

BRANDING AS A COMPETITIVE STRATEGY

THE CASE OF MWEA BASMATI RICE

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR THE
REQUIREMENT OF THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

OCTOBER 2014

DECLARATION

Student Declaration

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

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Supervisor Declaration

This research proposal has been submitted for examination with my approval as the candidate's university supervisor.

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ACKNOWLEDGMENTS

First I give thanks to the Almighty God for giving me this chance, gift of life, resources and the strength to pursue this course. Secondly I give thanks to my dear wife Susan for; her encouragement, love and patience during the study was invaluable and immeasurable.

I owe my gratitude to my Supervisor Dr. J. Maalu for his scholarly assistance, self-sacrifice, patience and guidance. I also salute all my lecturers during the entire course your hard work and dedication is highly appreciated. Finally I acknowledge my three lovely daughters for their encouragement, patience and understanding.

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LIST OF ABBREVIATIONS

CAP	Chapter
COMESA	Common Market for Eastern and Southern Africa
GOK	Government of Kenya
KARI	Kenya Agricultural Research Institute
KEBS	Kenya Bureau of Standards
KEPHIS	Kenya Plant Health Inspectorate Services
MIAD	Mwea Irrigation Agricultural Development center
MOA	Ministry of Agriculture
NIB	National Irrigation Board
PESTEL	Political, Economic, Social, Technical, Environmental and Legal
SACCO	Saving and Credit Cooperative Society
SWOT	Strength, Weaknesses, Opportunities and Threats
NCPB	National Cereals and Produce Board

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Brand strategies are those strategies which aim at differentiating a given brand with competing brands fulfilling the same need (Bikram, 2013). This type of branding strategies tries to convince the consumer that the brand will offer better experience compared to other similar competing brands. Branding is one of the competitive strategies. The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers. Therefore it makes sense to understand that branding is not about getting your target market to choose you over the competition, but it is about getting your prospects to see you as the only one that provides a solution to their problem.

This research study is based on three competitive advantage theories. Resource based theory by Barney suggests that a firm can obtain competitive advantage by employing its unique resources (Barney, 1991). Core competency theory by Prahalad suggests that core competence of the firm is the source of firm's competitive advantage (Prahalad, 1990). Porter generic strategies theory considered the three generic strategies that is, cost leadership differentiation and focus strategy as the source of firm's competitive advantage (Porter, 1985).

Mwea basmati rice is a special type of aromatic rice cultivated in Kenya mostly by small scale farmers in Mwea irrigation scheme located one hundred kilometers North of Nairobi (G.O.K, 2008). This type of rice has a special aroma caused by a compound (2-acetylene-1-pyrrolin) not found in other brands of rice. The most common basmati rice cultivated by farmers in Mwea includes Basmati 217 and Basmati 370. Basmati 217 is the best in aroma but has lower yield per hectare compared to Basmati 370. Basmati 370 is the most common brand cultivated by Mwea farmers due to its higher yield per hectare characteristics. Mwea basmati rice is famous among Kenya urban dwellers and fetches higher price compared to other brands. Despite its higher qualities this type of rice faces high competition from

cheap imported rice from Asian and comesa countries into Kenyan market(Kamau, 2012).

1.1.1 Branding as a Strategy

Branding can be defined as a name, term or a symbol that identifies goods and services of one seller (Kotler, 2003). Branding can also be defined as a product that adds other dimensions to a particular product or service to differentiate it from other products designed to satisfy the same need (Keller, 2001). Branding concept aims at addressing three key functions i.e. creating brand image, brand strength and brand value (Johan, 2013). Brand image can be defined as an association and believes the consumer has about the brand (Keller, 2001). Brand strength describes how target customers evaluate and respond to a brand (Persson, 2010). Brand strength can be evaluated in terms of attitude toward a brand i.e. like or dislike (Keller, 2003). Other way of evaluating brand strength is by measuring consumer loyalty toward the brand. A loyal consumer is willing to pay a premium price to a product similar to other products satisfying the same need (Keller, 2001). Brand value of a given brand is an economic value that a brand can create to a firm (Johan, 2013). The economic value may be expressed in terms of firm growth, market share and profitability gained by a given brand of the firm (Johan, 2013).

Rice is the third most consumed cereal in Kenya from corn and wheat(G.O.K, 2008) Kenya produces between 45,000-80,000 metric tons of rice annually against the demanded 300,000 metric tons in Kenya, the deficit is met by importation of rice from Asia and comesa region(G.O.K, 2011).Kenya imports among the top quality basmati rice brands from India, thailand, South africa and Pakistan. Such top quality basmati brands includes Royal umbrellarice and Sunrise Jasmine rice from Thailand, Tastic rice from South africa and Hass brand from Pakistan. The most common brand from Kenya is Peal basmati rice from kapwell industries (G.O.K, 2011).These brands retail price ranges from Kenyan shillings 120-275 per kilogramme. The most expensive brand is the Royal umbrella from Thailand retailing at Kenyan shilling 275 Per Kilogramme. Peal basmati rice brandfrom

Kenya retail price ranges between Kenyan shillings 170-200 per kilogramme (GOK, 2011).

1.1.2 Competitive Strategy

A competitive strategy is that framework that guides competitive positioning decisions in a competitive industry. This framework tries to address six fundamental questions, that is the kind of business we are in, the kind of industry or market we are to compete with, how do we respond to competition forces, how do we achieve competitive advantage, the size of the market or market position we aim to achieve and our focus and method of growth. There have been varied views on the subject of competitive strategies but they end up giving similar conclusion i.e. economic gain realized by adopting superior strategies. Competitive advantage can be gained by adopting low cost strategies, differentiation strategies or focus strategies (Porter, 1980). According to Porter competitive advantage grows out of a value a firm is able to create to its buyers that exceed the firm cost of creating it. Competitive advantage can also be gained by employing special resources not found in the competing firms. By employing special resources the firm ends up with sustained above normal returns (Peteraf, 1993). A competitive advantage can also be gained when firm's action in an industry or market creates an economic value and when few competing firms are engaged in similar functions (Baney, 2002).

In a very competitive industry the firm needs to realize that, it is competing for the same customer and for this reason it should apply available business arsenal to fight for such customer. A firm should identify its unique business assets and utilize the same to build barriers against its rivals (Thomson, 2007). Any firm in a competitive industry should carry out industry structure analysis with an aim of identifying its strength and weaknesses' (Porter, 1980). The firm should build on its strengths and minimizes its weaknesses. According to Porter loyalty is a firm's valuable asset and a firm can utilize loyalty to carry out product development and by so doing the firm widens the gap between the firm and its rivals (Porter, 1980). To acquire customer loyalty a firm can employ branding strategies which may in turn improve its competitiveness.

1.1.3 Mwea Basmati Rice

Mwea basmati rice was introduced in Kenya in 1908 from Asia. The crop is cultivated in Kenya by small scale farmers and major consumers are based in urban areas. Overall national consumption of rice annually is estimated to be 300,000 metric tons against local production of 80,000 metric tons as per ministry of agriculture report (G.O.K, 2008).The deficit is met by importation of rice from comesa region and Asia especially Pakistan and Thailand.

Mwea basmati rice is cultivated in the Mwea irrigation Scheme which is located 100 kilometers North of Nairobi and covers 6000 hectares supporting about 4000 families. The British government first established the scheme in 1953 and handed it over to government of Kenya in 1963. From 1963 ministry of agriculture run the scheme until 1966 when it handed it over to National irrigation board provided by irrigation act of 1967, Chapter 347 of laws of Kenya (G.O.K, 1967). From 1967 national irrigation board took over the management of the scheme until 1998. Due to disagreement between farmers and NIB farmers took over the management of their rice and only engage NIB on technical areas. National irrigation board controls the flow of irrigation water and the rice research through Mwea Irrigation Agricultural Development Center (MIAD). Farm inputs, cultivation and marketing are per individual farmer's discretion. However a bigger Percentage acquires farm inputs from Mwea rice grower's cooperative society. Most of the milling is done by private millers government owned Mwea rice mills and rice farmer's cooperative society. There is no proper control and regulation of quality seeds, quality firm inputs. Quality cultivation is slightly controlled by National irrigation Board through Mwea Irrigation Agricultural Development center(MIAD) which has little say on how farmers cultivate their rice (Kuria, 2003).

1.2 Research Problem

Branding strategy is aimed at influencing consumer's perception of a brand in such away they are persuaded to use products and services offered by the brand. The strategies aim at creating brand loyalty by offering a form of gratifying experience. Branding strategy is aimed at persuading consumers to prefer the brand on offer and which is competing with similar brands fulfilling the same need. An appropriate branding strategy is crucial as it would reinforce the desired positioning and hence influence purchasing behavior. In general, research indicates a positive impact of branding as competitive strategy on firm performance.

Mwea basmati rice is aromatic quality rice cultivated by Mwea rice farmers and despite these unique characteristics it's under intensive competition from imported rice brands into Kenyan market. Most studies done on Mwea basmati rice only addressed the production efficiency and how to increase yield, but failed to address the performance of this product in our local market(Mwai, 2010). Mwea basmati rice brand is under intensive competition from imported rice brands(Kamau, 2012). This study aims to elaborate on branding as a marketing principle relevant to the entrepreneurial quest for stimulating demand and creating competitive advantage in the rice industry a case of main Mwea Basmati rice dealers.

Locally, many researchers have reviewed various aspects of branding as a competitive strategy in the Kenyan context. Stella (2012) did a study on brand loyalty in five stars hotels in Nairobi and observed that hotels which had brand positioning strategies had significant effect on competitive advantage over competing hotels without brand positioning strategies (Stella, 2012).Mwaniki(2012) in his study on brand loyalty in the filling stations in Nairobi observed that filling stations with brand loyalty programs had a good number of loyal consumers than those without brand loyalty programmers (Jesse, 2012). This study by Mwaniki suggested that, brand loyalty programs in the oil industry were based on consumers' needs and perceptions of a good filling station. In review of these studies, none of

them has considered branding as a competitive advantage in the rice industry therefore this will fill the gap in answering the research question: Is branding a competitive advantage by the Mwea Basmati Rice dealers?

1.3 Research Objectives

The research objectives are:-

- i.** Establish branding activities adopted by Main Mwea basmati rice dealers
- ii.** Examine branding as a basis of competitive advantage.

1.4 Value of the study

The study will also be of significance to scholars who will want to know more about the effects of branding on the firms performance. The study will help researchers evaluate the relationship between brand positioning and competitive advantage not only in food industry but also in other industries. This study will also help researchers examine other branding practices adopted by firms and how they affect firm's competitiveness.

To policy makers branding strategies may become alternative means of convincing local consumers that Mwea basmati rice is better than imported rice thus expanding market and getting better prices of this product. Imposing tariff barriers may not be a sustainable means of gaining competitiveness for Local Basmati rice due to many inter-nation trade agreements whose aim is to abolish tariff barriers among trade partners. Since the main object of branding activities is to create a loyal customer, a loyal customer pay less attention to competing brands and this may create a sustainable competitive advantage for Mwea basmati rice.

The contribution of this study will help practitioners evaluate the effect of branding strategies and competitiveness of Mwea basmati rice. The study may help practitioners evaluate other strategies to employ to make Mwea basmati rice more

competitive compared to imported rice. The study will also help practitioners evaluate the effect of branding strategies on other products and services.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter looks at competitive advantage theories and branding as a strategy for branding for competitiveness. The studies have outlined the three common competitive theories, their limitations and applications. The study has considered a few cases of branding for competitiveness both internationally and locally.

2.2 Theoretical Background of the Study

In recent years concept of competitive advantage has taken center stage in discussions of business strategies (Richard, 2003). Different authors have come up with different theories on how a firm can obtain competitive advantage. Porter (1985) suggested that a competitive advantage means a firm having low cost, differentiation and focus generic strategies (Porter, 1985). According to Porter a firm can obtain competitive advantage by employing any of the three generic strategies. Peteraf (1993) and Barney (1991) considered unique resources held by the firm as the major source of competitive advantages(Richard, 2003). According to the two authors firm with unique resources compared to its competitors is likely to gain above normal returns or profits. Prahaland suggested firm's competences comes from firms core competences, he came up with core competence theory as a way a firm can obtain competitive advantage(Prahaland, 1990).

2.2.1 Resource Based View Theory

A competitive advantage framework suggests that any firm obtains competitive advantage by implementing strategies that exploit firm's internal strength through responding to environment opportunities while neutralizing external threats and avoiding internal weaknesses. Barney (1991).Different authors have different views on sources of competitive advantage for a firm. Baney (2002) suggested that the competitive advantage for the firm can be obtained by firm employing its unique resources Peteraf (2003)defined competitive advantage as sustained above normal returns by firm utilizing its unique resources not common to firms' competitors.

Barney suggested that competitive advantage is gained by a firm employing its resources and creates more value than that of competitors (Barney , 2002).

Resource based theory of competitive advantage addressed the weaknesses of forces theory which suggested that the market power may be increased by averaging the market segment and industry structure (Khalid, 2002). The forces theory argued that firms are homogeneous in resources and capabilities thus tactical maneuvers of external market forms a major factor in attaining competitive advantage. The major limitation with forces theory is that it's unable to address intellectual capital as a major source competitive advantage of a firm. In resource based theory, competitive advantage is obtained by accumulating strategic assets and capabilities. Management effort in the view of resource based theory should be focused in nurturing and exploiting these strategic sources of competitive advantage.

Resource based view on sources of competitive advantages suggest that firm obtains sustainable competitive advantage by implanting strategies that exploit their internal strength , through responding to environmental opportunities, while addressing external threats and avoiding internal weakness (Barney, 1991). Before crafting of such strategies a firm needs to carry out internal and external analysis to find out its internal strengths and weaknesses in terms of its resources the opportunities within the firms environment. Then the firm needs to apply such resources and create more values to its customers than competitors. When such a firm creates unique values than competitors then it's likely to obtain sustained competitive advantages. When considering the unique firm resources as a source of sustainable competitive advantage, such resources should be valuable, rare and perfectly imitable (Barney, 1991). A firm resource includes firm's assets, capabilities, organization processes, information, and brand names. Controlled by the firm that enables the firm implement strategies that enhances firm efficiency and effectiveness.

Resource based theory is a bit practical to apply especially for the managers seeking to understand preserve or extend their competitive advantage by analyzing information about the resources they have (Peteraf, 1993). By investing in unique resources the firm enjoys monopoly rents or profits since no competing firm has

such resources. The firms applying resources based view practices to gain competitive advantages invest a lot in research, new technologies, expatriates, branding or any other activity that would assist the firm obtain competitive edge against its rivals. A strong brand can be valuable resources of the firm since the brand is the value it holds to actual customers. The brand value may be very expensive to build but very fragile to destroy and that's why most competing firms may avoid branding activities.

2.2.2 Core Competency Theory

Core competency theory of obtaining competitive advantage urges that core competency of the firm is the source of firm's competitive advantage (Khalid, 2002). This argument is slightly different from 1980s perception that firm's competitive advantage can be obtained by restructuring firms, as evident in forces theory and resource based theory. According to this theory competency of the firms cannot solely depend on firm's assets and capability as advocated by resource based view because such determinants deteriorate and lose value in time or becomes obsolete due to advancement in technology (Khalid, 2002). This theory also argues that firm cannot solely depend on development of internal resources to obtain competitive advantage but can also depend on External Corporation (Prahalad, 1990)

The roots of firms core competency for the firm rate of innovation, firms marketing structure and management structure (Prahalad, 1990). Prahalad gave a case of Japanese automobile makers Like Honda faster growth in the late 1980s was facilitated by investing in new markets, creating new products and availing to consumers not only what they expect but what they never imagined (Prahalad, 1990). A case of Yamaha you would not have expected the motorcycle manufacturer to produce music Keyboards. This kind of innovations does not only increase loyalty to consumers who expect the best from a trusted firm but also create an edge in competitions. In the short run, firm's competitive advantage is derived from price performance of its products and in the long run competence is derived from firm ability to produce products as a lower cost and with speed. Such kind of core

competence is supported by management ability to consolidate corporate wide technology and production skills into competences that empower individual businesses to adapt quickly to changing opportunities (Khalid, 2002).

In core competence theory the firm management structure may facilitate or inhibit competences. Rigid management structures inhibit flexibility which is necessary for quicker innovations and adoptions (Prahalad, 1990). Management requires to facilitate collective learning, especially how to coordinate diverse production skills and integrate multiple streams of technologies. Firms work organization and delivery of firm's value is also a core competences. Core competences also involve communication involvement and deep commitment to working across organizations boundaries. To enhance the core competence managers need to analyses the whole supply chain before considering any innovation or product development. This means that to achieve any advantages source of inputs should be put into consideration as well as the end recipient of the finished products (Prahalad, 1990). In summery the theory considers integration as one of the means that a firm can obtain competitive advantages.

Product diversification may be other source firm's competences. Prahalad described a big firm as a big tree, the trunk and limbs as core products, small branches as a business units, leaves, flowers, and fruits as final products (Prahalad, 1990).The roots that provide nourishment and sustained stability is the core competences. The core competences of the firm should be rare, less imitable and difficult to be substituted (Khalid, 2002). To identify key competences of the firm the first look at firm's general management, financial management, marketing structures, research and development, engineering, distribution network among other key activities of the firm. The mentioned activities may be considered as the key capabilities of the firm that help generate higher margins in the market. Other key capabilities to be considered are non-financial activities like customer's satisfaction, brand awareness and customer retentions which act as pillar for firm's performance. The next step involves integrating these functional capabilities into the wide business activities (Prahalad, 1990). This kind of integrations requires operational flexibility by the firm gauged by integrations across functions, across business and

across product wide operations (Khalid, 2002). The key integrated capabilities may be assessed against three attributes that is uniqueness, rareness and limitability.

2.2.3 Porter's Generic Strategies theory

Competitive advantage of the firm grows out of the value a firm is able to create for its buyers that exceed the cost of creating that value (Porter, 1985). Competition determines the success or failure of any firm in a competitive industry. A competitive strategy in a given firm implies firm searching for a favorable competitive position in a competitive industry (Porter, 1985). A competitive strategy aims at establishing profitable and sustainable position against the forces that determine industry competition. In a competitive industry the firm needs to consider industry attractiveness and its competitive strategies (Porter, 1985). A given firm in a competitive industry can slightly influence industry attractiveness but can strongly determine its competitive position. In his book 'competitive advantages' Porter suggested three main strategies also referred to as generic strategies which a firm can apply to gain competitive advantage (Porter, 1985). The three generic strategies include, Cost leadership, Differentiation, and focus strategies. A firm which may use any of the three strategies to gain competitive advantage but fails to gain any competitive advantage is said to be stuck in the middle.

Cost leadership strategy is adopted by the firms which decide to become a low cost producer. Some sources of cost advantage for such firms may arise from economics of scale, use of technology, access to cheap raw materials among others. To implement this kind of strategy the firm requires plentiful sources of low cost labor, efficient training and high turnover. These kinds of firms most of the time achieve above average performance in their respective industry (Porter, 1985).

Differentiation strategy involves a firm seeking to be unique in its industry among other dimensions valued by the consumer. The firm selects one or more attribute highly valued by consumers and uniquely position itself to meet those needs. The uniqueness of the product is rewarded by the premium price paid by the consumers. Some of the unique values utilized by these types of firms may include distribution network, marketing approaches, product branding among others (Porter, 1985). A

good example of firms which have adopted this kind of strategy includes Caterpillar tractors in USA. The company machineries and tractors are of high quality, they offer quality after sale services, good distribution network and availability of spares. The logic behind a firm choosing differentiation strategy is that it must choose attributes perceive as unique compared to competing firms.

Focus strategy is adopted by the firm which decides to deliver values to a particular segment. Cost leadership and differentiation strategies cut across industries but focus strategy targets a particular segment with unique needs (Porter, 1985). The strategy may have cost focus which exploits cost behavior for some segments or differentiation focus seeking differentiation in its target segment. The rationale about this strategy is that needs of the selected segment is poorly served by broadly targeted competitors who serve them at the same time they are serving others (Obas, 2009). The broad based competitors may be incurring a lot of costs serving those segments and a firm which aims at focusing on such kind of segment might use cost focus strategy. There are several sustainable focus strategies, provided that focusers choose different target segments.

A firm which adopts any of the three strategies but fails to achieve any of them is said to be 'stuck in the middle' and does not have any competitive advantage. This strategic position is not a pleasant position and is a recipe for below average performance. A firm occupying this position is a disadvantaged firm since differentiators, cost leader and focusers will be in a better position to compete in any segment. The only opportunities where these kinds of firms can earn any meaningful profit is only when the industry is highly profitable. Being in this situation is a clear indicator that the firm is unwilling to make choices on how to compete. According to Porter successful firms which decide to forego generic strategies for the sake of growth or prestige may end in this kind of station (Porter, 1985).

Porter's generic strategies have been tried for more than two decades and found to be applicable in obtaining competitive advantage of the firm although they exhibit some limitations. A study by Nandakumar and Abbey Ghobadian (2009) on generic strategies in manufacturing firms indicated that application of any of Porter's generic strategies in firms contributed to firms competitiveness (Nandakumar, 2009).

However the study by Nandakumar observed some limitation with generic strategy theories whereby application of cost differentiation and differentiation generic strategies did not correlate with firm's financial performance in different firms. Prahaland(1990) completely disagreed with Porters theories where he argued that firms differ in structure and resources so uniform applications of Porters generic strategies across firms will yield different performance results(Prahaland, 1990). This theory is too rigid and does not allow the firm to think outside the three generic strategy framework and is more reactive more than proactive means of creating competitive strategies(Prahaland, 1990).

For a better performance of the firms some authors like Bowman and Faulkner (1997) did not dismiss Porters generic strategies theory of competitive advantage but argued that the combination of any of the three generic strategies may improve firms competitiveness(Bowman, 1997). There are some instances whereby a customer wants a quality product at a cheaper price compared to competitor's products meaning that a firm can apply cost differentiation and differentiation at the same time to meet needs of such customer(Bowman, 1997). A combination of two generic strategies may create synergies that may overcome limitations of applying one of the generic strategy to obtain competitive advantage by the firm (Pannel, 2006).

2.3 Brand positioning as a Strategy for Competitive Advantage

Branding positioning strategy aims at creating unique features which are different from that of competitors(Janiszewsker, 2012).Brand positioning strategy starts with the firm identifying its vision and turns the vision into tactical operations which inspires and motivate the firm to pursue activities resulting into firm's growth. The strategy starts by defining the firm, then identifies the customers and their needs, then identify why customers buy the brand and finally analyzing competitors moves(Klosova, 2009). Any brand elements such as logo, name, slogan, packaging, character addresses the four areas which determine brand positioning strategy.

When deciding which brand positioning strategy to apply consumer needs plays a critical role. Consumer needs may be classified as functional needs, symbolic needs and experiential needs (Fennell, 1978). Functional needs are defined as those needs

that motivate search of product that solve consumer related problems. These are externally generated consumption needs. Symbolic needs are needs a consumer requires to fulfill internally generated needs for self enhancement like role position, group member or identification (Whan Park, 1986). A brand with experiential needs in consumption is designed to fulfill internally generated needs for simulation or variety. Brand designed to fulfill functional needs include lawnmower, cleaning detergent among others. Items like salon cars are symbolic and food items are experiential.

Brands meant to fulfill functional needs should emphasize on functional concepts, functional performance in solving consumer related problems. The branding activities involved should differentiate the brand performance from that of competitors. As consumers get used to the brand and competition intensifies firms applies elaboration strategies. These strategies are applied when product becomes technically complex, needs more specialized and markets become more fragmented (Whan Park, 1986). The aim of elaboration strategy is to differentiate the brand from that of the competitors. A good example is having washing detergent with chemicals to kill germs. Once the brand matures then the firm may adopt fortification strategies whereby related items adopt the brand name an example is the Vaseline beauty products named after Vaseline petroleum jerry. Brand elements used on brand meant to fulfill functional needs should address the functional aspects of the brand.

For brands with symbolic needs the introductory strategies should be directed to protecting a target group by making consumption of such brands difficult to non-users this may include limited outlets. At elaboration stage firm can introduce additional constrains referred to as market shielding. The firm can introduce language barriers, isolated distribution, and premium price among other barriers to discourage non users and make the brand scarce and special(Whan Park, 1986). At fortification stage the branding activities should involve introduction of other related products that define a particular lifestyle. If the firm was specializing with suits they can introduce hats, shoes, belt all tailored to a particular group aimed at defining

lifestyle of such group. Branding elements applied on this strategy should be aimed at defining social status of the brand users.

For the brand with experiential needs introductory stage branding strategies focus on conveying brand effects on sensory satisfaction or cognitive stimulation (Whan Park, 1986). At brand introduction stages fantasy aspects associated with consumption should be highlighted in the brand (Schmitt, 1999). Once consumers become used to the brand and competition intensifies the branding strategy should focus on cognation or sensory simulation and encourage frequent consumption. At an advanced stage the firm can apply fortification strategies that link the brand with other experiential brands. If the firm was dealing with cooking oil then the same brand can be linked with margarine. The branding elements applied for brands with experiential need should capture consumer's sensory organs.

The duration of stay at any of the three stages would be determined by the rate of competition and innovations by competitors. (Whan Park, 1986). There are chances that due to advancement in technology and the rates of new entrants in the market that a given brand may cease to be relevant. If a brand loses its value then the firm has only two alternatives. The first alternative is to reposition the brand. Reposition strategy involves moving a particular brand from one class of customer needs to higher class. If a product was addressing functional needs, it can be repositioned to address experiential needs. The other alternative would be removing the brand from the market and introduce a new brand whose concept is consistent with the market trends, common branding strategy adopted by automobile makers.

Mwea rice dealers can apply branding strategy to position the Mwea basmati rice as a brand to address consumer's functional needs, symbolic needs or experiential needs. To address functional needs dealers can apply cost leadership strategy where they brand the rice as cheap and affordable to most consumers (Porter , 1985). As a symbolic brand they can apply differentiation strategy to imply that this kind of rice is special and meant for a special category of consumers who are willing to pay a premium price. This has been a case of Royal umbrella Basmati rice from India. This brand of basmati rice is expensive and can only be found in a few high end outlets and supermarket in the country(GOK, 2011). Dealers can utilize the special

qualities of Mwea basmati rice and position the brand to address experiential needs. The aroma and special cooking qualities of this brand can be used to create a good sensory experience especially for the kind of consumers who are taste sensitive especially urban dwellers.

2.4 Empirical Evidence of Branding and competitiveness

In an investigative study on effect of branding rice and sugar in India, Kathuria and Paramjeet (2013) observed that branded rice and sugar were more favored by consumers than unbranded sugar and rice (Kathuria, 2013). This observation was supported by increased sales of branded sugar and rice by selected dealers. Consumers perceived branded rice and sugar as having all the qualities they were looking for from such products. According to consumer the best rice had a nice aroma, free from adulteration and chemicals and this was guaranteed by the branded rice. The loyal consumers facilitated brand awareness through good word of mouth to relatives and reference groups. Branding also made it easier for marketers since they gained more customers just through good display of branded rice and sugar at the sale outlet points

Francoise and Marianela (2010) survey on consumers response to different brands of juices, observed that famous brands had a strong assimilation than less common brands (Francoise, 2010). Once these juices were subjected to a blind test, respondents could not differentiate these juices based on their physical qualities. Shamidra and Kamar(2013) study on branding pharmaceutical products observed that consumers needs assessment leads to development of brand positioning strategies(Shamidra, 2013). The brand positioning strategy communicates functional value of the brand and brand personalities which enhances brand recall an important determinant of brand loyalty.

Demeteris and Alkis (2011) study on a very competitive wine industry in Italy observed that branding strategies had significant effect on consumer's responses toward particular brands due to perceived quality and status of such brands(Dometeris, 2011). Effective branding strategies enhanced product perceived quality and status which had significant effect on such wine firms competitiveness

as seen in their financial performances. Shamidra and Saroj (2013) study on effect of branding strategies on pharmaceutical products observed that branding of pharmaceutical products enhanced communication on products functional value and brand personality(Saraj, 2013). In Shamidras case the medical practitioners played the key role in brand promotion since they were the link between the consumer and the pharmaceutical firms. Practitioners identified customers for the pharmaceutical products and advised on the best brands to purchase. Branding strategies also enhanced competitiveness of a service industry as observed in Hayes and Brunel (2006) study on effects of branding on institutional of higher learning(Hayes, 2006).Hayes observed that branding activities enhances brand perceived attractiveness and personal traits which intern affects the desirability of a given institution.

Locally, a study by Muthoni(2009) on branding of KARI products suggested improved perception of quality on KARI branded products (Pricilla, 2009). Branding by KARI was not a formalized branding strategy but their labeling and marketing activities indicated some form of branding strategy to obtain competitiveness of KARI products. Brand positioning strategies had a significant effect on hotel competitiveness within Nairobi (Stella, 2012). Upper class hotels in Nairobi which had formalized brand positioning strategies performed better than those without branding strategies. However in this study Stella observed that most upper class hotels had formalized branding strategies but there was an issue in implementation due to management structure and attitudes by the staff. Overall these two studies conclude that branding strategy enhances firm competitiveness in the competitive business environment.

2.5 Summary of the Literature Review

Based on the three theories of competitiveness, a firm can formulate branding strategies aimed at making the brand a unique asset for competitiveness as in resource based theory, brand as a positioning tool in porter's generic strategies theory of competency. As a unique firm asset a brand may be tailored in a way that it becomes difficult to imitate by competitors. Through innovation and market

restructuring a brand may be manipulated to become a source of firm's competitiveness as in core competency theory. A brand can be differentiated to communicate different values to different consumers as in Porters generic strategy theory.

Studies done by Kathuria (2013), Marianela (2013), Pricilla (2009) on branding and product competitiveness, suggests that there is a positive relationship between adopting branding strategies and products competitiveness. In the same regards this study aim to establish whether application of branding strategies has any significant effect on competitiveness of Mwea basmati rice.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives the research technique that was adopted in the study. It covers the proposed research design, target population, data collection techniques and data analysis methods used during the study.

3.2 Research Design

This study adopted a cross section survey with an aim of finding out branding strategies adopted by the main rice dealers to obtain competitive advantage. A cross section survey is descriptive in nature and it's focused on finding out what, when and how much of the phenomenon. This type of research design should guild the researcher in obtaining data, analyzing data and interpreting facts then make inferences about the population of interest.

The design is appropriate for this study since it allows the researcher to describe the variables in trying to establish branding as a competitive strategy in the Mwea basmati rice dealers.

3.3 Population of the study

The population of this study included 10 Mwea basmati rice dealers in Mwea. This list was obtained from the chamber of commerce newsletter May 2011. The 10 Mwea basmati rice dealers are either registered as limited companies, SACCO or Sole traders. Upon confirmation from the chamber of commerce updated data on Mwea basmati rice dealers by 2013 the list had not increased. The study adopted census survey since was population is small (appendix 2).

3.4 Data Collection

The research collected Primary data by way of self administered questionnaires; this is because the information was from an original and basic source. Research

questionnaires had both open and closed questions developed in line with research objectives. The closed ended questions were measured by the five point Likert scale.

The target respondents were Mwea basmati dealers management since they are in a position to monitor market performance of the rice industry and able to determine major competitors in the Kenyan rice market.

3.5 Data Analysis

The data collected was analyzed to ensure accuracy and coded to avoid errors as well as inconsistencies from the data. Descriptive statistics was used and findings presented in percentages, graphs, tables and pie charts to enable data to be summarized and organized in an effective and meaningful way.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study. The study had targeted ten Mwea Basmati rice dealers in Mwea and all of them took part in the study giving a response rate of 100%. The chapter is organised as follows. The next section presents the research findings. The last section presents the discussion of findings.

4.2 Research findings

This section presents the dealers profile, date of establishment, distribution outlets, source of basmati rice and dealers rating of competing imported brands. The purpose of this section was to establish dealers experience in the Mwea basmati rice business, management strength, experience, product sourcing, and distribution network and dealers analysis of competing imported brands. These findings would assist in establishing dealers understanding on competition in the local rice market and dealers strategies to counter the competitions. This data was obtained by self-administered questions, dealers profile information was obtained from dealer's responses on questions 1-7 (appendices 1 part A). Data on dealer's analysis of imported competing brands was obtained from dealers responses on questions 1-5 (appendices 1 part B questions).

4.2.1 Mwea basmati dealer's duration in operation and number of staff

The purpose of this sub section is to presents dealers duration of operation, experience and management strength. The results in Table 4.1 represent Mwea basmati dealer's date of establishment and number of employees.

Table.4.1: Mwea Basmati Dealers Date of Establishment and Number of Employees

Duration of time	Number of dealers established	Number employees	
		Min	Max
1960-1970	2	50	100
1970-1980	1	0	100
1980-1990	0	0	0
1990-2000	1	0	300
2000-2010	3	5	8
2010-To date	2	6	50

Source: Research Data (2014)

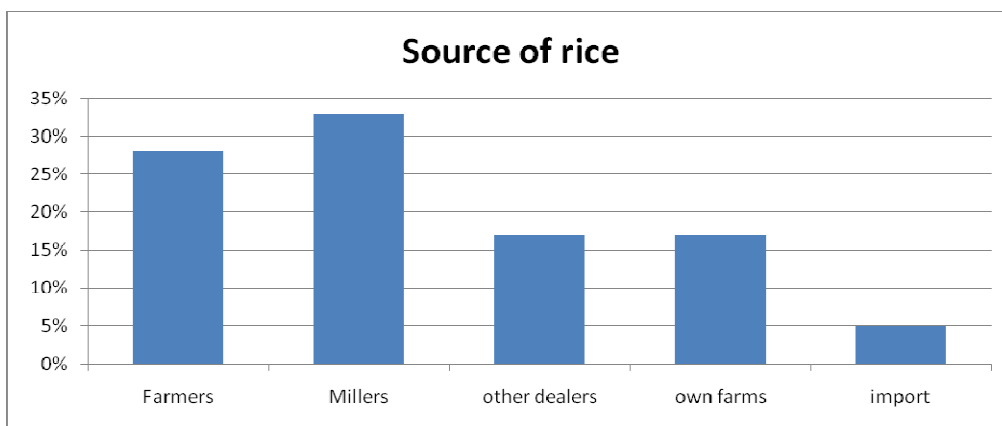
For the two earliest established dealers one is a joint ownership between Mwea rice farmers and the government of Kenya. The other Mwea basmati rice dealer is wholly owned by the farmers and registered as a SACCO. The two dealers have a well-established management and headed by a C.E.O appointed by the board. There is a well-established marketing team and a large network of distribution outlets. The dealer formed by 1980 is a government Parastatal dealing with all types of cereals in Kenya. This firm has a branch in Mwea which purely deals with Mwea basmati rice and mainly supply to government institutions and direct to consumers. The period between 1980 and 1998 there was no private Mwea basmati dealer since the company owned by the farmers and the government was the only authorized dealer to sell Mwea basmati rice. The period between 1999-to date saw the entrant of private dealers after rice marketing in Mwea was liberalized. After 1999 there emerged two big limited companies dealing with Mwea basmati rice. Beside the limited companies and the SACCO there were 5 major sole traders supplying Mwea basmati rice where two out of five have registered their Mwea basmati brand names.

Mwea basmati rice dealers registered as limited companies and the SACCO are headed by company C.E.Os appointed by company boards. These dealers have well established marketing teams and network each headed by marketing managers. For the sole traders the business owners act as their C.E.O s and Marketing managers. They deal directly with their customers and other dealers and outsource promotion and branding activities from Marketing experts and other established dealers.

4.2.2 Mwea basmati rice sourcing and distribution by the dealers

The source of Mwea basmati rice is significant since it determines the Quality of Mwea basmati rice availed for the final consumer. The supplying outlets determine the level of branding that the dealers have to adopt since the same outlets are dealing with other imported rice brands. The distribution outlets act as the link between the final consumers and the dealers, since they advise the dealers on consumers concerns.

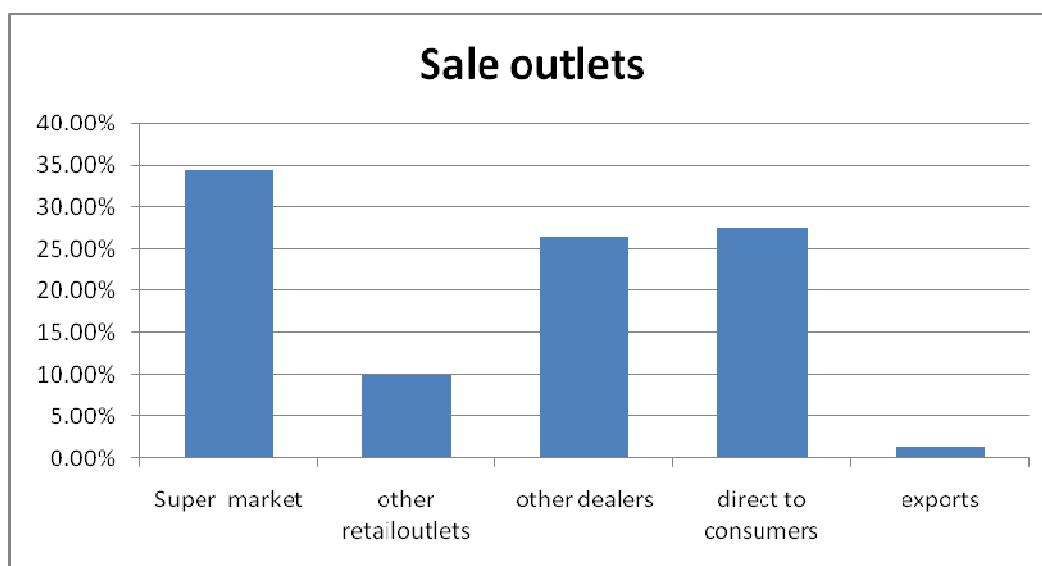
Figure 4.1: Major Sources of Basmati Rice by Mwea Basmati Dealers.



Source: Research Data (2014)

Figure 4.1 shows the sources of Mwea basmati rice by Mwea basmati rice dealers in Mwea. As shown, the study revealed that 33% of the dealers sourced rice from millers, 28% from farmers, 17% from other dealers, 17% from own farms, and 5% imported rice. The bigger percentage of the rice comes from the millers since most of these Mwea basmati rice milling plants are directly owned by the dealers. Some dealers source their basmati rice directly from farmers. Some farmers directly avail their basmati rice to their own Milling plant registered as a SACCO. The bigger private limited company dealing with Mwea basmati rice mainly source their rice from other dealers and private millers. For the sole traders their major source of basmati rice is from millers and directly from farmers. After sourcing of Mwea basmati rice most of the dealers brand their rice by their own brand names. The source greatly influences the quality of Mwea basmati supplied to the market and the branding activities adopted by the dealers.

Figure 4.2: Distribution Outlets by Mwea Basmati Rice Dealers.



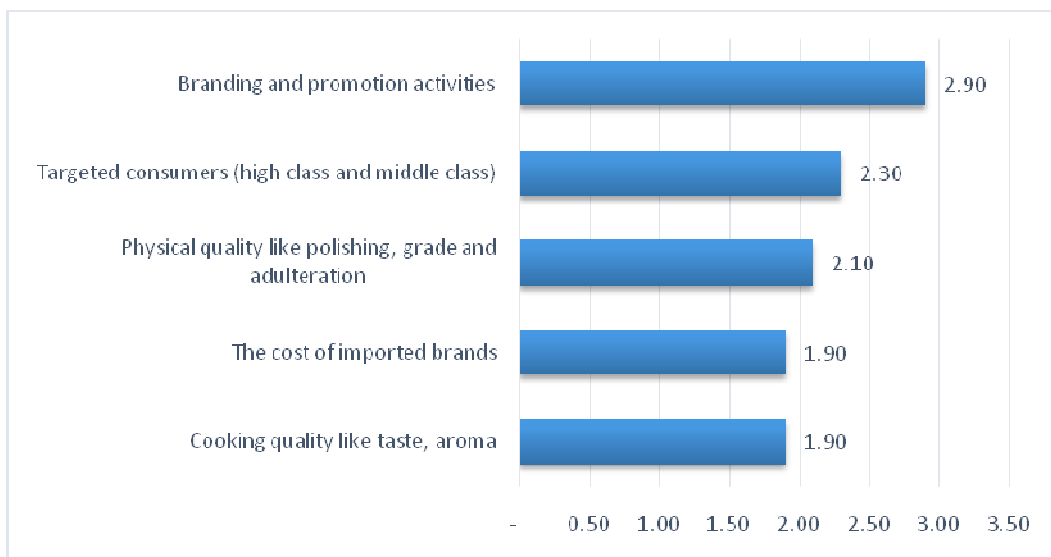
Source: Research Data (2014)

Figure 4.2 shows the results of the distribution channels used by Mwea basmati rice dealers in Mwea. As shown, the study found that 34.5% of the dealers supplied to supermarkets, 27.5% sold directly to consumers, 26.5% supplied to other dealers, 10% used other retail outlets and 1.5% exported it. Bulk of Mwea basmati rice is supplied to supermarkets meaning that it's accessible to majority middle income and high income consumers due to its high price. In supermarkets there is variety of other imported competing brands and this call for intensive branding activities for Mwea basmati rice. Most of Mwea basmati rice in supermarkets is supplied by major dealers who are registered as companies or SACCO. Bigger dealers owned jointly by the government and farmers supply to all government institutions described as direct consumers. There is also a lot transaction among dealers where a dealer can supply to other dealer if such a dealer has fewer quantities as demanded by his loyal customers. Most of Mwea basmati is consumed locally apart from a very small percentage exported within East Africa by one of the major private dealer.

4.2.3 Mwea basmati dealers rating on imported competing rice brands

When drafting a competitive strategy a firm needs to carry out SWOT analysis which involves analyzing firm's strengths and weaknesses and those of competitors (Porter, 1980). Most of Mwea basmati rice dealers have loyal customers and customer's feedback mechanism which allows such customers compare imported brands with Mwea basmati rice. Some of these views come from such loyal consumers to dealers and dealers own opinions but are necessary to enable such dealers build barriers against competitors in the local rice industry. This data was obtained by requesting Mwea basmati dealers evaluate imported rice brands on the basis of some given parameters (see appendices 1 part B questions 1-5). The results were presented inform of graph as indicated by the figure below.

Figure 4.3: Mwea basmati Dealers Rating on Imported Rice Brands



Source: Research Data (2014)

Figure 4.3 shows the dealers' rating on top imported rice brands in Kenya. The results show that the imported brands performed averagely in terms of branding and promotion activities ($M = 2.9$, $SD = 1.57$) but performed poorly in terms of their physical quality ($M = 2.1$, $SD = 1.6$) and cooking quality ($M = 1.9$, $SD = 1.29$). The dealers also noted that they cost higher ($M = 1.9$, $SD = 1.1$) and targeted specific market segments ($M = 2.3$, $SD = 1.57$).

Mwea basmati rice dealers rated imported brands averagely in terms of branding and promotion activities but rated these brands poorly in terms of physical qualities, taste, aroma and pricing. According to the dealers local Mwea basmati rice is superior in terms of physical quality, taste, aroma and prices quoted are justified. According to dealers these brands scored better than Mwea basmati rice in terms of branding and promotion activities which make such rice appear superior to Mwea basmati rice.

4.3 Branding activities and brand positioning of Mwea basmati rice

Branding as a competitive strategy is very important for a firm since it's aimed at differentiating the product on offer from other similar products fulfilling the same needs (Keller, 2003). The main aim of this study was to identify branding activities adopted by Mwea basmati dealers and how such activities contributed to competitiveness of Mwea basmati rice into the local rice market. A brand can gain an image depending on how firms position such a brand and consumers evaluation of such brand in terms of promises guaranteed by such brand (Whan Park, 1986). The study also aimed at establishing the brand positioning strategies adopted by Mwea basmati dealers. The study found out that Mwea basmati rice was branded as Pishori rice to differentiate this rice from the imported basmati rice from India and Thailand. The term Pishori is associated with aroma which is the main strength associated with Mwea basmati rice compared to its competitors.

Out of the 10 dealers considered in this study seven representing 70% of all dealers had their particular brand name associated with the dealer but all were branded as Mwea Pishori. The three dealers without particular brand names representing 30% of all dealers either supplied other dealer's brands to their esteemed customers or supplied unbranded Mwea basmati rice to major dealers who intern branded such rice with their particular brand names. The branding activities considered in this study involved brand awareness activities, promotion activities and management considerations on such activities. Data was obtained by requesting the Mwea basmati rice dealers C.E.Os pick the appropriate option in each question provide in the appendices part 1B.(question 7-17). The results were summarised inform of a Table 4.2 and Figure 4.4.

Table 4.2: Brand Activities for Mwea Basmati Rice

Brand activities	Mean	Std. Dev
Brand promotion	4.2000	.63246
Customer service and feedback mechanisms	3.6000	.96609
Management branding activities	3.3000	.82327

Source: Research Data (2014)

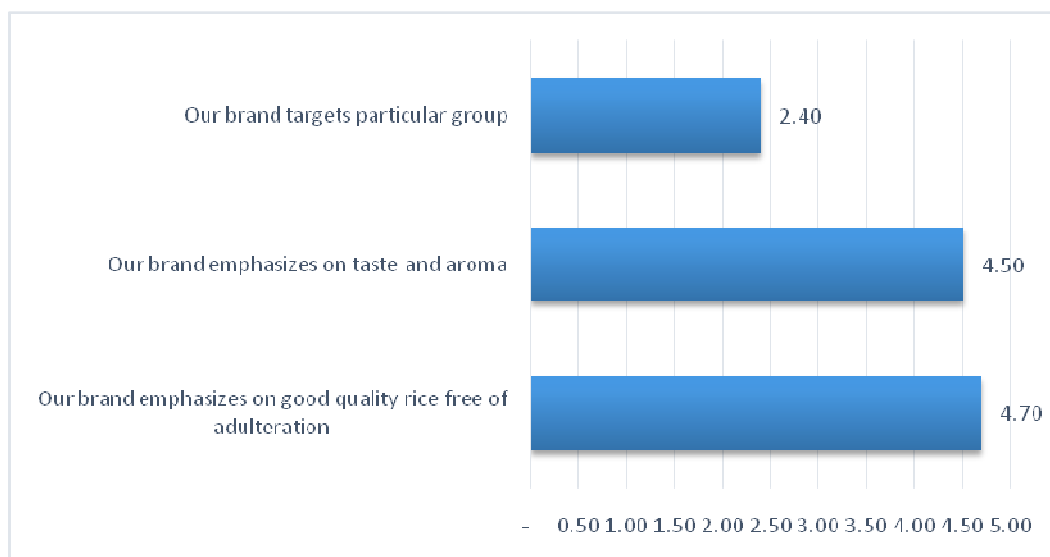
Table 4.2 presents the results of the brand activities by the Mwea basmati rice dealers in Mwea. As shown, the study found that brand promotion was done by most of the dealers ($M = 4.2$, $SD = 0.63$). Further, customer service and feedback mechanism was a priority for most of the dealers ($M = 3.6$, $SD = 0.97$). The results also show that management took interest in the branding activities ($M = 3.3$, $SD = 0.82$). The results suggest that brand promotion activities were given a priority by majority of Mwea basmati dealers. Brand promotion activities involved attractive packaging and assigning of brand names, effective distribution network and advertising. The main aims of these activities were to create brand awareness and promote the image of Mwea basmati rice.

Customer service related branding activities are those activities whose main purpose was to support brand promotion activities and create brand trust and loyalty. The study aimed at establishing whether dealers had customer feedback mechanisms where customers would express their opinion on the quality of basmati supplied by respective Mwea basmati dealers. These activities did not score high compared to brand promotion activities. The activities were rated higher among the private Mwea basmati dealers than companies owned jointly by farmers and the government meant including the one registered as a SACCO. For the smaller private dealers they easily interact with their customers and are able to get instant feedback.

Management support on branding activities scored low ($M 3.3$) compared to other branding activities meaning that management give less priority to branding activities compared other activities like sales and product sourcing . The low score suggests that though management recognized branding as means gaining competitiveness as shown in high scores attained in promotion activities they did not give full support

in terms of resources. Mwea basmati rice dealers indicated their customer feedback contacts on their packaging's but managements responses on such concerns was low contributing to the low score.

Figure 4.4: Brand Positioning for Mwea Basmati Rice



Source: Research Data (2014)

Figure 4.4 shows the results of brand positioning by the dealers in Kenya. The study found that the brands emphasized on good quality (M = 4.7, SD = 0.48) as well as taste and aroma (M = 4.5, SD = 0.53). However, the results show that the dealers did not target particular groups of customers (M = 2.4, SD = 1.51). The most dominant features on Mwea Pishori rice brands were based on the physical quality of the rice. Terms like grade 1, polished and free from particles featured dominantly in all the brands supplied by Mwea basmati dealers. The main aim by the dealers was to convince their loyal customers that Mwea basmati rice is the best in terms of physical quality compared to imported brands. From physical quality other dominant features for Mwea Pishori rice was the aroma and the taste. Dealers capitalized on the customer's perception by the loyal customers that Mwea Pishori rice offered better taste and aroma experience compared to other brands in the market and the term Aromatic featured dominantly in all the brands. Mwea basmati rice did not target any particular class of customer explaining the lower scores (M 2.4) seen on

fig 4.4 However the distribution outlets and the cost suggested that this brand targeted middle and upper class customers.

Brand positioning was considered in this study since it forms the basis of branding activities. A brand may be positioned to serve functional, experiential or status factions (Whan Park, 1986).The branding activities adopted by the firm addresses the brand postioning adopedt by the brand.

4.4 Branding and Competitiveness of Mwea basmati rice and interventions

The other objective of this study was to find out whether branding activities adopted by Mwea basmati dealers had any significance effect on competitiveness of Mwea basmati rice. Mwea basmati rice dealers identified imported rice brands as the main competitor to Mwea basmati rice and any branding activities applied on this rice was to convince consumers that Mwea basmati rice is better than these imported brands. All the dealers considered in this study suggested that branding was an important strategy to convince local rice consumer that Mwea basmati rice was superior to imported rice brands. For all the dealers who were actively branding their Mwea basmati rice, there were significant increase in sales and increase in more loyal consumers than those who supplied unbranded Mwea basmati rice. This data was obtained by requesting Mwea basmati dealers answer question 18 -20 (appendices 1 Part b) and analyzing the responses. The responses were summarised in the following Table 4.3 and 4.4.

Table 4.3: Competitiveness

Statistic	Competitiveness
Minimum	3.00
Maximum	5.00
Mean	4.02
Std. Dev	0.74

Source: Research Data (2014)

Table 4.3 shows the competitiveness of Mwea Rice as scored by the dealers on a scale of 1 – 5 due to branding activities. As shown, the study found that the mean competitiveness was 4.02 with a standard deviation of 0.74. This means that branding activities significantly contributed to enhanced competitiveness of Mwea basmati rice. All the dealers considered in this study considered branding activities as a tool to enhance the image of Mwea basmati rice. According to most dealers, it's very challenging to identify the type of rice available in the market, unless such rice is clearly branded. Assigning of brand names, intensive promotion activities to enhance brand awareness and addressing consumer concerns enhanced the image of Mwea basmati rice affecting the competitiveness of this rice. Branding and competitiveness was rated higher among Private Mwea rice dealers than those jointly owned by the farmers and the government.

Table 4.4: Interventions to Improve Competitiveness of Mwea Pishori rice brand

Interventions	Mean	Std. Dev
Quality milling	4.3000	.67495
Government control of quality	4.7000	.48305
Management support on branding activities	4.4000	.51640
Intensive branding and brand awareness activities	4.3000	.67495

Source: Research Data (2014)

Table 4.4 shows the interventions that can be used by Mwea basmati rice dealers to improve the competitiveness of Mwea Pishori rice brand. As shown, the major possible intervention was government control of quality (M = 4.7, SD = 0.48), followed by management support on branding activities (M = 4.4, SD = 0.52). Quality milling (M = 4.3, SD = 0.67) and intensive branding awareness activities (M = 4.3, SD = 0.67) were also used to improve competitiveness. All the dealers considered in this study identified branding as an important strategy to improve the competitiveness of Mwea basmati rice compared to imported rice brands. Among the four options provided in the questionnaire government control of quality was rated higher (M 4.7). According to dealer's quality control of seedling, quality marks would enhance the physical and experiential qualities of Mwea basmati rice.

Management support of branding activities came second by scoring a (M 4.4). According to these dealers increasing resources to branding activities would enhance intensive brand promotion activities boosting the Mwea basmati rice brand awareness thus more loyal customers. Intensive brand awareness activities and quality milling scored the same scores (M 4.3). The two activities were also rated high but according to the dealers their success will be determined by the resources allocated to these activities and government control of quality of Mwea basmati rice.

4.5 Discussions and findings

The study started by analyzing dealers general profile to establish their date of establishment ,source of their product ,sale distribution network and how they rate their competitors imported rice brands. This information was necessary to establish whether Mwea basmati rice dealers understand the industry they are operating in. Before coming up with any competitive strategy the firm needs to carry out SWOT analysis to identify its strengths and weaknesses and those of competitors then come up with superior strategies than those of competitors and utilize the available opportunities (Prahalad, 1990). The success of such strategy would be determined by the firm's superior resource which includes Management structure, experience among others (Peteraf, 1993).

The study found out that, out of the 10 dealers 3 representing 30% of all the dealers are owned by the farmers and the Government. Among the three major dealers one dealer jointly owned by the farmers and the government had enjoyed a monopoly of supplying Mwea basmati rice for a period of 30 years. This implies that the Dealer have well established Management, resources and distribution network. The Dealer registered as SACCO was initially registered to offer savings and credit services but ventured into rice marketing after local rice market was liberalized in 1998. This dealer is stronger in terms of Management, resources, distribution network. The third major dealer is wholly owned by the government and deals with all types of cereals but have a branch which specializes with Mwea basmati rice. The three major dealers are strong in terms of resources and a bigger base of loyal customers. Barney (Barney, 1991) suggested that firm's resources can enhance a competitiveness of the firm. The firm experience in the business can also be considered as a core competence of the firm and can be utilized to gain competitive advantage over firm rivals (Khalid, 2002). Despite the all the resources and larger loyal customer base these dealers branding activities were lower compared to privately owned Mwea basmati rice dealers.

Seven out of the 10 dealers considered in this study representing 70% are privately owned. Out of seven one major dealer specializes in other products like maize four and imported rice brands. The branding activities by this dealer are intensive, have strong resources, strong management and source most of his products directly from major milling firms owned by the farmers through SACCO and other private Dealers. The second major dealer supplies his product directly to customers under his own brand. The dealer is strong in terms of resources and management and considers branding activities as means of gaining competitiveness among competitors. Two out of five other private dealers outsource marketing services and have their own brands. The branding activities among the five are intensive as they try to compete internally with other major Mwea basmati rice dealers and imported rice. This observation where government owned dealers are slower in branding activities compared to privately owned dealers may be attributed to flexibility in management. Flexible management facilitates quicker innovations and adoptions, which is a core competence of the firm (Prahalad , 1990).

The results in this study suggested that most of the rice sold through the various dealers was from millers (33%) and farmers (28%). This may be attributed to the fact that a bigger quantity of Mwea basmati rice was sold by the farmers through their cooperative society to the major rice millers in Mwea. These farmers also own their own milling plant through Mwea multipurpose cooperative society and Mwea rice mills owned jointly by farmers and the Kenyan government through National irrigation board. Most millers supplied Mwea basmati rice to other dealers in bulk and such dealers branded such rice under their own brand names. This fact may suggest why there were less branding activities among major dealers who own such milling plants since they supply the Mwea basmati rice in bulk to other millers.

The study reveals that there are a lot of transactions between dealers representing 17% of all rice supplied by Mwea basmati rice dealers. When supplying to other dealers, the supplying dealer supplies in bulk and do not brand such rice, the receiving dealer then brands such rice in their own brand names. Some dealers especially sole proprietor source their rice directly from farmers then deliver to millers for milling then brand such rice under their brand names. There is only one

dealer who imports rice then blend some of it with local Mwea basmati rice and supply to the major supermarkets under blended Mwea Pishori rice brand. The source of Mwea basmati rice affects the quality of Mwea Basmati supplied by the dealers and the intensity of branding such rice to improve its image and shield it against intensive competition. When positioning a brand the firm needs to consider the trust such a brand has to gain due to consistency in promised quality or function of such a brand (Dometeris, 2011).

The supply outlet by Mwea basmati rice dealers was an important factor since it affects the intensity of branding activities and the competitiveness of Mwea basmati rice. Bulk of Mwea basmati rice was supplied to the major supermarkets representing 34% of all Basmati supplied to consumers. Private dealers lead in supplying Mwea basmati rice into the supermarket suggesting why they consider branding as an important activity for gaining competitive advantage over imported brands in the supermarket shelves. For the government owned Dealers they supplied direct to consumers like government institutions and their own outlets. The supplying trend by such dealers suggests why branding activities were not as intensive as private dealers. There seems to be intensive competition of branded rice in the Kenyan famous outlets and such Mwea rice dealers supplying to such outlet needs to adopt competitive strategies to survive in such markets. This fact suggest why Mwea basmati dealers supplying to such outlets needs to differentiate their products through intensive branding (Porter, 1985).

Dealer's opinion on imported brands was considered in this study to evaluate their Knowledge on their competitor's strength and weaknesses (Porter, 1980). This knowledge is important to enable dealers come out with strategies that would address the competition. The branding activities in this study mainly emphasized on some of the qualities which were lacking in the rival brands. According to the dealers Mwea basmati rice was superior in terms of qualities and aroma and the price quoted on Mwea basmati rice was justified. This can be found in the Mwea basmati dealers opinion on imported brand physical quality which scored a mean of 2.1, cooking qualities M 1.9, cost Scored a mean of 1.9 meaning the high cost

quoted on imported brands are not justified. However according to Mwea basmati dealers branding activities adopted by imported brands fared well.

Mwea basmati dealers adopted branding activities to make their rice more competitive compared to imported brands. Mwea basmati rice was branded as Mwea Aromatic Pishori rice to differentiate this rice from the imported brands. For all the dealers brand promotion activities scored higher at a mean of 4.2. This implies that Mwea basmati rice dealers considered brand promotion activities important in gaining a competitive edge among their rivals (imported rice brands). Brand promotion activities included attractive packaging, advertising, assigning brand names and distribution network. Activities like advertising were rated higher among Private dealers than government and farmers owned Dealers. Customer service and feedback mechanisms were also considered as important that's why they scored a mean of 3.6. This activity was higher among the private dealers than the government and farmers owned dealers. Management efforts toward branding activities were rated lower compared to other two activities meaning management did not allocate enough resources toward branding activities.

Brand positioning is an important activity in branding since it communicates the benefits of a brand to consumers (Whan Park, 1986). The study tried to establish the brand positioning adopted by Mwea basmati dealers. The results from this study suggest that Mwea basmati rice dealer's position Mwea basmati brand as a functional brand since more emphasis is on physical qualities of this brand (M 4.7). This brand is also positioned as an experiential brand since it also emphasis on cooking qualities such as taste and Aroma (M 4.5). However these dealers put less emphasis on class, so this brand seems not be positioned for particular class (M2.4). The results indicate that these dealers need to position this brand based on one particular characteristic to differentiate the brand from the imported brand in the mind of consumers.

Branding has positive effect on competitiveness of Mwea basmati rice. Based on the responses given by the dealers on the effect of branding on competitiveness of Mwea basmati rice, the results indicates a mean of 4.2 with a standard deviation of 0.74. According to these dealers branding differentiates Mwea basmati rice from the

imported brands since it's difficult to differentiate Mwea basmati rice from other imported basmati rice based on physical characteristics. By branding dealers are able to outline unique features that are found in Mwea basmati rice but are lacking in competing imported brands. Keller (Keller, 2001) suggested that the aim of branding activities was to differentiate a given with the competing brands designed to satisfy the same name. The unique features outlined in Mwea basmati rice can be considered as a core competence in this brand and has a positive effect in increasing the competitiveness of this rice against its rivals(imported brands) (Prahaland, 1990).

Most dealers suggested that if branding was allocated enough resources and management support Mwea rice farmers would not be complaining of competition from the imported rice. According to Mwea basmati rice dealers imported rice is poor in aroma, taste and physical qualities ,it's only the intensive branding activities on this brand that make it appear superior than Mwea basmati rice. The dealers had noted a bigger difference between supplying unbranded Mwea basmati rice and branded Mwea basmati rice. According to the dealers Consumers believe branded rice is more superior in quality than unbranded rice. This theory support the another study carried out by Kathuria in India on effect of branding rice in India (Kathuria, 2013). According to Kathuria branding rice made such branded rice appear superior to unbranded rice. This suggests branding enhances the image of a given product contributing to its competitiveness. On her study on effect of branding in the hotel industries in Nairobi Stella observed a positive relationship between branding and hotel competitiveness (Stella, 2012).

To improve the competitiveness of Mwea basmati brand dealers suggested some interventions which can enhance the image of Mwea basmati rice and make it more competitive in the local rice industry. Government intervention was rated high with a mean score of 4.7 and the standard deviation of 0.48305. According to Mwea basmati dealer's government through national irrigation board can control the quality of Mwea basmati seedling resulting to quality basmati rice. Beside seedlings government through Kenya be aural o standard can control the quality of basmati rice availed in the market by inhibiting adulteration o Mwea basmati rice. They

observed that there was adulteration of Mwea basmati rice by some unregistered small scale dealers, whereby they blended the imported brands with superior Kenyan Pishori rice. This uncontrolled blending dented the image of Mwea basmati rice thus affecting the competitiveness of this rice in the local rice industry. Adulteration of rice was identified as a negative activities that can affect the image of branded rice in India(Kathuria, 2012).

Management support on branding activities was also considered as an important intervention that can enhance the competitiveness of Mwea Basmati rice. This intervention had a mean score of 4.4 and standard deviation of 0.5164. Most dealers observed that if branding activities were allocated enough resources, dealers will carry out intensive branding campaigns to convince local rice consumer that Mwea basmati rice brand is superior to imported brands. According to Mwea basmati dealers they would intensify branding campaigns through media houses, attractive packaging's and other promotion activities. Mwea basmati rice is superior in quality compared to imported brands but it requires intensive branding campaigns to convince local rice consumer this fact. Quality milling and intensive branding activities had the same score, a mean of 4.3, According to the dealers intensive branding activities would be determined by the resources allocated by the management. Quality milling according to the dealers would only improve on the physical quality but branding activities would enhance brand loyalty among consumers of Mwea basmati rice.

Plahaland (Plahaland, 1990) considered Flexible management as a key competence of the firm that would assist the firm gain competitiveness in a competitive industry. According to Plahaland flexible management values innovation and facilitates adoption of new strategies. This study recognizes the importance of management in facilitating crafting and implementations of branding activities as a competitive strategy against imported rice. Beside improvement on Mwea basmati quality dealers recognizes Mwea pishori brand as a unique and argues that ,if more resources are allocated to development of this brand it may become a unique resource to counter competition against imported rice brands supporting Peteraf unique resources theory. (Peteraf, 1993).

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions, recommendations of the study, limitations of the study, and suggestions for policy and practice.

5.2 Summary of Findings

The study sought to examine the role of branding as a competitive advantage with a specific focus on Mwea Basmati rice. Specifically, the study examined the branding activities adopted by Mwea Basmati rice dealers as well as its branding as a basis of competitive advantage.

The study found that the main distribution channels for rice were supermarkets (35%), direct to consumers (28%) and other dealers (27%). The channel of distribution affected the intensity of branding activities employed by Mwea basmati dealers. For the dealers who supplied to the other Mwea basmati dealers in bulk branding activities were not considered since the purchasing dealer was expected to brand such rice in his own brand names. For the Mwea basmati dealing firms jointly owned by the farmers and the government branding activities were not given a priority since they supplied to other dealers in bulk or to government institutions. For Privately owned Mwea basmati rice dealers supplying to supermarket and other retail outlets branding activities were very necessary due to intensive competition from imported brands displayed in the same outlets shelves.

The main source of rice for the dealers was millers (33%) and farmers (28%). Other sources of Mwea basmati rice to dealers were, from other dealers 17%, own farms 17% and import 5%. Major milling plants were joint ownership between farmers and the government, One whole owned by farmers through SACCO and two privately owned. For major private dealers their major source of Mwea basmati rice for sale were from these milling plants. Farmers milled their own rice and supplied to other dealers explaining the 17% source of Mwea basmati rice for sale. The source of rice significantly affected the intensity of branding activities since it

influenced the quality of rice for distribution by the dealers. The intensity of branding activities also affected the competitiveness of Mwea basmati rice.

Mwea basmati rice was branded as Mwea Pishori rice to differentiate this brand from the imported brands. Out of the 10 dealers considered in this study 7 representing 70% had their particular brand names for Mwea basmati rice but all shared a common brand name Mwea Pishori rice. All the dealers were aware of the competition in the local rice industry and embraced some branding activities to improve the image of Mwea basmati rice and make it more competitive in a competitive local rice industry. Brand promotion activities aimed at enhancing the image of Mwea basmati rice were employed by all dealers but were more intensive in privately owned Mwea basmati rice dealers the farmers or government owned Mwea basmati rice dealers.

Brand positioning activity is an important activity in product branding since it communicates the significance of the brand to the consumer (Whan Park, 1986). A brand may be positioned to address functional needs, experiential needs or status needs. Each function determines the type of branding activities applicable to communicate the function of such product in the mind of the consumer (Whan, Park 1986). The study found that the dealers positioned the brand by emphasizing more on good quality rice that is free of adulteration. This kind of positioning would describe Mwea basmati rice as a product to serve functional needs like addressing hunger. Mwea basmati dealers also emphasized on the taste and aroma of rice. This function was less dominant than functional needs but was emphasized in branding of Mwea basmati rice. These were the main brand positioning features for dealers of Mwea Basmati rice.

Branding activities positively affected competitiveness of Mwea basmati rice. Branded Mwea basmati rice appeared more superior in quality than unbranded Mwea basmati rice. All dealers identified branding as means of gaining a competitive edge over competing brands as branding enabled these dealers outline unique qualities in Mwea basmati rice which are missing in imported brands. Most managers identified branding as a competitive strategy but its implementation was affected by low resources allocated for this activity. Branding was such an important

activity for Mwea basmati rice dealers to an extent that for those sole trader dealers without distinctive marketing section outsourced this service from established marketing professionals, but allocating resources for this activity was also a challenge to these dealers.

To improve competitiveness, a number of interventions were sought and these included government control of quality, quality milling, management support, and intensive branding and brand awareness activities. Government can control quality of Mwea basmati rice by availing quality seedlings through National irrigation board. Quality seedlings would improve the physical quality and experiential quality of Mwea basmati rice. Through Kenya be aural of standard Government can control the quality of Mwea basmati availed in the market. This control measure would ensure consumers get safe, clean and un adulterated Mwea basmati rice. By using current technology in milling dealers would avail into the market well-polished. Well graded, free from particles Mwea basmati rice. Intensive branding and brand awareness activities would enhance the image of Mwea basmati rice and make this rice more competitive in the market compared to imported brands. By convincing the local rice consumer that Mwea basmati rice is the best compared to imported brands , then avail the promised value then Mwea basmati dealers would have loyal consumers and would not be worried of imported rice brands.

5.3 Conclusion

The study concludes that the dealers of Mwea Basmati rice employ a number of branding activities on Mwea Basmati rice. These include brand promotion, customer service and feedback mechanism, and more involvement of management in branding activities. The brand was positioning activities described Mwea basmati rice as more function and experiential product. This was an area of weakness in branding Mwea basmati since it would have been more effective if they positioned this based on experiential needs since this rice is good in taste and aroma compared to imported brands. Although Mwea basmati dealers identified branding as an effective strategy

to enhance competitiveness of Mwea basmati rice, they did not allocate enough resources to fully implement this strategy.

Branding activities improved the competitiveness of Mwea basmati rice. Mwea basmati dealers identified some interventions that would enhance the competitiveness of Mwea basmati rice compared to imported brands. The major intervention was by the government control of the quality of Mwea basmati rice by availing quality seedlings and control the quality of final product through Kenya Bureau of Standards (KEBS) standard mark of quality. According to Millers quality milling would enhance the physical quality of Mwea basmati rice. Dealers suggested that the success of branding activities would be determined by the resources allocated for these activities.

5.4 Recommendations

The study recommends that rice dealers should improve on their branding as a way of being competitive in the market. This can be done by focusing on the unique features found in the Mwea basmati rice and which are missing in the competing imported rice brands. In terms of taste and aroma Mwea basmati rice is better than imported brands. Branding activities may concentrate on these unique features to enhance the image of Mwea basmati rice. Mwea basmati dealers may concentrate on experiential functions and position this brand in terms of experiential function. In their packaging they may portray this kind of rice as tasty, aromatic and appetizing.

The study also recommends that rice dealers improve their branding activities by creating more brand awareness through brand promotions and good customer service. This will help enhance their brands. The management needs to realize that Mwea basmati is under intensive competition from imported rice brands and allocate enough resources to branding activities. The competing imported rice brands appear to be superior to Mwea basmati rice due to intensive branding activities adopted by their dealers.

The study further recommends that government of Kenya can intervene to help improve the competitiveness of rice in Kenya through the control of quality of rice. This will help the local rice be as competitive in the market as the imported ones. Management support of branding activities by allocating enough resources can enhance the image of Mwea basmati rice and make it more competitive in the local rice industry.

The government and the management of Mwea basmati rice Dealers may come up with a policy that ensures that only quality Mwea basmati rice is available in the market. Such policies should discourage uncontrolled adulteration of Mwea basmati rice which may have dented the quality of Mwea basmati rice and portrayed it as less superior compared to imported rice brands. Good quality control policies of Mwea basmati rice may enhance local rice consumer's trust and loyalty on Mwea basmati rice which in turn may create a competitive edge against imported rice brands.

This studies recommends further studies be done on other competitive strategies that can be applied on Mwea basmati rice to make it more competitive compared to imported rice brands. Such competitive strategies may include value addition, market penetration, diversifications among others. The studies may also consider use of advanced technology to minimize cost of production and milling of Mwea basmati rice to make it affordable to most of local consumers.

5.5 Limitations of the Study

The study focused on one brand and limited itself to the ten dealers of the brand. The competitiveness of Mwea basmati rice was based on Mwea basmati rice dealer's perception. These dealers perceive imported brands as being less superior to Mwea basmati rice which may not be a true position if the same study is carried out on rice consumers in Kenya. Data collection among the sole trader's dealers was a bit challenging due to their literacy level. These traders required very close supervision and interpretation of terms to enable them pick the appropriate choices

from the questions in appendices 1 part A and B. The choices picked by these dealers may not be very reliable.

The sample used in the study was limited to the dealers of Mwea Basmati rice. This sample was small and therefore may not have reliably provided the information on how branding can be used as a competitive advantage. All the sole traders dealer had no distinctive management structure since the owner performs all the activities ranging from marketing, sourcing and general management so may have limited knowledge on competitive strategies. For branding activities they outsourced these services from marketing experts who may not had enough time to analysis the dealers' strength and weaknesses before recommending the effective competitive strategies to adopt.

5.6 Suggestions for Further Research

The study suggests that further research be done in this area and incorporate consumers who may provide unbiased position of Mwea basmati rice in the Kenyan rice market in terms of quality and cost. The study may consider a larger population and this will help improve the reliability of results as well as the applicability of the same to the other industries. More studies also need to examine how various branding initiatives influence brand equity. This will add more value in helping the brands design better branding strategies. Besides branding of Mwea basmati rice the study recommends other studies based on other competitive strategies be done on Mwea basmati rice.

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APPENDICES

Appendix Part A. Dealers general information

1. Name of the dealer.....
2. Ownership-(tick where appropriate)
 - a. Limited company..... b. Registered Sacco c. other
 Respondent position-(tick where appropriate)
 - a. Company CEO b. Marketing Manager.....
 - c. Other specify.....
3. Date of establishment.....
4. Number of employees.....
5. Source of rice-(tick where appropriate)
 - a. Direct from farmers.....
 - b. From Millers.....
 - c. From other dealers in Mwea.....
 - d. Own farms.....
 - e. Import.....

In terms of quantities how much of your Mwea basmati rice do you supply to any of the given distribution outlet. Options a.-e given in terms of estimates please select on and fill in the given spaces

1.80-100%,2.60-80%,3.40-60%,4. 20-40%,5. 0-20%

Distribution outlet	Options
Supermarkets	
Other retail outlets	
Other dealers	
Direct to customers	
Exports	

6. Apart from Mwea Basmati rice do your company deal with any other brand of rice (tick where appropriate)
 - a. Yes b. No.....

7. If yes please indicate the brand and source

Brand.....

Source :(tick where appropriate) a. Import..... b.

Local.....

Part B –Branding Strategies

In all of the givens suggestions please select any of the given option and tick the appropriate Option

1. Strongly agree 2. Disagree, 3. Neither agrees nor disagree, 4. Agree, 5.

Strongly agree

Suggestion		Option				
1.	The top imported basmati brands in our local market like Royal umbrella, Crown brand , Dewaat rice among others are more superior in quality compared to Mwea basmati rice	1	2	3	4	5
2.	The promotion activities, like advertising, packaging, distribution network of Top imported basmati brands are more intensive and advanced than promotion activities of local basmati rice.	1	2	3	4	5
3.	The top imported brands are targeted for high and middle income class due to their high prices which are higher than those of local Mwea basmati rice	1	2	3	4	5
4.	The top imported basmati brand guarantee better experience in terms of taste, aroma and free from adulteration compared to Mwea basmati rice.	1	2	3	4	5
5.	The higher prices quoted on top brands are justified due to the superior in quality and experience in terms of taste and aroma guaranteed by these brands.	1	2	3	4	5
6.	Promotion activities like attractive packaging, advanced advertising, good distribution network, customer care services add value to our local Basmati rice and help increase customer base and better prices.	1	2	3	4	5
7.	Promotions activities like advertising should emphasize on the good quality image of basmati rice like, grade 1, Pure rice free of	1	2	3	4	5

	adulteration, good cooking quality and nutritious rice.					
8.	The main emphasize in our promotion activities should strongly focus on experience offered by Mwea basmati rice like aromatic, good taste and less on quality characteristics.	1	2	3	4	5
9.	Our promotion activities should target a special group of customers like town dwellers, high class and middle class customers.	1	2	3	4	5
10	Our company considers promotion as an important activity for creating a good image of Mwea basmati rice brand and thus allocates enough resources on promotion activities.	1	2	3	4	5
11	Our company put a lot of emphasis on customer feedback and thus has developed platforms such as internet, word of mouth or any other feedback mechanisms where customer can air their views on Mwea basmati rice brand.	1	2	3	4	5
12	Customer feedback is very important since it enable our company improve in delivering better quality of Mwea basmati rice.	1	2	3	4	5
13	Our company considers customer feedback as important parts of formulating future strategies with an aims of promoting and enhancing the image of Mwea basmati rice as the best rice brand in the Kenyan market	1	2	3	4	5
14	Improved qualities , minimizing adulteration, better milling and grading, attractive packaging and good distribution network enhances the image of Mwea basmati rice and make it more preferred by customers than imported rice	1	2	3	4	5
15	Improved promotion activities can communicate the high quality characteristics of Mwea basmati rice like it is aromatic, pure tasty can enhance its brand image and thus increase customer level and better prices.	1	2	3	4	5
16	Currently the high prices quoted on Mwea basmati rice are justified due to its high quality compared to imported brands.	1	2	3	4	5
17	Improving the quality of Mwea basmati rice and enhancing its image among local consumers is more effective than Government control of imported rice with an aim of minimizing competition.	1	2	3	4	5

Appendix 2: List of Mwea Basmati rice Dealers (licensed)

1. Capwell Industries – Based in Thika town
2. Mwea Rice Growers Multipurpose SACCO- Mwea
3. Mwea rice Mills- Mwea
4. Agape rice stores- Mwea
5. White grain suppliers –Mwea
6. Wakaburu rice stores-Mwea
7. Nice rice Millers-Mwea
8. Jamii traders -Mwea
9. Risper rice stores - Mwea
10. Nafaka foods-(NCPB) Mwea branch