top of mind amongst target customers. The more publicity is created, the more awareness and hence the more sales will be generated.

#### 4.5 Smartphone Distribution Data

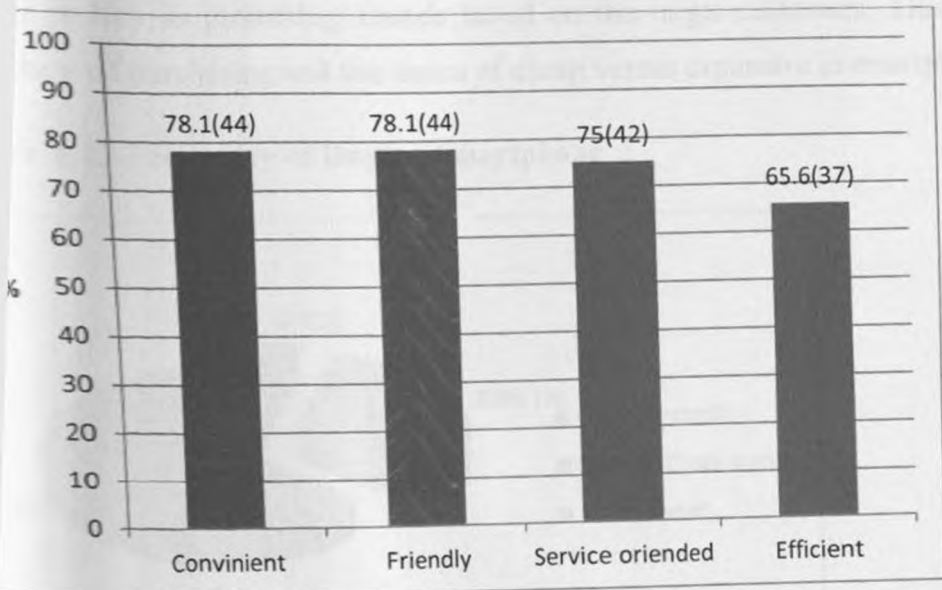
In this section, the research looked to the distribution channels and aspects adopted by marketers for the different smartphone brands to bring it to the customer.

Figure 4:10 Place of Purchase



More than half 30(54%) purchased their phone from operator care center while 24(42%) purchased from dealer shops. This is a clear indication of the trust vested on the operators such as Safaricom, Airtel, Orange and YU which could be attributed to after sales service that is guaranteed by operator shops.

Figure 4:11 Rating Distribution Process of Smartphone

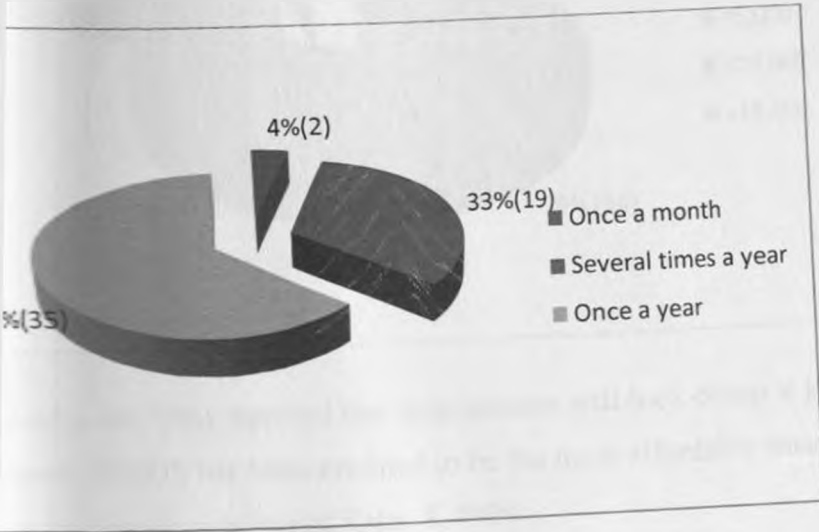


With regards to distribution process of smart phones, 44(78.1%) reported it as convenient and friendly while 37(65.6%) reported as efficient as indicated in figure 4:11. Manufacturers of smartphones have to ensure their products are near the target customer and in addition the staff serving the customer should be equally friendly. It's therefore not enough the product is of good quality, delivery is also a key consideration.

### Smartphone Pricing Data

is key in promoting brands based on the target customers. This section looked into frequency of purchasing and the issues of cheap versus expensive in smartphones.

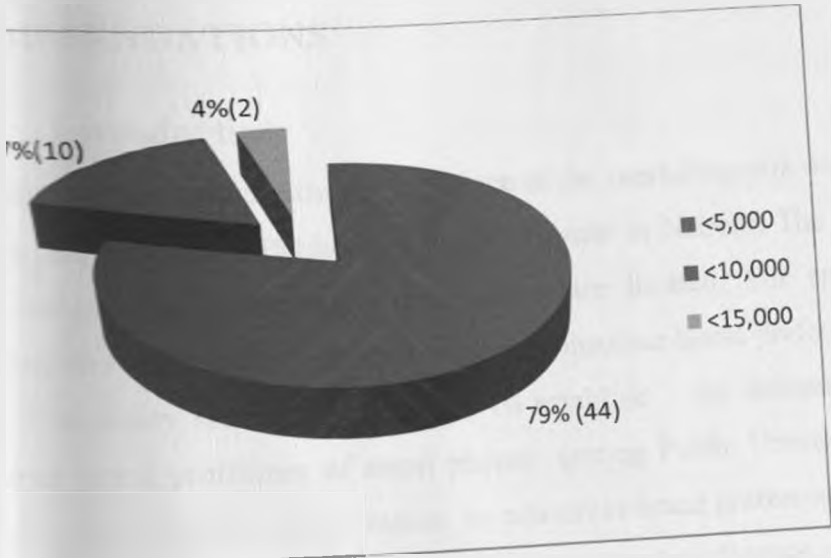
Figure 4:12 Frequency of Buying Smartphone



More than half of the students 35(63%) buy smart phones once a year as indicate in figure 4:12. This could be highly attributed to the fact that majority of the students are not employed and rely on their parents for income.



### 13 Price Smartphone will Look Cheap



Priority 44(79%) reported that smartphones will look cheap at kshs 5,000 as in figure 4:13. Theawei IDEOS has been credited to be the most affordable smartphone to been brought into the nyan market retailing at Kshs. 8, 4999.

## **CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This study sought to determine the influence of the marketing mix on consumer brand preference of smart phones among Public University students in Nairobi. The study was conducted in the NCBD where the three major universities are located. The specific objectives were: To determine the influence of product mix on consumer brand preference of smart phones among Public University students in Nairobi; To establish the influence of pricing strategies on consumer brand preference of smart phones among Public University students in Nairobi; To identify the influence of distribution on consumer brand preference of the smart phones among Public University students in Nairobi ;To determine the influence of the different promotion mix on consumer brand preference of smart phones among Public University students in Nairobi.

### **5.2 Summary of the findings**

The study established that gender plays a very important role in influencing the tastes and preferences in smartphones. Among the 56 students studied, all had used or owned a smartphone. More than half 30(56.6%) were aged between 22 and 25 years old with only 6(11.3%) being aged 30 and above years.

With regard to year of study, the results established that 18(34.6%) were third years while 15(28.8%) were first years. More than half 33(62.3%) of the students were undergraduates while only 3(5.7%) were at diploma level.

With regard to the type of brand owned, majority of the students 24(42.3%) owned Huawei IDEOS, while 16(28.8%) owned other brands which included 6(40%) Nokia and the brand origin preferred was from Japan. Additionally, respondents agreed that on average their smartphones were easy to use ( $3.7\pm 1.2$ ), fast in speed ( $4.1\pm 1.0$ ), excellent in cost ( $4.1\pm 1.1$ ), applications were relevant ( $4.2\pm 1.1$ ) and that they have application software ( $3.8\pm 1.3$ ). The respondents were neutral on the life of the battery and strongly agreed that their smartphones had excellent appearance ( $4.6\pm 0.8$ ).

majority of the respondents learned about their smartphones through press Ads and 15(26.4%) learnt through electronic media. Further, the study also established that more than half of the respondents 30(54%) purchased their phone from operator care center while 24(42%) purchased from dealer shops. With regard to distribution process of smartphones, 44(78.1%) reported it was convenient and friendly while 37(65.6%) reported as efficient. Additionally, more than half of the students 35(63%) bought smart phones once a year while 44(79%) reported that smart phones looked cheap at Kshs 5,000.

### 5.3 Discussion and Conclusion

The market report by GfK Retail and Technology previously shared in the first chapter of this paper shows Huawei's IDEOS smartphone had quickly become a 2011 smartphone bestseller in Kenya. The results from this paper has also confirmed this fact based on the data analysis it should IDEOS being the popular smartphone by 42.3%.

Low cost Chinese smartphone options are currently putting pressure on more established phone manufacturers such as Nokia to lower their price points in countries like Kenya. Generally, African Mobile consumers are cost-conscious and will embrace low cost smartphones required for dynamic changes in the Internet landscape. However, the results from the research seems also to confirm the long held myth of China as the origin of a brand to be least preferred- this is also a point of controversy considering IDEOS which is a Chinese brand was the most popular.

Based on the data collected from the survey, the following other conclusions are drawn: First, smart phones are easy to use, they are fast in speed , excellent in cost, applications are relevant and that they have application software, they were neutral on the life of the battery and they have excellent appearance. This enhanced their preference.

Secondly gender was found to be very important role in influencing the tastes and preferences in the use of smartphone. Among the 56 students studied, more than half of them 35(62%) were male, confirming previous researches and myths of men having more interest on technical gadgets than women. Thirdly, distribution process of smartphones in Nairobi, was reported to be convenient, friendly and efficient. This is evident with the many dealer and customer care shops by operators such as Safaricom and Airtel even within estates.

monthly, respondents learned about smartphones through advertisements which enhanced their brand preference. Advertisement acts as shopping guide for most consumers and the more convincing the advert is, the more likely it will influence purchase.

#### **5.4 Recommendations**

Based on this study, I would like to recommend the importance of product attributes such as appearance, usefulness, user friendliness, among others to manufacturers of products such as the smartphones. These are the core basics that promote brand preference, and hence brand loyalty in the future. These attributes should meet the needs of the consumer so that they can connect with it.

Smartphone makers and marketers should also be keen on the pricing of the product. They should find a balance between pricing too lowly for a smartphone which might be misinterpreted to represent low quality at the same time; it should not be too expensive depending on the target market such that they cannot afford it.

Extensive and varied promotion is highly recommended for the smartphone makers and marketers to ensure their brand visibility is high in the local market. This is because the competition seems to be fierce and for the brand to survive, the target customers have to be constantly reminded for your brand to remain top of mind.

Providers of smartphone in the Kenyan market need to have extensive distribution channels that don't limit the customer to get their preferred smartphone whenever and wherever they need it. According to this research, the operator customer care centers seem to be the most preferred place for purchasing the smartphone by the respondents. With the smartphone industry growing rapidly, the providers need to have reliable dealers to reach even the rural markets such that they don't need to come to Nairobi to purchase the phone.

Finally, frequent research by independent market research bodies is recommended to ensure the companies are aware of their brand's performance in the market in terms of brand attributes, pricing, promotion, and distribution in comparison with the competing brands. This will be essential in taking corrective measures in case the brand is not doing so well, at the same time keep up when it performing well. Lack of updated data can ruin the brands place in the market.

## 5.5 Limitations of the Study

The study was conducted in Nairobi and all the questionnaire based analysis on students within NCBU. A study covering students in other parts of the country should be done to give a realistic picture of the smartphone market amongst students in Kenya.

The research was exploratory and had a relatively small sample size; there is therefore a need for confirmatory research with a larger sample testing hypotheses derived from the findings presented in this paper. A larger sample based on the populations of the universities could have been more inclusive hence increasing the accuracy of the results.

Another primary limitation is related to the generalization of the research results. Most important generalization issue is related to sample which is primarily public universities. Inclusion of some private universities is recommended to give an overall view of universities within the NCBU. This would include others such as Kenya Methodist among others.

Limited knowledge of smartphone amongst target students was another limitation faced. To ensure the respondents give the best response, a small introduction of the smartphones should have been included in the introduction to avoid assuming they knew what smart phones were. Some students might have assumed it was a brand of a phone.

## 5.6 Suggestions for Future Research

The findings from this research indicate there is very little research in Kenya on the smartphones, and this presents a great opportunity to further explore the smartphone market in depth. This will be a good contribution to the body of research to form more localized data for this industry in Kenya even with other targets.

Considering a majority of (42.3%) of respondents owned a Huawei IDEOS smart phone which is a Chinese brand, yet China got the least brand origin preference, it would be interesting to explore why the IDEOS makes an exception in this case. This will be an ideal area of future research to refute the generalization that all Chinese products are of poor quality.

## APPENDIXES

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## APPENDIX 11: INTRODUCTION LETTER

Respondent

robi

**Smartphone Survey Amongst University Students**

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My name is Annette Mutuku, currently undertaking a post graduate course in Master of Business Administration (MBA), Marketing Specialization from the University of Nairobi. The course requires me to undertake a research project on relevant topic to my specialization.

I am currently undertaking the above titled research among students in public universities within the Nairobi Central Business District (NCBD). The information you provide will be treated in confidence and is purely for academic purposes. A copy of the final paper will be submitted to your University for acknowledgement and future reference.

Thank you in advance for the cooperation.

Sincerely,

Annette Mutuku

Researcher

Cc: Dr. Raymond Musyoka

Supervisor

# APPENDIX 111: QUESTIONNAIRE

Do you have an android smartphone?

Yes

No

As above, pls proceed to fill the questionnaire

## SECTION A: DEMOGRAPHICS

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Pls tick the correct choice.

### 1. Gender

Male

Female

### 2. Age Group (in years)

18-21

22 to 25

26 to 29

30 and above

### 3. Year of Study

1<sup>st</sup> year

2<sup>nd</sup> year

3<sup>rd</sup> year

4<sup>th</sup> year

Others

### 4. Level of study

Diploma	<input type="checkbox"/>	Undergraduate	<input type="checkbox"/>
Post Graduate	<input type="checkbox"/>	Doctorate	<input type="checkbox"/>
Others	<input type="checkbox"/>		

**SECTION B: BRAND PREFERENCE**

---

5. Which smartphone brand are you using?

Huawei IDEOS	<input type="checkbox"/>	Samsung Galaxy	<input type="checkbox"/>	Sonny Ericsson	<input type="checkbox"/>
Motorola	<input type="checkbox"/>	HTC	<input type="checkbox"/>	Others (Pls specify)	_____

6. Which smartphone mobile operating platform do you prefer?

Google Android	<input type="checkbox"/>	Apple IOS	<input type="checkbox"/>	Black Berry OS (RIM)	<input type="checkbox"/>
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7. Which brand origin do you prefer?

China	<input type="checkbox"/>	Japan	<input type="checkbox"/>	American	<input type="checkbox"/>
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Others (Pls specify) \_\_\_\_\_

**SECTION C: MARKETING MIX**

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*Product*

8. Please rate how you strongly agree or disagree with the attributes below in relation to your smartphone.

	1	2	3	4	5
	Strongly Disagree	Somewhat disagree	Neutral	Somewhat Agree	Strongly Agree
o use	[ ]	[ ]	[ ]	[ ]	[ ]
peed	[ ]	[ ]	[ ]	[ ]	[ ]
Battery Life	[ ]	[ ]	[ ]	[ ]	[ ]
llent Appearance	[ ]	[ ]	[ ]	[ ]	[ ]
ellent Accessories	[ ]	[ ]	[ ]	[ ]	[ ]
lications Relevance	[ ]	[ ]	[ ]	[ ]	[ ]
veloping software's	[ ]	[ ]	[ ]	[ ]	[ ]

**Promotion**

How did you learn about the smartphone?

- ress Ads [ ] Internet [ ] Billboards [ ]
- Electronic Media [ ] Road shows [ ] Others \_\_\_\_\_ (Pls specify)

10. Do you think the smartphone has been well publicized?

- Yes [ ] No [ ]

If yes above, please Justify \_\_\_\_\_

**Place**

11. Where did you purchase your smart phone?

- Operator Care Center [ ] Dealer Shops [ ] Others \_\_\_\_\_ (Pls specify)



How would the distribution process of your smartphone?

- (i) Convenient \_\_\_\_\_ Inconvenience
- ii) Friendly \_\_\_\_\_ Unfriendly
- iii) Service Oriented \_\_\_\_\_ Unhelpful
- iv) Efficient \_\_\_\_\_ inefficient

Price

3. How often do you purchase phones?

Several times a month [ ] One a month [ ]

Several Times a year [ ] Once a Year [ ]

14. How would you rate the pricing of your smartphone?

Very Fair [ ] Fair [ ]

Not so fair [ ] Unfair [ ]

Very Unfair [ ]

15. At what price would the smartphone start to look so cheap that it could not possibly be of good quality?

- a. Less than Kshs.5000 [ ]
- b. Less than Kshs.10000 [ ]
- c. Less than Kshs.15000 [ ]

**APPENDIX 1V: LIST OF PUBLIC UNIVERISTIES IN NAIROBI  
CENTRAL BUSINESS DISTRICT (NCBD)**

<b>University</b>	<b>Population Range</b>	<b>Town Campus</b>
University of Nairobi	1,000,000-5,000,000	University Way
Kenyatta University	1,000,000-5,000,000	Haile Selasie
Moi University	50,000-250,000	Bazaar Plaza