

**THE INFLUENCE OF BRAND IDEALS ON
SUSTAINABLE GROWTH IN KENYAS' CEMENT
INDUSTRY**

By

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DECLARATION

Declaration by the Student

This research project is my original work and has never been presented to any other examination body.

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Declaration by the Supervisor

This research project has been submitted for examination with my approval as the University of Nairobi supervisor.

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DEDICATION

To my late my mother Rose Ndotu, this I work I dedicate. Sixteen years on, and you are still my encouragement and admiration. Thank you.

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I would like to give sincere and special thanks to my supervisor Ms Catherine Ngahu and moderator Dr. Munyoki for ably guiding me through the project. To you I am indebted.

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God bless you all.

ABBREVIATIONS

BCL	BAMBURI CEMENT LIMITED
EAPCC	EAST AFRICA PORTLAND CEMENT
ARM	ARM CEMENT LTD

ABSTRACT

The study sought to establish the influence of brand ideals on sustainable growth and the extent to which they are being used by Kenya's cement companies. A descriptive cross-sectional study was done with the target population being divided into two strata; the cement manufacturing companies and site engineers/developers. A census was done on the cement companies while convenience sampling was used for the site engineers and developers stratum. The sample was picked from Nairobi sites and its environs. Out of the six manufacturing companies interviewed only three actively used brand ideals, which were well communicated and aligned with the organization and 26% of their growth was attributed to these ideals. The companies which had used brand ideals over a long period had their brands more popular and preferred by the developers. The consumers were willing to buy those brands at a premium price and believed those brands were better in quality than the rest. Those which had not put in place ideals in their marketing strategies purely competed on price. 44% of those interviewed had their choice of preferred cement brand influenced by brand ideals while 37% used pricing and availability and their basis of brand choice. The study found out that by use of brand ideals companies have created brand ambassadors in their consumers as well increase levels of loyalty. However active creation and use of brand ideals cannot be generalized to the entire industry. The ideals have an influence on sustainable growth of cement companies in Kenya. The study established that there is a significant relationship between the use of brand ideals and market share retention, customer loyalty and resultant growth therein. Brands that will survive and thrive in the decades to come will be those that are based on ideals. Ideals guides brands along a path of growth and change, helps to identify opportunities for challenging the status quo, and sheds light on new and different ways to deliver higher-order benefits in the future. The study recommends that companies should create and align ideals with their organizations. Further the study recommends ideas should be distinctively used to shape businesses and organizations in three ways; first to lead to creation of meaningful products, services and customer experience. Secondly align the organization and its culture behind a common goal and to help them rethink how they communicate and engage consumers. Ideals should invite consumers and customers to a dialogue with organizations.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABBREVIATIONS	v
ABSTRACT.....	vi
List of Tables	ix
List of Figures	x
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Brand Ideals	2
1.1.2 Sustainable Growth.....	2
1.1.3 The Cement Industry in Kenya	4
1.2 Statement of the Problem.....	5
1.3 Research Objectives.....	7
1.4 Value of the Study	7
CHAPTER TWO: LITERATURE REVIEW.....	9
2.0 Introduction.....	9
2.1 Theoretical Background.....	9
2.2 The Foundation for Growth	10
2.3 Business Ideals.....	10
2.4 Brand Value	11
2.5 Marketing Strategies	12
2.5.1 Strategies for Sustainable Growth.....	13
2.5.2 Differentiated and Undifferentiated Marketing Strategies.....	14
2.5.3 Concentrated Marketing Strategies	15
2.6 Implications of Lack of Brand Ideals in Marketing Undifferentiated Products.....	15
2.7 Conceptual Framework.....	16
CHAPTER THREE: RESEARCH METHODOLOGY.....	17
3.0 Introduction.....	17
3.1 Research Design.....	17
3.2 Target Population.....	17
3.3 Sample Design	18

3.4	Data Collection	18
3.5	Data Analysis and Presentation	18
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION		19
4.0	Introduction.....	19
4.1	Respondents Profile	19
4.1.1	Cement Companies and Their Marketing Operations.....	20
4.2	Use of Brand Ideals.....	21
4.2.1	Role of Brand Ideals in Long-term Strategy Planning.....	22
4.2.2	Influence of Brand Ideals on Sustainable Growth	23
4.3	Impact of Use of Brand Ideals on Cement Consumers	24
4.4	Summary and Interpretation of Findings	27
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS		31
5.0	Introduction.....	31
5.1	Summary	31
5.2	Conclusions.....	32
5.3	Policy Recommendations.....	32
5.4	Limitations of the Study.....	33
5.5	Suggestions for Further Research	33
REFERENCES.....		34
Appendix 1.....		i
Cement Companies in Kenya.....		i
Appendix 2:.....		ii
Cement Manufacturing Companies Questionnaire		ii
Appendix 3:.....		i
Consumer/Users Questionnaire		i

List of Tables

Table 4.1: Respondents Companies and positions held.....	20
Table 4.2: Period in Manufacturing Cement.....	21
Table 4.3: Indicators of Cement Industry’s use of brand Ideals	21
Table 4.4: Role of brand ideals in long-term strategy planning	23
Table 4.5: Leverage of customer-brands bonds	24
Table 4.6: Choice of cement brand to use on site	24
Table 4.7: Respondents Preferred Brand and Reasons for Preference	25
Table 4.8: Preferred Cement Brand and Reasons for Recommending To Others	26
Table 4.9: Preferred Brand and Period Used	26
Table 4.10 Reasons for Recommending Preferred Brand	27

List of Figures

Figure 1: Conceptual Framework	16
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Sustainable differentiation is very essential, and effective branding is a fundamental part of marketing in any competitive market. Effective branding goes beyond the basics to understanding the consumer and market. With a new entrant in a market, the market leaders and existing competing companies get into a panic mode. This is the first sign of lack of brand ideals on their part. An ideal is the factor connecting the core beliefs of the people inside the business with the fundamental human values of the people they serve (Stengel, 2011). An effort to encompass ideals, culture, connections, intimacy as informed by the market research is a drift from the norm. In conventional marketing, most companies are engrossed in knowing the numbers, budgets and seeking consumer needs which they will design products to satisfy. The way a company manages its marketing can become the most powerful form of differentiation. Indeed, that may be how some companies in the same industry differ from one another (Theodore, 1980)

Arguably every marketer understands the value of proposition, its economic attributes around which one sells. However the power and urgency of the values proposition, that is the principles for which a brand stands for, have not been exhausted fully. Business growth accelerates with an inspiring and consciously nurtured ideal at the centre of the brand and company as a whole. Ideally if the players involved do not improve their competitive advantages and communicate their offering, customers will more than often have a higher than normal bargaining power. Questions like ‘Why buy your brand and it’s the same as the others?’ have arose. These questions depict a

market where the players have not clearly communicated their competitive advantages or used brand ideals.

A brand is what a business is all about in the hearts and minds of the people most important to its future. It is the collective intent of the people behind a product or service. “We operated on the assumption that if we made contribution to society rewards would follow” Bill Hewlet of HP on the value of connecting to the people. HP brand value rose from USD 5 Billion in 2001 to USD 35.4 billion in 2011.

1.1.1 Brand Ideals

The concept of brand ideals means a higher purpose of a brand or organization which goes beyond the product or service they sell. The ideal is the brand’s inspirational reason for being. It explains why the brand exists and the impact it seeks to make in the world. A brand ideal actively aims to improve the quality of people’s lives. It creates a meaningful goal that aligns employees and the organization to better serve customers (Stengel, 2011). Ideals power growth and help companies gain competitive advantage as well as sustain growth. A viable brand ideal cuts through the clutter and clarifies what you and your people stand for and believe. It is highly adaptive and flexible, not tied to a certain business model and has no expiration date. Brand ideals enable leaders to drive growth and profits by being absolutely clear and compelling about what they value.

1.1.2 Sustainable Growth

In reference to a business, sustainable growth is the realistically attainable growth that a company could maintain without running into problems (Deloitte, 2013). Sustainable growth is the process of economic growth (that is expansion of per capita material output) where the welfare of human life does not exhibit a decline over time

(Roy, 2011). This study assumed a business approach to sustainable growth in the perspective of increasing sales as rapidly as market conditions allow. Building on success, sustaining growth over the long term, is the ultimate challenge in business. Meeting this challenge requires both continuity and change. Therefore attaining sustainable growth remains a challenge to all businesses. Sustainable profitability of a company is pegged in the company's ability to make a margin from its operations continuously even during high competition times.

There are very rapid changes in political, economic, competitive, and consumer trends in the cement industry. Each of these trends presents unique challenges to business leaders searching for the elusive grail of sustainable growth. The growth challenge is articulated differently by different companies and within different industries. For some, developing and launching new products and services to meet the evolving needs of their customers is the issue. For others, capitalizing on global opportunities is key. Some companies look to new business areas that will represent the next major thrust for their business. And for a few companies, all of these strategic efforts are simultaneously used, along with ongoing efforts to rebuild organizational capabilities (Deloitte, 2013). Economists and business researchers contend that achieving sustainable growth is not possible without paying heed to twin cornerstones: growth strategy and growth capability. This presents the case for the role of ideals in attaining sustainable growth. Does brand-ideal-driven growth guarantee sustainability? A study done by P&G in 2007 to get insights for their growth revealed that the world's fastest growing companies are organized around ideals of improving peoples' lives and activated these ideals throughout their business ecosystems. The companies studied included, Google, Apple, Starbucks and Target and it revealed a brand-ideal-driven growth.

1.1.3 The Cement Industry in Kenya

The cement market in Kenya grew by 11% in the year 2012 with a total of 3.9 million metric tons consumed in the country (KNBS, 2013). Per capita consumption of cement rose from 85 Kg in 2011 to 92 Kg in 2012 in Kenya. In the year 2012 the Kenyan economy regained stability following the volatility of the foreign exchange and high interest rates experienced in the years before. The construction industry, on which cement is dependent on, is experiencing a robust growth due to the increased private sector housing demand and government expenditure on infrastructure.

The attractiveness of the cement industry in Kenya and the East African region has attracted a lot of interest from players outside the region. As at 2013 Kenya has a total of six fully operational cement manufacturing companies. These include, from the oldest to the most recent, East African Portland Cement Company Ltd (EAPCC), Bamburi Cement Ltd (BCL), ARM Cement Ltd, Mombasa Cement, National Cement and Savannah Cement (Appendix 1). Therefore customers have 6 main brands to choose from.

Currently marketing managers in cement companies have continued to depend on Corporate Social Responsibility as their way of appealing to consumers as a company which seeks to improve their lives. Other marketers emphasize on the importance of personal selling and consumer-supplier relationship building as their factor to connect the company with the consumer. This study sought to assess how brand ideals influence growth in cement companies in Kenya with a view that ideals lead to customer loyalty.

1.2 Statement of the Problem

Ideals inspire outstanding brand experiences. The sense of meaning that comes from delivering on an ideal inspires a high level of dedication to producing the best possible brand experience for customers (Millward, 2012). Product performance, innovation, packaging, design—all of these elements are inspired, developed, and refined in the light of the ideal. By operating on the higher level of human actualization, ideal-based businesses succeed in connecting consumers to themselves, each other, and the world (Simon, 2013). This leads to growth and expansion. Ideals can safeguard even oligopolistic markets towards profit making and sustained growth.

The cement and construction industries are very important in developing countries. Acceleration of the construction industry had a positive impact on Kenya's GDP from late 2000s. It is actually identified as one of the leading economic indicators of a growing nation. In Kenya KNBS studies this sector as one of the leading economic indicators. This makes the industry very crucial in the country's development. Due to its perceived and prospective lucrative market the industry has attracted a lot of new players. Between 2010 and 2013 the manufacturers doubled from three to six, effectively doubling the brands available to consumers. This consequently created a hasty and uncoordinated effort to protect and acquire market share, enter specific markets, etc. With a customer base which is as quality sensitive as it is price sensitive, it is harder for the marketer. As at 2013, price wars which had a spiraling effect on all the companies realization was one of the worst problems in the industry. Cement prices in Kenya dropped by 12% between 2010 and 2013 with no specific production efficiencies to cushion the companies. In the cement industry quality is very crucial and price elasticity is very high and customers have been seen to have little or no

loyalty to specific brands. This eventually has reduced the price realization for the players.

Loss of market share leading to stagnant growth and profits has been experienced by the market leaders while new entrants have continued to reduce the market leaders share. Smear campaigns against the new entrants (unethical marketing tactics) are very common with trade regulatory bodies being used to control the new entrants. Most companies are engaging in reactive customer strategies rather than proactive strategies. There has also been over concentration on the external environment at the expense of the internal competencies of the companies involved due to lack of ideals. These issues and a need to strike a balance between customer satisfaction and profit realization are the biggest nightmares for marketing managers of cement companies. The production of substandard cement negates the very fundamental values of the consumers they seek to serve. Unless suppliers of undifferentiated products are prepared to rely on price competition alone, they simply have to find ways of augmenting their offering. This study sought to the role of brand ideals influence on sustainable growth in Kenya's Cement companies.

Studies done locally about the cement industry have looked at strategic marketing issues, intelligence marketing and strategic response by cement companies in Kenya (Kinyua, 2007). However studies have been done for P & G on their businesses for Pampers and Pea nut butter as well as Apple (Stengel, 2011). These companies growth was connected to their ability to use ideals. Apple may currently be the most striking example of ideals-driven brand leadership, but it is by no means the only one (Simon, 2013). Very little has been done to establish the role of brand ideals when marketing very price sensitive undifferentiated products. None of the studies reviewed locally has had a contextual approach in trying to understand how marketers can

effectively sell their products in a market which is quality sensitive as it is price sensitive using the brand ideals approach.

The study sought to establish the influence of brand ideals on sustainable growth of cement companies in Kenya. It investigated the extent to which brand ideals contributed to sustainable growth of Kenya's cement companies.

1.3 Research Objectives

- i. To establish the extent to which cement companies in Kenya use brand ideals.
- ii. To establish the influence brand ideals have in the growth of Cement Companies in Kenya.

1.4 Value of the Study

The findings of this study will give insights on how brand ideals can be used to achieve sustainable growth in companies' dealing with highly undifferentiated products. It will give alternatives to reduce price wars, substandard products, undercutting of prices by distributors, manipulation of manufacturers by distributors who have high bargaining powers. The results of this study can be used to supplement the conventional marketing strategies for undifferentiated products.

Real-life marketing primarily revolves around the application of a great deal of common-sense; dealing with a limited number of factors, in an environment of imperfect information and limited resources complicated by uncertainty and tight timescales. Use of classical marketing techniques, in these circumstances, is

inevitably partial and uneven. This study highlights real solutions and interventions using brand ideals.

The financial performance of the various cement companies in Kenya might take a deep if the same marketing and selling techniques continue to be used for the sake of surviving. Therefore the findings and recommendations of this study will be used as possible strategies beyond the conventional ones which the various companies can use. The recommendations of this study will reduce the use of way-ward antics to get market share.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter highlights the various issues around brand ideals and the influence they have had on company's growth and profits. Brand ideals and how they affect an organizations performance and profits is also brought out in this chapter. In detail it also looks at how various strategies can and have been used traditionally to market undifferentiated products.

2.1 Theoretical Background

The study is based on consumer behavior theory. Consumer behavior is the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services and ideas which they expect will satisfy their needs. This will be more inclined on why they buy and how they buy. The study will be based on the psychological part of consumer behavior which looks at the individuals' motivation, perception, attitudes, personality, and learning patterns when choosing the goods to buy.

(Niels Blichfeldt, 2013) showed how a people-centred approach, using precise drivers of brand growth, combined with predictive abilities to anticipate market share can deliver strong business outcomes from research. Brand growth is achieved through different options including optimization of brand positioning, portfolio management, repositioning, brand stretching and innovation. (Niels Blichfeldt, 2013) Criticizes standard brand equity research, claiming that it is unable to effectively answer how a company can make brands meaningful to people and how meaningful brands can grow a business. The people-centric methodology proposed their paper deconstructs

human needs into four layers that on average explain 85-95% of brand choice; it further supports this with a psychological model, which ensures that all decisions are made with consumer motivation at the centre. Then to determine the direction of a brand's growth, it identifies the brand's current Attitudinal Equity (a measure of the strength of consumers' psychological relationship with the brand) and focuses on growing the brand.

2.2 The Foundation for Growth

To achieve brand acceptance by all stakeholders through marketing, a company has to identify and activate a distinctive ideal of improving people's lives inside every business in the portfolio. This means achieving their business's reason for being as the basis of growth. The ideals have to be communicated internally and externally. A 5 year study done by (Stengel, 2011) on the worlds 50 greatest companies revealed that ideals form a basis of business success because they leverage timeless truths about human behavior and values in business and in life. The ideals enable life to influence business and business to influence life. For instance Pampers, a global sanitary product, exists to help mothers care for their babies and toddlers healthy and happy development. This looks at the product beyond the transaction. This is what brand ideals are about. In looking beyond transactions, an ideal opens up endless possibilities including growth and profits. Ideal driven businesses grow faster and sustain that growth (Stengel, 2011).

2.3 Business Ideals

Great businesses have great ideals (Stengel, 2011). Ideals help business grow and keep them at the top. A new framework for business, which is based on improving the lives of the people a business, serves, that is rooted in the timeless fundamentals of

business and human nature forms the basis of growth powered by ideals. The central principle of this framework is the importance of having a brand ideal, a shared goal of improving peoples' lives. Arguably it unites, inspires all the people a business is involved with, from employees to customers. 'In terms of growth and margins, brand is really what it comes to' Deepak Sainee HP director of market research as quoted in Stengel, 2011. The only basis of crating viable business models over the long term is when a business and its customers have a shared agenda (Millward, 2012). This is achieved by linking a business' beliefs with fundamental human values; an ideal of improving their lives clarifies the businesses true reason for being.

2.4 Brand Value

The growth in importance of brand value in recent times has been immense. Market capitalization in the past used to be purely on tangible assets including cash, offices, plants, equipment, inventories etc. Companies are incorporating intangible assets and more than ever and brand value is now the most single biggest asset. Business leadership and brand leadership are converging in every industry and sector of the economy. Brand ideals bring business leadership which eventually creating urgency for brand value. Brand value can be achieved by determining the intangible earnings through examining a business' financial results and calculating the percentage of demand for its offerings that are attributable to brand alone (Millward, 2012).

Businesses are now only as strong as their brands and nothing else offers marketers so much potential leverage (Stengel, 2011). For instance P & G Jiff peanut butter business in 2008 was boosted by aligning that particular business with moms' value. P & G implicitly and subconsciously aligned their business with the fundamental ideal of human growth which is what mothers valued most for their kids.

2.5 Marketing Strategies

According to Bovee and Thill (1992), marketing strategy is the overall plan for choosing a target and succeeding within it through product, pricing, distribution and promotional choices. Strategy is considered as the response of an organization to the realities of the organization stakeholders and the realities of the business environment. Marketing strategies are dynamic and interactive. They are partially planned and partially implemented. Marketing strategy defines how an organization competes in the marketplace through the three stages of market segmentation, targeting and positioning. First the market place is divided through research and analysis into meaningful groups of buyer types or market segments that have different needs. Second, one or more of these segments are chosen as the most appropriate target market to become the focus of marketing efforts. Third, an offer is made to this target market through an appropriately positioned product or service.

Ideally all companies operating in an industry dealing with undifferentiated products as cement should actively do strategic identification, selection and implementation as well as identify business strategy alternatives. This could either be, product- market investment strategies, Customer Value propositions, assets/competencies and synergies, or functional strategies and programs

In order to create the competitive advantage necessary to achieve growth. Porter (1996) views strategy as the creation of a unique and valuable position involving a different set of activities. To Porter, a company that is strategically positioned performs different activities from rivals or performs similar activities in different ways. Porter (1990) suggests that firms should adopt one of the following three generic competitive strategies. These are Cost Leadership, Focus and Differentiation.

Cost Leadership requires the firm to establish a lower cost base than its competitors. This strategy has typically been adopted by companies that are located in areas with lower labor costs and who develop business usually as a component or service provider. **Differentiation** is achieved through emphasizing particular benefits in the product, service or marketing mix which customers think are important and a significant improvement over competitive offers. Differentiation typically requires systematic incremental innovation to continually add customer value. To note, importantly, marketing strategy involves careful scanning of the internal and external environments. Internal environmental factors include the marketing mix and marketing mix modeling, plus performance analysis and strategic constraints. External environmental factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. In a more wholesome approach there are several general marketing strategies.

2.5.1 Strategies for Sustainable Growth

There are four growth strategies – market penetration, market development, product development and diversification (Ansoff, 1957). Market penetration refers to a business's commitment to expand sales or revenues from its current customer base, utilizing the same product. Entrepreneurs can increase sales by changing prices, offering special promotions and increasing product advertising. Each action is designed to help the enterprise further penetrate the market it currently sells in, that is, get a larger share of the existing market for the particular product. This can be done through increasing market share and/or increasing the product usage. The latter method focuses on increasing – the frequency of use, quantity of use or finding new applications for current users.

Market Development strategy whereby the enterprise continues to sell the same product but tries to find new customers for that product. The essence of the market development strategy is the aggressive search for new customers who would be attracted to and benefit from the purchase of the enterprise's products. This can be accomplished by expanding geographically or by targeting new markets.

Product Development even enterprises with a well-developed base of customers find these customers may be induced to try new products. Here the enterprise attempts to reach its current base of customers and induce them to buy the new products it has developed. In the cement industry there are various challenges in delivery which have rose to creation of products like ready mix concrete and precast concrete. This expands the product range of the specific company. Product development is one of the most reliable ways of preserving and expanding a firm's market share in an industry. The above three market growth strategies will be most applicable to the cement industry. The diversification strategy might not be relevant since emphasis of this paper is on cement as a product.

2.5.2 Differentiated and Undifferentiated Marketing Strategies

These strategies recognize differences in customers and design specific strategies for each segment. Differentiated marketing strategies take a good analysis of both the market and the customer in order to design specific responses for each of the resultant segments. On the other hand undifferentiated strategies treat the entire market as one and apply similar programs for all the potential buyers. These strategies are most applicable to more homogenous markets.

2.5.3 Concentrated Marketing Strategies

This is the case where a company chooses to concentrate on one or a few specific markets due to limited resources. Research has confirmed that entrepreneurs that successfully grow their businesses define their target markets more precisely than those running non-growth firms (Hill & Hultman, 2005). Niche marketing is also another strategy where a firm chooses pockets of the bigger segment where others have neglected.

The marketing Strategies for undifferentiated products are based on consumer research which provides the basis for the development of new product/service concepts to meet targeted consumer needs. Finding out what customers expect is essential to providing service quality, and marketing research the key to understanding customer expectations and perceptions of service (Kotler, 1999). An entity cannot serve an entire market for a particular product/service as customer needs and wants are diverse. It must identify segments of a market that it can serve most effectively. A market segments consists of a large identifiable group within a market with similar wants, purchasing power, among other attributes (Kotler, 1999)

2.6 Implications of Lack of Brand Ideals in Marketing

Undifferentiated Products

The way a company manages its marketing can become the most powerful form of differentiation. Indeed, that may be how some companies in the same industry differ most from one another (Theodore, 1980). By this statement Theodore Levit was not referring to advertising and branding but was referring to the real function of marketing, which is to meet customers' needs. However, even the marketing literature

often capitulates when it comes to undifferentiated products, referring to transactions as ‘straight re-buys’ with buyers exhibiting ‘routinised response behavior’. Buyers are said to see competing products as the same in terms of quality and performance, to feel that they need little or no information to make a good choice and therefore to be very comfortable buying solely on price. A cursory look around world markets would often support this view, not just for out and out commodities such as cement and steel but for many higher added value manufactured goods such as textiles or even computer chips. (Theodore, 1980) argues that customers will always require more than just the generic product at the best price.

2.7 Conceptual Framework

The purpose of a conceptual framework is to help the reader quickly see the proposed relationship between the variables in the study (Mugenda, 2003). Miles and Huberman (1994), “A conceptual framework explains, either graphically or in narrative form [diagrams are much preferred], the main things to be studied - the key factors, constructs or variables - and the presumed relationships among them.” The study will seek to connect brand ideals of the various cement makers and the impact they have on growth and profits of the company. Brand ideals will be the independent variable while the company’s growth and profits will be the dependent variables.



Figure 1: Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the research design used for this study, population, sample design, data collection, and construction of variables, data analysis and presentation. It will explain how, what, where data was collected and analyzed to establish the influence of brand ideals on growth of Kenya's cement companies.

3.1 Research Design

This was a descriptive cross-sectional survey that assessed the influence of brand ideals in sustainable growth cement companies in Kenya. The data was collected from the target population and analyzed and inference made on which aspects the customers considered most appropriate and crucial while making buying decisions. All the information resultant from the data was then interpreted and presented to understand how and whether cement companies use brand ideals.

3.2 Target Population

The target population was the six cement manufacturing companies in Kenya forming the first stratum. All the six companies were interviewed including Bamburi Cement Ltd, EAPCC Ltd, ARM Cement Ltd, Mombasa Cement, Savannah Cement and National Cement. The second stratum was made of the site engineers who are responsible for choosing specific brands to be used. These were interviewed to understand the influence the brand ideals, if any, created and used by the cement companies have on consumers' whose buying decisions and loyalty ideally led to sustainable growth in sales.

3.3 Sample Design

A census was carried out for this study on six cement manufacturing companies. This is because there were only six companies forming the population. All the six manufacturers were contacted. For the consumer stratum the study interviewed 30 respondents comprising of site engineers and developers using convenience sampling method.

3.4 Data Collection

Data was collected through specific questionnaires for each stratum. Questionnaires were filled by marketing executives from the six companies, site engineers and developers were carried out. These were done personally; others were emailed, filled and scanned back by the respective respondents. The data for this study was primary data and was obtained from field work. History of prices for various companies was also collected to enable the study conduct a trend analysis with entry of new players in the market.

3.5 Data Analysis and Presentation

Data obtained was subjected to both qualitative and quantitative analysis. Qualitative analysis was purely based on descriptive statistics using non-statistical techniques on subjective statements and explanations. For instance those that seek to establish respondents' expectations. Percentages, averages, and frequencies were deduced to summarize the findings. The use of SPSS – Statistical Package for Social Sciences (SPSS) was employed.

The data is presented majorly using cross-tabulation as well as content analysis. This used the exploratory and confirmatory approaches since the study did not assume any hypotheses.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.0 Introduction

This chapter discusses and presents the analysis, results and their interpretations. The analysis results presented include descriptive statistics, and cross-tabulation as well as simple frequencies. The main objective of the study was to establish the extent to which cement companies in Kenya use brand ideals and also establish the influence those brand ideals have on their sustainable growth. This chapter presents the analysis in two sections; the first section looks at data which sought to achieve the first objective and was obtained from the manufacturing companies while the second section analysis the data collected for the second objective. The data was obtained from the target market of the cement companies i.e. users and consumers of the cement.

4.1 Respondents Profile

Kenya's Cement manufacturing companies formed the first stratum of the study. All the six cement manufacturing companies in Kenya were interviewed. Therefore a census was carried out with 100% of the target population in the first stratum being interviewed. The second stratum comprised of the users (site engineers and developers). 27 respondents were interviewed out of the targeted 30 making a 90% response rate. The respondents from the manufacturing companies included; 2 Sales & Marketing Managers, a Commercial Director, a Marketing Manager and 2 Sales Managers. The consumer/user stratum respondents were site engineers and developers sampled through convenience sampling. Table 4.1 shows the positions held by the manufacturing companies' respondents as well as type of ownership of the company

Table 4.1: Respondents Companies and positions held

Company Name	Ownership	Position Held by Respondents			
		Sales & Marketing Manager	Commercial Director	Marketing Manager	Sales Manager
Bamburi Cement Ltd	Public			✓	
ARM Cement Ltd	Public		✓		
Mombasa Cement	Private				✓
Savannah Cement	Private	✓			
National Cement	Private				✓
East Africa Portland Cement Company Ltd	Public	✓			

4.1.1 Cement Companies and Their Marketing Operations

From the study, 3 out of the six companies were publicly listed in the Nairobi Securities Exchange while the other three were private companies. Keen to note that not all the companies have fully fledged marketing departments and information had to be obtained from the closely related departments or senior staff.

From the study only 3 out of the six companies had a fully fledged marketing department with 2 of the other three not engaging in any marketing activity. The older companies had fully fledged marketing department while out of the new entrants only one had a marketing department. The other three companies were either not doing any marketing campaigns at all or participating on convenience and push basis.

Table 4.2 below shows the various companies and the period they have been manufacturing cement in Kenya. These constitute the local cement industry in Kenya.

Table 4.2: Period in Manufacturing Cement

		Period Of Manufacturing Cement in Kenya		
		1-10 years	11-20 years	Over 20 years
Company	Bamburi Cement Ltd			✓
	ARM Cement Ltd		✓	
	Mombasa Cement	✓		
	Savannah Cement	✓		
	National Cement	✓		
	East Africa Portland Cement Company Ltd			✓

4.2 Use of Brand Ideals

From the data collected only 3 out of 6 companies interviewed said they had incorporated the use of brand ideals in their marketing activities. When asked about brand ideals and marketing the other three companies responded that they didn't have those departments and dispatching their products was their core business; they were doing exactly that. One company had a brand manager who was entitled to work alongside the marketing team to ensure the company's' product remained popular amongst the consumers. The second one had traditionally tried to engrave the concept of brand ideals in their campaigns while the third one had started off their campaigns with the ideals' concept in place.

Table 4.3: Indicators of Cement Industry's use of brand Ideals

Message Communicated (Indicator)	Frequency	%
Progress of the people	1	16.66
Togetherness of the Family	1	16.66
Bringing life together	1	16.66
None	3	50.0
TOTAL	6	100

From Table 4.3, 50% of the industry has made a deliberate effort to use brand ideals. Out of these, 16.66% had crafted messages and campaigns geared towards portraying them as pro-family values and its togetherness. While 16.66% of the industry players had tried to communicate that they value the progress of the people and they are part of this progress.

When asked if their ideal concept was clearly communicated to throughout the organization all three companies using brand ideals said it was well communicated. The 3 companies which were using brand ideals said that their organization was well aligned around their ideals. They have deliberately designed and communicated messages which they considered focusing on the human fundamental values. The message around the family and life was very popular amongst the companies and it resonated well with the users who had no technical knowledge of cement.

4.2.1 Role of Brand Ideals in Long-term Strategy Planning

The companies actively using brand ideals all agreed that the ideals played a key role in their long term planning. Table 4.4 shows how each of the companies used brand ideals to inform their long-term strategy planning and implementation. One of the company's marketing manager further indicated that they used brand ideals to inform their messages and advertising campaigns for their brand. For instance their message and advert of 'with you from the start' which depicted a happy family sought to capture a close knit family values which they consider fundamental to Kenyans. The other company was guided by their set ideals to choose marketing channels hence their decisions to use Home Expos to market themselves as well as property developers. Their message was holding life together.

Table 4.4: Role of brand ideals in long-term strategy planning

Role of Brand Ideals in Long term strategy planning	Frequency	%
Informs marketing channels	1	17
Informs adverts & campaigns	2	33
Not Response/Not Applicable	3	50.00
Total	6	100

The study found out adverts and campaigns were informed and guided by specific company's brand ideals. Out of those interviewed, 33% said that they used brand ideals to inform their advertisement and campaigns in long-term strategy planning while 50% did not any way use brand ideals. 17% used brand ideals to inform their marketing channels. Table 4.4 shows these analyses.

4.2.2 Influence of Brand Ideals on Sustainable Growth

The six companies interviewed had all experienced some sort of growth in consumer commitment to their various brands and general growth in their sales. However, only 2 attributed a certain percentage of consumer commitment and loyalty to their brand and consequent growth in customer loyalty to brand ideals. The study found out that the other companies growth in sales was due to the exponential growth of cement demand in Kenya. When asked about the percentage of their growth which could be attributed to use brand ideals, three out of the six companies said over 26% of their growth in sales was due to use of this ideals. These were the only companies which had used brand ideals therefore the only significant and relevant result for the study. Notably secondary data obtained on pricing showed that there was a more than 40 Kenya shillings difference in the market leaders pricing and the cheapest brands

pricing. In terms of ideals one company said that there has not been notable connection and commitment of their consumers to their brand.

Table 4.5 shows the respondents feedback when asked how their companies leverage the bonds which customer/consumers have developed with their brands whether through brand ideals or otherwise. Notably from Table 4.5 two companies, who have been in the market over 20 years, leveraged the bonds and customer loyalty brought about by brand ideals through premium pricing.

Table 4.5: Leverage of customer-brands bonds

Leverage	Frequency	%
Pricing	2	33
Market Development	3	50
Brand Extension	1	17
	6	100

4.3 Impact of Use of Brand Ideals on Cement Consumers

Out of the 27 consumers interviewed 25 of them were the decision makers on what brand of cement to be used on their sites. This represented a 93% of the total population, Table 4.6 shows this details. All the developers had express authority to make decision on choice of brand while only 86% of site engineers had the authority to make decision on the cement to use. Please note that professionally the site engineer should advise the developer on the brand to use based on performance of the tested brands. This presents a strong case for brand ideals in the cement industry.

Table 4.6: Choice of cement brand to use on site

Choice of brand to use	Developers	Site Engineers	%
Makes decision on brand to use	13	12	93
Does not make decision on brand to use	0	2	7
Total	13	13	100

The study further sought to understand which brands the consumers preferred and why they did so. This is shown in Table 4.7 below, a cross-tabulation of the respondents preferred brand and why they preferred or used that specific brand. 60% of those who attested to preferring Blue Triangle and Nguvu brands, both brands from the 2 companies which have used brand ideals over a period long period, said they preferred the brands due to connection with the brand. While 40% said they preferred those brands because they had used it over a long period. Out of all the respondents, interestingly 37% preferred those brands because of price while only 15% bought their preferred due to quality. The most preferred brands were Nyumba and Nguvu due to price and ideals respectively.

Table 4.7: Respondents Preferred Brand and Reasons for Preference

Preferred brand	Reasons of brand preference					%
	Price	Quality	Connection with the brand	Use over long period	Its readily available	
Blue Triangle	-	-	2	4	-	22%
Rhino	2	-	1	1	1	18%
Nguvu	-	4	4	-	-	30%
Nyumba	8	0	-	-	-	30%
% (Preference Reason)	37%	15%	26%	18%	4%	100%

To further understand the nature of connection the consumers have on their preferred brands, the respondents were asked why they would recommend them. Table 4.8 shows that quality, best experience dealing with the brand and price each had an equal score of 33% as reasons for respondents' recommendation. Those respondents who used Blue Triangle and Nguvu said they would recommend because of quality. Notably this is the most popular positioning by all cement companies.

Table 4.8: Preferred Cement Brand and Reasons for Recommending To Other Users

Preferred Brand	Reasons for Recommending preferred brand		
	Quality is good	Good brand experience	Price is Good
Blue Triangle	2	4	-
Rhino	1	3	1
Nguvu	6	2	-
Nyumba	-	-	8
Total	33	33	33

Table 4.9 shows that 48% of those interviewed had used their preferred brand for more than 5 years. The most preferred brands were Nguvu and Nyumba but for very different reasons; Nguvu was preferred due to connection and quality while Nyumba brand was purely because of price.

Table 4.9: Preferred Brand and Period Used

Preferred brand	Period over which brand has been used		
	2 Years	3 Years	Over 5 years
Blue Triangle			6
Rhino	2	2	1
Nguvu		2	6
Nyumba	1	7	
%	11%	41%	48%

To understand which of the aspects of the various brands mattered most to the respondents the study asked why they would recommend their preferred brands to someone else. Table 4.10 shows that 44% of the respondents would vouch for their preferred brand on the basis of quality. 83% (10 out of 12) of these had Blue Triangle and Nguvu brands their preferred brand.

Table 4.10 Reasons for Recommending Preferred Brand

		Reason for recommending to someone else			Total
		Quality is good	I have had the best experience dealing with the brand	Price is very good	
Preferred Brand of Cement	Blue Triangle	4	2	0	6
	Rhino	2	2	1	5
	Nguvu	6	2	0	8
	Nyumba	0	0	8	8
Total		12	6	9	27

4.4 Summary and Interpretation of Findings

From the study, not all the companies in the cement industry in Kenya engage in coordinated marketing activities. Out of the six companies only three have marketing departments. Marketing culture of the industry players was non-existent amongst two new players who purely sold on price basis. This study first had sought to establish how the industry players had created brand ideals. To understand this or for even brand ideals to exist, the industry players had to have a marketing culture. The ownership structure, somehow had an influence on the marketing culture since the publicly owned companies attested to practicing some form of marketing while the private ones, apart from Savannah and did not practice any marketing activities.

Lack of deliberate marketing activities meant that these companies were competing purely on pricing and other tactics. From the study, the industry players who had been in the market for more than 10 years, apart from one, had fully fledged marketing departments and they had used deliberately used brand ideals. One had tried to use a close nuclear family unit with the message ‘with you from the start’ to connect with its consumers. Their basis was that in Kenya a close family unit was a fundamental value and people would relate and want to be part of that. The message that their

brand was with the close family unit from the start was geared to portray their cement in a more emotional way. They had further created a branding department whose sole responsibility was to ensure the brand remains strong even in the wake of high price based competition. The second company's ideals were based on the fundamental value of life. Their message holding life together and their specific marketing channels were all designed to show that the brand respected the universally right to live. Both companies had tried to align and communicate these ideals to their internal organization as well as the external environment. These two players attributed their growth and market domination to use of these ideals. Their ability to sell their brands at premium prices clearly supported this argument. They based their decisions for choice of marketing channels as well as message for their adverts and campaigns on their ideals. In their long term planning and positioning, the companies had shifted from the basic aspects a customer would consider while buying cement; i.e. quality, packaging, historical performance etc, to what they thought was a value key to the consumer. This was observed by the Stengel study of the 50 greatest companies.

The study showed that two companies have tried to make it the business of their organization to deliver these brand ideals. The sense of meaning that comes from delivering on these ideals has inspired a high level of dedication to producing the best possible brand experience for their customers. Product performance, innovation, packaging, design—all of these elements are inspired, developed, and refined in the light of their set ideals. However this is cannot be generalized for the entire cement industry since 50% of the players don't use and have not created any brand ideals. They sell and compete purely on price and other factors like quantity discounts and credit periods.

On growth, the study showed that all the six companies seemed to have experienced growth over time. However not all the companies whose growth could be attributed to use of brand ideals. These companies which had used brand ideals for some time attributed between 26 – 35% of their growth and market share retention to use of these ideals. This was due to the consumer loyalty and commitment their brands enjoyed. They leveraged these bonds through premium pricing enabling them to continue being perceived as the strongest and best brands by the consumers. On interviewing the consumers to establish what influence if at all the use of brand ideals had on the growth, the study established that consumers had connected with brands C and A brands of the two companies using brand ideals.

The manufacturing companies which had well communicated brand ideals which long time consumers had picked. The implication was that these consumers' loyalty was not affected by the low priced brands. Secondly the loyal consumers, including engineers who act as influencers would recommend these brands. The consumers who were using the low priced brands had price as their only reason of using those brands and would change if offered lower price elsewhere. Of importance to note is the fact that the price choice based category constituted 37% of the respondents making it a big concern for those who used brand ideals. It was clear that brand ideals had a big influence on the growth of the companies which used them. Those who were competing on purely price and the basic required attributes of cement had fluctuating sales figures and very low consumer loyalty. This means that the sales volume being experience and consequent growth is not sustainable and could change depending on the prevailing pricing policies of other companies. The consumers who preferred brands A and C further said that they would recommend those brands on the basis of quality, which essentially is the most important and basic required attribute. The

cement industry in Kenya in terms of consumers is dividend in the middle one side with consumers who are not loyal to any specific brand and make decisions based on pricing and those who make decision on longevity of use of brand and what the brand means to them in terms of ideals. This study therefore can conclude that by use of brand ideals companies have created brand ambassadors in their consumers as well as loyalty. This is the most important factor of growth in the cement industry. This finding is in line with (Millward, 2012) observation that those companies which succeed are those which have shared agenda with their customers.

According to the study, active creation and use of brand ideals cannot be generalized to the entire cement industry. However, the use of brand ideals being rather new notwithstanding, the players who have successfully created and used these ideals have been somewhat cushioned from the price wars being experienced in the industry. The concept of brand ideals is however not well exploited in the cement industry. Its role in ensuring sustainable growth is very much evident in the cement industry.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter focuses on the summary, conclusions, recommendations and suggestions for further study. It gives an overview of what the study found out as well as what it suggests should be the case for brand ideals in the cement industry.

5.1 Summary

There are six cement manufacturing companies in Kenya and they were all involved in the study. Three of these companies have tried to incorporate the use brand ideals in their marketing culture while the other three have no formalized marketing culture or departments. There was a deliberate effort by key players in the industry to communicate these ideals to the target market. The two companies who attested to using brand ideals attributed over 26% of their growth to brand ideals. The first objective was further complemented by a survey on the target on the cement consumers to establish the influence if any, the ideals have had on the consumer. There was evidence that brand ideals have had a big influence on the consumers buying decision. 60% of those who preferred brands from the companies which used brand ideals said they did so because of brand ideals as inference from their responses of connection with brand ideals and a good customer experience. They further said that they would recommend the brands due to the good quality making it even more certain that brand ideals have a big influence on the sustainable growth of Kenyas cement industry players. Ideals will continue to be a very important competing factor in advent of stiff competition characterized by price wars and negative campaigns as well as price sensitive consumers.

5.2 Conclusions

The major players in the cement manufacturing industry have had a deliberate effort to create ideals through designing and communicating messages which depict them as aware of human fundamental values. Albeit the evidence is minimal and cannot be generalized across the cement industry, findings of this study are consistent with other findings as discussed earlier on the influence of brand ideals to growth. It is very clear that there is a significant relationship between the use of brand ideals and market share retention, customer loyalty and the resultant growth therein. Consumers seem to respond, however subconsciously, to the key industry players efforts of using brand ideals. Their loyalty and willingness to recommend their brands to others is clear evidence that brand ideals plays and will play a major role in ensuring sustainable growth in Kenya's cement industry players. From the study, a culture of brand ideals seems to be the key to market survival once the prices stabilize. Currently the threat of selling and competing on price remains the biggest challenge to the industry especially to those currently having ideals in their culture.

5.3 Recommendations

Based on the findings of the study, the study presents recommendations pertinent to the cement industry as a whole, marketing departments/managers of individual companies, and future researchers. The study recommends that companies should create and align ideals with their organizations. When a brand ideal is at the heart of a business, it serves as a light from within that guides every decision of the leaders and employees in every department, from human resource to finance to marketing to product development. Ideals should be used to help shape a business and organization in three distinctive ways. First, ideals should be used to lead to the creation of more meaningful products, services, and customer experiences. Second, ideals should be

used to align the organization and its culture behind a common purpose. And finally, ideals should be used to lead companies to rethink the way they engage and communicate with consumers. Ideals should be inculcated to move companies beyond selling and telling consumers what to do to inviting them into dialogue. The brands that will survive and thrive in the decades to come will be those that are based on ideals, because in changing times and challenging circumstances, a brand ideal serves as a beacon.

5.4 Limitations of the Study

The extent to which the findings can be generalized beyond the sample period studied is unclear. The number of observations is too limited for broad generalization since the cement market differs from town to town in Kenya. Further empirical evaluations, however, are needed to replicate the findings in larger sample including the influencers (consulting engineers who might direct which cement brand to use) since the findings from the sample may not reflect exactly the influencers of the entire population. Other important basic requirements of cement like quality and other attributes also play a key role in choice of brand of cement per project and sometimes consumers are forced to change regardless of what they prefer or are connected to.

5.5 Suggestions for Further Research

This study sought to find out the influence of brand ideals on sustainable growth of Kenya's cement industry players. It undertook a census study since there are only six cement manufacturing companies which constituted the population. Further research should be done on specific companies rather than the entire industry to understand how they use these brand ideals and if they have any influence on sustainable growth.

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Appendix 1

Cement Companies in Kenya

1. Bamburi Cement Limited (BCL)
2. ARM Cement Limited (ARM)
3. East Africa Portland Cement Company Limited (EAPCC)
4. Mombasa Cement
5. National Cement
6. Savannah Cement

Appendix 2:
Cement Manufacturing Companies Questionnaire

SECTION A: GENERAL INFORMATION

Please answer the following questions.

1. Name _____ of _____ company

2. What _____ position do you hold in the company

3. For how long have you worked for the company

- a. 1 - 2 years
- b. 2 - 4 years
- c. More than 5 years

4. What type of company ownership

- a. Private Company
- b. Public Company
- c. Partnership

5. What brand of cement do you make? _____

6. For how long has the company been manufacturing cement? _____

7. Do you have a marketing department? () Yes () No

SECTION B

8. Do you use brand ideals in your company? () Yes () No
9. If yes above, is your ideal clearly and well communicated the entire organization?
10. When did you introduce the concept of brand ideals in marketing your brand?
11. Is your organization aligned around your ideal? () Yes () No
12. How often do you revisit your ideal?
- a. Quarterly
 - b. Semi annually
 - c. Annually
 - d. Monthly during sales meeting
 - e. During launch of marketing campaigns
13. What role do brand ideals play in your long term-strategy planning?

- a. Informs marketing channels,
- b. Informs advertisement and campaigns for the brand,
- c. Informs the production

14. Has there been growth in customers' commitment to your brand?

15. Have the bonds that people have formed with your brand impacted the growth of your company?

16. What percentage of your company's growth is attributable to use of brand ideals?

- a. Less than 5%
- b. 6 – 15%
- c. 16 – 25%
- d. 26 – 35%

17. How do you leverage the existing bonds between your customer and your brand?

- a. Premium pricing

b. Market development

c. Brand extension

18. At what level is the marketing strategy in your institution designed and implemented?

Senior management level ()

Middle management level ()

Junior management ()

19. How often is your strategy reviewed?

More than once a year ()

Once a year ()

2-5 years ()

Any

other

Appendix 3:
Consumer/Users Questionnaire

SECTION A: GENERAL INFORMATION

1. Respondent
 - a. Site Engineer
 - b. Developer

2. Period in the construction industry
 - a. Less than 5 years
 - b. 6 – 10 years
 - c. Over 10 years

SECTION B

3. Do you have a specific brand of cement for all your projects?

Yes () No ()

4. Do you make the decision on which brand of cement to use on site?

Yes () No ()

5. Which brand of cement do you prefer?
 - a. Blue Triangle Cement
 - b. Rhino Cement
 - c. Nguvu Cement

- d. Simba Cement
- e. Savannah Cement
- f. Nyumba Cement

6. Why do you buy the brand of cement?

- a. Price
- b. Quality
- c. Connection with the brand
- d. I have used it for a long period
- e. Its readily available

7. For how long have you used this brand?

8. Would you recommend the above brand to someone else?

Yes () No ()

9. Why?
