THE EFFECT OF DIFFERENTIATION STRATEGY ON MARKET SHARE OF TEA EXPORT FIRMS IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for examination in any other University.

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DEDICATION

This project is dedicated to my father, King'ooMulili and to my mother, Phoebe Mukeli. I treasure you for the gift of life and countless sacrifices made towards my success in life.

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ABBREVIATIONS AND ACRONYMS

AFFA: Agriculture, Fisheries and Food Authority

CBD: Central Business District

EPZA: Export Processing Zone Authority

KEPHIS: Kenya Plant Health Inspectorate Service

KRA: Kenya Revenue Authority

KTDA: Kenya Tea Development Agency

MOALF: Ministry of Agriculture, Livestock and Fisheries

MOFAIT: Ministry of Foreign Affairs and International Trade

PIMS: Profit Impact of Marketing Strategy

RBV: Resource Based View

SIM: Strategic Issue Management

SPSS Statistical Package for Social Sciences

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ABSTRACT

This study sought to establish the extent of adoption of differentiation strategies and their effect on market share of the tea export firms in Kenya. The study employed a descriptivecross-sectionalsurvey design and the target population comprised of the seventy two (72) active tea export firms in Kenya registered by the Tea Directorate, in 2014. Primary data was collected using semi-structured questionnaires that were administered through drop-and-pick and e-mails correspondences. Sixty two (62) firms out of the targeted 72 responded translating to 86.1% response rate.Secondary data was obtained from the statistics of market share of the tea export firms between 2010 and 2014. Descriptive and inferential statistics were used in data analysis and the results were presented in tables and graphs. The study found that the extent of adoption of differentiation strategies ranges from 66.6% to 77.8% with the highest being value-added products strategy while the least was pricing. Amongst the value-added strategies,product features (quality) is the most adopted strategy while certification is the least applied strategy. The effect of differentiation strategies on market share of the firms was low at 11.6%. This was an indication that the five differentiation strategies under study were not necessarily being applied to influence the market share. Additionally, other factors are being applied by the firms to influence market share. It is recommended that the government should develop policies and strategies that support the application of differentiation strategies among the Kenyan tea export firms; that individual firms should adopt differentiation strategies that commandtheir competitiveness in the global market; and that further research should be conducted on other differentiation strategies that could affect market share of the tea export firms in Kenya. Future studies could also seek to determinethe effect of differentiation strategies on the market share within one market;use of differentiation strategies on other sectors of the Kenyan economy;as well as strategies applied by tea export firms from other countries in the region, for comparative analysis.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

As today's business environment becomes increasingly complex and competitive, firms ought to review their strategies in order to develop a higher edge over the competition. Differentiation is one of the major types of competitive advantage strategies a firm can effectively adapt. The concept of differentiation was first proposed by Edward Chamberlin in his 1933 theory of Monopolistic Competition (Kamau, 2013). Kotler (2003) views differentiation as the process of adding a set of meaningful and valued differences to distinguish the company's offering from competitors' offerings. According to Porter (1998) differentiation leads to superior performance if the price premium achieved exceeds any added costs of being unique. The business performance and economic profit of the firm can be summarized in market share (Farshid and Amir, 2012).

This study was anchored on three main theories: differentiation theory, Profit Impact of Marketing Strategy (PIMS) principles and resource based theory. Differentiation theory states that the ability of a firm to maintain its competitive advantage depends on how it manipulates other variables, in line on variety and immutability of its organizational strengths and weaknesses (Awino, et al., 2011). The PIMS concept is a financial model built on the postulate that, "the quality of goods/services of a firm that is superior to the one of other firms' contributes to its performance" (Buzzell& Gale, 1987). The resource based theory which has its roots in Edith Penrose's work in 1950s, avers that a firm's performance is affected by firm-specific resources and capabilities (Barney, 1996).

The above theories are appropriate to the study because they relate a firm's differentiation strategies to its market performance. The study focused on differentiation strategy in the Kenyan tea industry and its effect on market share of tea export firms. In this research, five dimensions of differentiation strategy were studied including pricing, value-added products, operating procedures, distribution network and customer incentive programmes.

1.1.1 Differentiation Strategy

Institute of Management Accountants (1996) defines an offering or differentiation advantage as one form of competitiveness that occurs if customers perceive a product or service as superior; hence they become more willing to pay a premium price relative to the price they will pay for competing offerings. Differentiation is one of the two types of competitive advantage a firm may possess. Porter (1980) avers that cost advantage and differentiation are the two strengths of a firm which can be applied in either broad or narrow scopes resulting in three generic strategies i.e. cost leadership, differentiation and focus strategies. An organization can differentiate itself from its competitors if it can offer something that is unique and valuable to its customers.

As cited by Baykal andDelagarde (2011), differentiation strategy seeks to provide products or services that offer benefits that are different from those of competitors and that are widely valued by buyers according to Johnson, Scholes and Whittington, (2008). Differentiation is about creating uniqueness and the principal uniqueness drivers according to Porter (1998) include policy choices, supplier and value chain linkages, timing, location, interrelationships, learning and spillovers, integration, scale and institutional factors. Awinoet al., (2011) argues that the literature on differentiation strategies relates to:core competence, technology, leadership styles, markets, culture, people and environment.

Cole(2008) posits that potential strategies for product or service differentiation include: product features and benefits, location(s), staff, operating procedures, price, customer incentive programs, guarantees and warranties, brand name recognition, goodwill, value-added products/services, extended growing/ operating season, soils, buildings, location, and landscape, water, access to irrigation and wetlands, weather, plants and animals, organization and alliances, customer experience and quality. Cole further argues that a venture's most effective differentiation- the one that will bring the venture the most success-will likely come from just one or two strategies. Porter (1990) argues that it is important for a firm to differentiate itself among more than one dimension in order to reach the desired results**.**

1.1.2 Market Share

According to Varadarajan (1990) market share is generally viewed in marketing literature as one of the basic marketing objectives and measure of product performance. Richard et al., (2009) avers that organizational performance encompasses three specific areas of firm outcomes: (1) financial performance (profits, return on assets, return on investment, etc.); (2) market performance (sales, market share, etc.); and (3) shareholder return (total shareholder return, economic value added, etc.). As noted by Wind and Mahajan (1981), market share constitutes one of the major components describing product/business strength in almost all currently available nonfinancial portfolio models.

Market share can be conceptualized and measured in terms of the unit of measurement (dollar sales, unit sales, units purchased, users); the product definition (product lines, brands in various forms, sizes and positioning); the market definition (served market defined in terms of geographic area, customer segments, channels, and usage occasions); the time horizon (long versus short-term); and the competitive frame of reference (Varadarajan, 1990). Ambler and Kokkinaki (1997) views sales, market share, profit contribution and purchase as the measures of marketing performance most frequently used. This study chose to treat market share as an aggregate value of export sales ratio of Kenyan tea firms to the relevant industry tea export sales from 2010 to 2014.

Bordes (2009) states that strategies based on high quality may, up to a point, actually increase the potential market share that a firm can gain. Firms also face risks of overdoing differentiation that may overtax or overextend the firm's resources. Excessive differentiation can seriously erode the competitive advantage and profitability of firms as rising operating costs eat into price premiums that customers are willing to pay. According toMoghaddan and Foroughi(2012) the purposes of market share are prominent in many firms. The business performance and economic profit of the firm can be summarized in market share. Emmanuel, Yohannes and Benjamin (2014) aver that for the past half millennium businesses have witnessed a wave of internationalization. Businesses are going global so as to increase their market share and profitability. Besides going global businesses have been striving to differentiate themselves from the competitors.

1.1.3 Differentiation Strategy and Market Share

In differentiation strategy, a firm seeks to differentiate its product or service by creating something that is perceived industry-wide as being unique (Porter, 1980). Differentiation approach seeks appropriate and most suitable ways of aligning services and products to meet unique customer requirements and unlike cost leadership strategy, it deals mostly with the external business environment (White, 1986). With this strategy, regardless of price being an important factor, it is not the primary concern of consumers when deciding on the purchase even though customers are willing to pay a premium price. With more sales volume and value on differentiated products, a firm is able to attain a higher market share than its competitors. Therefore, there is a positive relationship between differentiation and market share.

Market share growth is premised on a company attaining relative competitive advantage (Porter, 1980).According to Kotler (2001) competitive advantage is attained when a company achieves a unique configuration of its value chain, defines an appropriate scope of operation and aligns the two with the value chains of its target customers.Bordes (2009) avers that strategies based on high quality may, up to a point, actually increase the potential market share that a firm can gain. One landmark study noted, in fact, that competitive strategies based on high product quality actually increased market share and resulted in significantly increased profitability. Product quality often leads to higher reputation and demand that translate into higher market share.

1.1.4 Tea Export Industry in Kenya

The tea subsector plays an important role in socio-economic development of the country and accounts for about 12% of the Agricultural GDP and 4% of the National GDP and contributes significantly to rural infrastructure development (Tea Directorate export report, 2014).According to the tea industry task force report2008, the industry has created investment opportunities in tea growing, manufacturing, exports and other subsidiary support services such as financial, ICT, engineering among others. Kenya exports about 95% of the total tea produced in the country.

The tea sub sector in Kenya is wholly liberalized and the marketing of tea is independently carried out by trade members (EPZA, 2005). According to Tea Directorate export report (2014), the current existing market outlets for tea are: Mombasa auction accounting for 75%, Kenya Tea Packers (7%), direct sales in overseas and local markets (15%) while factory door sales accounts for 3%.Like most sub-Saharan African countries, Kenya's export structure is predominantly composed of primary commodities- mainly tea, coffee and horticulture- besides tourism. In 1977, severe frost in Brazil resulted into a 'coffee boom' for Kenya owing to higher prices in the world market occasioned by less supply. With time the global prices of coffee increased and more consumers reverted to substituting coffee with tea. With Kenya being a major exporter, tea became the leading foreign exchange earner since the 1990s, with tea exports taking the lead. This trend has seen an increased number of tea exporters in Kenya from 30 in the 1990s to 72 in 2014.

The tea exporting industry in Kenya constitutes of all those companies that are registered by the AFFA-Tea Directorate as tea buying/exporting members. According to the AFFA-Tea Directorate Tea Buyer Register (2014), the directorate had registered 76 tea buyers out of which 72are actively involved in exporting tea as per the Tea Directorate tea export report (2014).According to this report, tea exporters have maintained a strong presence in their core markets and have continued to expand their worldwide market share by increasing exports to already existing markets and opening up new destinations. Further, the report shows that Kenya Tea Development Agency (KTDA) Ltd has consistently maintained an average market share of 11.37% in terms of export value of tea between 2010 and 2014. Other key exporters include Cargill (K) Limited which has an average market share of 10.94%, James Finlay Mombasa Limited (8.20%), Lipton Limited (6.19%), Global Tea and Commodities (6.02%), LAB International (Kenya) Limited (5.65%), Chai Trading Company Limited(5.15%), Mombasa Coffee Limited(5.14%), Van Rees B.V. Limited (5.12%), and Unilever Tea Kenya Limited(5.06%).

Competitive advantage is gained by offering customers greater value, either through lower prices or by providing additional benefits and service that justify similar, or possibly higher, prices. The reason why KTDA Ltd has maintained a consistent market share in tea exports is likely to be high demand of its tea in the global market occasioned by high quality as the key the source of differentiation. For Cargill, it is the global leader in tea blending thus able to supply value added teas for different market segments. They also have a global presence in tea blending, warehousing, and packing which eases the distribution of their tea. The other exporters who are smaller in size do not have global presence and have limited resource base hence the reason why they could be commanding a lower market share.

1.2 Research Problem

Competition among firms is getting harder day by day due to many organizational and environmental reasons such as globalization, deregulation, increasing global and domestic competition, and new technologies. Enhancing export performance is crucial for firms based in developing countries that view the global marketplace as a means to ensure growth, survival or competitiveness. Despite its importance in creating and sustaining competitive advantage in firms, the source of differentiation is not well understood (Porter, 1998). Firms are often different but not differentiated, since they pursue forms of uniqueness that buyers do not value. Organizations must therefore adapt themselves to the empowered customer by implementing strategies that can sustain them in this competitive environment such as differentiation, cost leadership, diversification, and new product development among others.

The tea exporting business in Kenya is faced with numerous challenges including intense competition, satisfying the needs of the customers, fluctuating foreign exchange currency, political instability in tea importing countries, inefficiencies at the Mombasa port among others (Yebei, 2012). Kenyan tea export firms have to respond to these challenges by launching competitive strategies that give them edge over others on the comparative market share. There are seventy two (72)active tea exporters in Kenya out of which thirteen (13) firms (18.05%) control 80.57% of the total export market share in terms of sales value (US Dollars) between 2010 and 2014(Tea Directorate Tea Export Report, 2014). The number of the top exporters has more or less been constant over the last five (5) years. This scenario is likely to lead to an oligopolistic position where we have few big buyers/ sellers controlling the bigger share of the market at the expense of the other smaller players. With this kind of situation, the smaller players will be edged out of the market leading to a scenario of less competition causing lower prices and undercutting due to collusion among cartels. For the situation to have remained like that there is a likelihood of differentiation strategy having been influencing the market share of the Kenyan tea export firms.

Several studies done on differentiation and market share have failed to establish how differentiation strategy affects market share of tea export firms in terms of concept, methodology and context. These include a study by Heiko, Anders and Lars (2011) on the relationship between differentiation strategy and business performance on 332 European-based manufacturing firms in which confirmatory factor analysis and structural equation models were used to analyze data; a survey by Farshid& Amir (2012) on the influence of marketing mix on market share of 95 polymer sheets manufacturing in Iran in which one-sample T- test was used in data analysis; Shafiwu and Mohammed (2013) case study on the effect of product differentiation on profitability in the petroleum industry of Ghana which employed correlation research model; Yebei(2012) study on the Strategic Issue Management (SIM) practices by the 67 registered tea exporting companies in Kenya in which strategic issue management and business environment are the key concepts while the relationship between elements was investigated using Chi-square test; Anyim (2012) study on service differentiation among private hospitals in Nairobi that failed to examine the effect of differentiation on performance; and a study by Kamau (2013) on the effect of differentiation strategy on sales performance in 11 supermarkets in Nakuruthat was limited to one town and which dealt with distributors of assorted commodities.

Thisstudy sought to respond to the following questions: What is the extent of adoption of differentiation strategy by tea export firms in Kenya? And, what is the relationship between differentiation strategy and market share of tea export firms in Kenya?

1.3 Research Objectives

The general objective of this study was to determine the influence of differentiation strategies on market share of tea export firms. The specific objectives of the study were:

(i) To establish the extent of differentiation strategy in tea export firms in Kenya.

(ii) To determine the relationship between differentiation strategy and market share of tea export firms in Kenya.

1.4 Value of the Study

This study will serve as reference content to the future analysis and research, particularly in tea export and differentiation strategies oriented research. It will be a useful tool that shall complement the research work of academicians and scholars. The findings of the study will also give insights to the applicability of Western strategic management thinking on export performance to the business environment in developing economies.

The research will also provide useful information to those tasked with the responsibility of policy formulation to come up with effective policies, rules and regulations that will promote differentiation strategies in order to enhance competitiveness in the Kenyan tea industry. These will include government and regulatory bodies in the tea export industry such as AFFA-Tea Directorate, Kenya

Plant Health Inspectorate Service (KEPHIS), East African Tea Trade Association (EATTA), Kenya Revenue Authority (KRA), Ministry of Foreign Affairs and International Trade (MOFAIT), Ministry of Agriculture, Livestock and Fisheries (MOALF), among others.

The study findings will provide empirical evidence of the decision-making and planning practices of managers in the tea exporting firms in furtherance of their competitiveness through differentiation strategies. The observations thereof, will give entrepreneurs and managers in the tea exporting industry the ability to overcome business threats with success. It will further add to the existing body of knowledge both in the field of commodity export and product/service differentiation in general.

CHAPTERTWO

LITERATURE REVIEW

2.1 Introduction

This chapter examines literature on theoretical foundation of the study that entails review of the influence of differentiation strategies of pricing, value-added products, operating procedures, distribution network and customer incentive programmes on market share of tea export firms. The chapter also discusses other related studies conducted outside and within Kenya thus outlining the gaps that exist in relation to this study.

2.2 Theories onDifferentiation

Various theories underpinning differentiation strategy exist in the literature of strategic management. This study focuses on three main theories of differentiation strategy including differentiation theory, Profit Impact of Marketing Strategy (PIMS) principles and resource based theory.

2.2.1 Differentiation Theory

Differentiation theory states that the ability of a firm to maintain its competitive advantage depends on how it manipulates other variables, in line on variety and immutability of its organizational strengths and weaknesses. According toAwinoet al. (2011) the concept of strategic management and product differentiation gives a firm, the background under which strategy can be understood and implemented. Kamau (2013) argues that differentiation strategy is a strategy to create or offer unique and different products and/ or services.Porter (1990) identifies some of the differentiation strategies adopted by firms to include: product differentiation, which covers quality, selection, assortment, positioning and variety; physical differentiation which covers location, space, design and display/layout and stores atmosphere; and service differentiation which involves after sales services, retailer own brands, service quality, incentive programmes and operating hours. Use of these strategies is geared at promotion of sales and associated gains through sustainable competitive advantage.

According to Anyim (2012) an advantage is durable only if competitors cannot readily imitate the firms superior product/delivery attributes. Thompson and others (2004) aver that successful differentiation has three aspects: command a premium price for its product, increase sales because of additional buyers are won over by the differentiating features and gain buyer loyalty to its brand. According to Zaribaf (2008) among the four marketing mix, product, distributing channels, promotion and price, only price creates income and the other three generate costs. Price, besides creating income, plays a major role as a strategic factor in developing competitive advantage in the market. For international markets, pricing is one of the most important elements of marketing product mix, generates cash and determines a company's survival (Yaprak, 2001). However, scholars have not paid enough attention to international and export pricing (Aulakh and Koatabe, 1993).

The differentiation theory is relevant to the proposed study as it focuses directly on differentiation strategies and pricing. The latter constitute an independent variable of the proposed research. The main emphasis of this model is differentiation strategies, competitive advantage, superior performance, uniqueness, marketing strategies, and positioning, all of which are among the sub variables to be measured against market share.

2.2.2Profit Impact of Marketing Strategy Principles

The Profit Impact of Marketing Strategy (PIMS) concept is a financial model founded in 1980s (Buzzell& Gale, 1987) that relates business strategies to a firm's performance. It is built on the postulate that, "the quality of goods/services of a firm that is superior to the one of other firms' contributes to its performance". Bordes (2009) argues that within the firm, differentiation-based sources of competitive advantage in value-adding activities can be built through a number of methods. Buyer value can be increased or made more distinctive through several approaches, including (1) lowering the buyers cost of using the product, (2) increasing buyer satisfaction with the product, (3) modifying the buyer's perception of value. Nevertheless, increasing buyer value or any dimension usually means a need to reconfigure or to improve other activities within the firm's value chain. According to Omari et al.(2014) differentiation can be found on distinctive and specialized blends of products by pioneering the concept of uniquely blended products which will increase the number of branches in different market destinations.

According to Fornell (1992) extensive literature suggests that both market share and customer satisfaction leads to profitability but it is not certain that market share and customer satisfaction have a positive correlation. Customer satisfaction incentive schemes are increasingly common in a variety of industries (McFadden, 2006). Kamau (2013) states that service differentiation have customer incentive programs which firms offer to attract new and repeat customers through efforts such as giveaways, coupons, sales promotions, and/or volume discounts. Business firms consider the factors which ensure that front and managerial staff offer excellent services and provide a positive customer experience though maintaining a motivated staff. According to Cole (2008), employees are provided with policies, processes, and standards to be employed for smooth operations, create value, and offer a positive customer experience.

The Profit Impact of Marketing Strategy principles is relevant to the proposed study as it focuses directly on value-added products and customer incentive programmes both of which constitute independent variables of the proposed research. The main emphasis of the model is quality, product features, superior performance, buyer value, uniqueness, branding, consumer incentives and customer satisfaction, all of which are among the sub variables to be measured against market share.

2.2.3Resource Based Theory

While resource based theory has its roots in Edith Penrose's work in the late 1950s, the resource-based view (RBV) model was largely introduced to the field of strategic management in the 1980s (Wernerfelt, 1984). In the RBV of the firm, a firm's performance is affected by firm-specific resources and capabilities (Barney, 1996). This implies that, in the RBV, resources are allocated heterogeneously (unevenly) within an industry (Peteraf& Barney, 2003). Organizations therefore must be aware of their strengths and weaknesses, as they have to develop strategies on how to outperform competitors with the given resources bundles and capabilities (Wernerfelt, 1984).A firm can practice differentiation to avoid direct competition with other competing firms. It achieves these benefits by designing a business system within the value chain that is different from that of other exporters in several key respects: size, more locations, and narrower product lines. Customers, however, are generally willing to pay a premium in exchange for the greater convenience it provides. According to Michelle Lane Heine et al. (2003) traditionally, marketers who gain processing efficiencies, create databases, and perform various forms of customer analysis have used technology.

In many industries traditional markets and hierarchical organizations are partly being replaced by networks of inter-organizational relationships (Achrol and Kotler, 1999). Various business interdependence arrangements such as strategic alliances and joint ventures, but also networks of multiple actors, such as supplier and subsidiary networks, are formed by organizations to compete effectively in the dynamic business environment. According to Forsgren (2008) each subsidiary is embedded in a specific network of business relationships, which is more or less distinct from the networks of other subsidiaries. Investing time and resources in developing these business relationships is indispensable. Håkansson and Snehota (1995) aver that even though the future role, development and performance of a company can be largely explained by its ability to manage relationships with other organizations, still there seems to be only a handful of strategic management researchers on inter-organizational relationship and networks.

The Resource Based view is relevant to the proposed study as it focuses directly on operating procedures and distribution network both of which constitute independent variables of the proposed research. The main emphasis of the model is strategy, internal resources, internal management structures, processes, procedures and inter-organizational network, all of which are among the sub variables to be measured against market share.

2.3 Empirical Literature on Differentiation and Market Share

Several empirical studies have been conducted in the areas of differentiation and market share such as a study by Hansen and Wernerfelt(2007) to establish the relative importance of economic and organizational factors as determinants of firm performance. In this study, a sample of 60 representatives of major corporations from diverse industries in the United States was selected. Descriptive statistics and correlation matrix were used to analyze data. A case study by Baykal and Delagarde (2011) on differentiation strategies in the fashion industry at Zara Company in France gathered data through interviews. The data was analyzed using differential statistics. Study by Heiko, Anders and Lars (2011)which sought to determine the relationship between differentiation strategy and business performance of European-based manufacturing firms focused on 332 firms and applied confirmatory factor analysis and structural equation models through the AMOS 7.0 programme in data analysis.

Farshid& Amir (2012) studied the influence of marketing mix on market share of polymer sheets manufacturing firms in Iran. The study was a survey and targeted 95 polymer sheet manufacturing firms. The one-sample T test was used to test the influence of marketing strategy on market share. A study by Shafiwu and Mohammed (2013) sought to establish the effect of product differentiation on profitability in the petroleum industry of Ghana.The research was a case study done outside Kenya and employed correlation research design.

Yebei (2012) study on the Strategic Issue Management (SIM) practices by the 67 registered tea exporting companies in Kenya investigated the relationship between elements using Chi-square test. The key concepts used in the study are strategic issue management and business environment.Anyim (2012) who studied service differentiation among private hospitals in Nairobi sampled 30 out of a population of 64 private hospitals. Data was analyzed using descriptive statistics. A survey by Keter (2012) on competitiveness of the Kenya tea industry using Porter's theory of competitive advantage of nations targeted the67 registered tea exporting firms in Kenya. Her study was limited to tea export firms based in Mombasa and only descriptive statistics was used to analyze data.

Muthoka (2012) study on the response strategies to competition by horticultural export firms in Kenya targeted the 36 major horticultural export firms in Kenya. The key concepts used in his study are generic in nature: strategy, organizational environment and organizational competition. Data was analyzed using descriptive statistics. Kamau(2013) who studied the effects of differentiation strategy on sales performance in supermarkets within Nakuru sampled eleven (11) supermarkets used product, physical and service differentiation variables which are generic in nature. Her survey was limited to one town in Kenya and it dealt with distributors of assorted commodities.

2.4 Summary of Literature Review and Research Gaps

Based on the literature, the studies that have been carried out on differentiation strategy and market share include research by Hansen and Wernerfelt (2007); Baykal and Delagarde (2011); Heiko, Anders and Lars (2011); Farshid& Amir (2012); Yebei (2012); Anyim (2012); Keter (2012); Muthoka (2012); Shafiwu and Mohammed (2013); and Kamau (2013). Notably, most of the studies on differentiation and market share have been done both outside and within Kenya. Additionally, these studies have focused on different industries, concepts/ theories, research design and data analysis methodologies such as confirmatory factor analysis, one-sample T- test, Chi-square test among others. According to the literature, the critical factors affecting the implementation of differentiation strategy shows that firms are using several strategies to deal with competition to increase market share (Muthoka, 2012).

This study sought to establish the influence of differentiation strategy on market share of tea export firms in Kenya. Based on the literature reviewed, the study employed three main theories: differentiation theory, Profit Impact of Marketing Strategy principles and resource based theorythat underpinned the research. The study aimed to provide empirical evidence on the extent of differentiation strategies among tea export firms in Kenya. Also, the study attempted to establish other underlying variables that have a bearing on market share of the tea export firms such as pricing, value-added products, operating procedures, distribution network and customer incentive programmes.The study was a survey done on all the seventy two (72) Kenyan active tea export firms and descriptive cross-sectional research design was employed.The research used market share as a specific indicator of firm performance. Data was gathered via semi-structured questionnaires and both descriptive and inferential statistics were used to analyze data. This study was done in Kenyaand regression model was employed to determine the effect of differentiation strategy onmarket share of the tea export firms.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the methodologies that were adopted for the study. These include research design, population of study, data collection, and data analysis and presentation techniques that were employed in the study.

3.2 Research Design

The study employeda descriptivecross-sectionalsurveydesign. The descriptive research design was suitable because ithelped to establish the level of application of different differentiation strategies across the tea export firms by gathering of data from the respondents in their natural settings. The research design adopted is cross-sectional in nature as it involved a one-time interaction with the active tea exporters and that same variables were measured across all the respondents.

According to Muthoka (2012) a cross-sectional survey helps to compare firms of different categories. Therefore, a cross-sectional survey approach was appropriate for this study because it provided a more insightful approach for comparison considering that the research was carried out on more than one firm. The cross-sectional study design has been used by various authors successfully on their studies, such as Rono (2011); Keter (2012); Yebei (2012); and Kamau (2013).

3.3 Population of Study

The population of the study comprised of the 76 tea export firms in Kenya registeredby the Tea Directorate by December, 2014. The target population constituted of the 72 active tea export firms in Kenya as per the list of Tea Directorate tea export firms, 2014 (Appendix III). A census survey was considered appropriate due to the relative small size of the population**.**

3.4 Data Collection

The study used both primary and secondary data. The primary data consisting of different differentiation strategies was collected from individual tea exporting companies using structured questionnaires (Appendix II). Target questions were measured in a Likert scale of 1 to 5 to enable the researcher to transform qualitative information into quantitative data for easier analysis. The questionnaire design was adapted from Kamau (2012) in her study on the effects of differentiation strategies employed by the supermarkets in Nakuru, Kenya, and their effects sales performance and Yebei(2012) who studied strategic issue management by tea exporting firms in Kenya.

The questionnaire has two sections; the first section sought information about the company profile such as ownership, number of employees, sales turn over, number of years in operation and management. Section two sought information on the extent of differentiation strategies adopted by the firms in terms of pricing, value-added products, operating procedure, distribution network and customer incentive programs. This section also sought information on the effect of differentiation strategy on the firms' export market share. This approach was adapted from Rono (2011).

Proper arrangement was made to seek formal consent from the Kenya tea export firms' management prior to data collection using an introduction letter from the University (Appendix I). The researcher administered the questionnaires by a combination of drop-and-pick and e-mails. The questionnaires were addressed to the Chief Executive Officer (CEO) or the General Manager (GM) or a Senior Manager in each organization. Follow-up on the respondents was done through either phone calls and in person. Any areas which required clarification were demystified, as necessary.
Secondary data consisted of market share statistics measured in terms of export value for different tea firms which was collected from the industry regulator-AFFA Tea Directorate, 2014 (Appendix IV).

3.5 Data Analysis and Presentation

Data collected was analyzed using descriptive and inferential statistics. The extent of adoption of different differentiation strategies was analyzed using descriptive statistics such as mean, frequencies and percentages and presented using tables and graphs.

Various dimensions for differentiation strategies such as pricing, value-added products, operational procedures, distribution network and customer incentive programmeswere used to explain the relationships by carrying out regression analysis. Using regression analysis, relationship between market share and the various differentiation strategies were estimated as:-

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$

Where; α, β_1, β_2, β_3, β_4, and β_5 are coefficients to be estimated; Y is export market share,X_1 is pricing, $X_2$is value-added products, X_3 is operating procedures,X_4 is customer incentive programmes,X_5 isdistribution network and $\varepsilon$is the error term.

3.6 Operationalizingthe Study Variables

In this study, the five independent variables (pricing; value-added products; operating procedures; distribution network; customer incentive programmes) were measured using a five-point Likert scale (5=Strongly Agree; 4=Agree; 3=Neutral; 2=Disagree and 1=Strongly Disagree) while the dependent variable (market share) was measured using the interval scale.

Various dimensions of differentiation strategies were covered for each independent variable. Pricing comprised of total cost structure (Cole, 2008 and Bordes, 2009), exchange rates/ monetary policies (Muthamia&Muturi2015), rate of return, market stabilization, foreign customer behavior (economic, social, political, technological, educational and cultural factors), as cited by Musonera&Ndagijimana (2011) and forward contracts (Brorsen and Fofana, 2001) ; value added products included distinctive product features (quality), innovative designs, new process technology, convenience, reliability (Bordes, 2009) and obtaining third-party certification (Cole,2008); operating procedures constituted what policies, processes, and standards (Cole, 2008), operational capacity to respond to market demand, degree of automation (process technology) and human resource competence (Leong et al., 1990) that could be employed to smooth operations, create value, and offer a positive customer experience; distribution network comprised of supply network (Leong, et al., 1990), foreign subsidiaries (Forsgren, 2008), communication, distribution and information network

(Osman and Westgerd, 2008), unique alliances (Cole, 2008) and integration (Ross, 1996) whilecustomer incentive programs constituted of giveaways, sales promotions, volume discounts, advertising, publicity and direct marketing (Cole, 2008).

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

The study sought to establish the extent of adoption of differentiation strategy by tea export firms in Kenya and the effect of differentiation strategy on the market share of the firms. This chapter expounds on the response rate and discusses the data as derived from the research instrument including profile of the firms surveyed and adoption of differentiation strategies by the tea export firms.

4.1 Introduction

An introduction letter from the University together with a questionnaire as shown in Appendices I and II were e-mailed to the respondent of the tea export firms in Kenya. A few of these documents, however, were dropped by hand at the respondent. A total of seventy-two (72) questionnaires were administered to the 72 registered tea export firms as derived from Tea Directorate Report (2014). After several follow ups 62 usable responses were received, representing 86.1 per cent response rate (Table 4.1). This is comparable to response rates from similar studies carried out on differentiation and market share such as by Heiko, Anders and Lars (2011) on the relationship between differentiation strategy and business performance of European-based manufacturing firms received 21% response rate; Farshid& Amir (2012) study on the influence of marketing mix on market share of polymer sheets manufacturing firms in Iran received 64% response rate. Muthoka (2012) study on the response strategies to competition by horticultural export firms in Kenya received 44% response rate while Kamau (2013) who studied the effects of differentiation strategy on sales performance in supermarkets within Nakuru received 100% response rate.

Every response was recorded against the set variables while quantitative data was analyzed through the use of SPSS version 21application software. The coded data in the SPSS spread sheet was analyzed using descriptive statistics where frequency, percentages, mean score and standard deviation of the responses was given and then presented inform of tables and charts for easy understanding. Relationships between elements wereanalysed using regressionstatistical model. The findings of the study are discussed and analyzed in three parts as per namely general information onKenyan tea export firms surveyed; extent of adoption of differentiation strategies by the surveyed firms and the effect of differentiation strategies on market share of the tea export firms in Kenya.

4.2 General Information on Respondents

This section presents the findings in respect to the general characteristics of the respondents which include response rate, ownership of Kenyan tea export firms, years of operation, number of employees, annual export sales turnover, differentiation strategies applied by tea export firms and status of export sales revenues. The statistical description results are discussed in tables and bar-graphs.

4.2.1 Response Rate

Target population comprised of the seventy two (72) active tea export firms in Kenya. A total of 72 questionnaires were issued out, to all the export firms constituting the target population. The completed questionnaires were edited for completeness and consistency. Of the questionnaires issued, 62 were returned. This represented a response rate of 86.1%which the study considered adequate for analysis. The results are presented in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percent
Yes	62	86.1
No	10	13.9
Total	**72**	**100.0**

Source: Primary Data, 2015

4.2.2 Ownership of Tea Export Firms in Kenya

Ownership of an organization would determine the policies and strategies it could put in place to conduct business and, consequently its competitiveness in the market. The ownership of tea export firms was deemed important as it could have a bearing on the extent of adoption of differentiation strategies and their effect on market share. Ownership was surveyed to establish the structure of respondent tea export firms whether public owned, privately owned, jointly private and government owned, or other. It was established that most of the respondents firms were predominantly private owned (95.2%); 3.2% were public owned; 1.6% were jointly private and government owned while 0% were owned by other.The results are shown in Table 4.2.

Table4.2: Ownership of Tea Export Firms in Kenya Surveyed

Ownership	Frequency	Percent	Cumulative Percent
Public	2	3.2	3.2
Private	59	95.2	98.4
Jointly private and government	1	1.6	100.0
Other	0	0	100.0
Total	**62**	**100.0**	

Source: Primary Data, 2015

4.2.3 Years in Operation

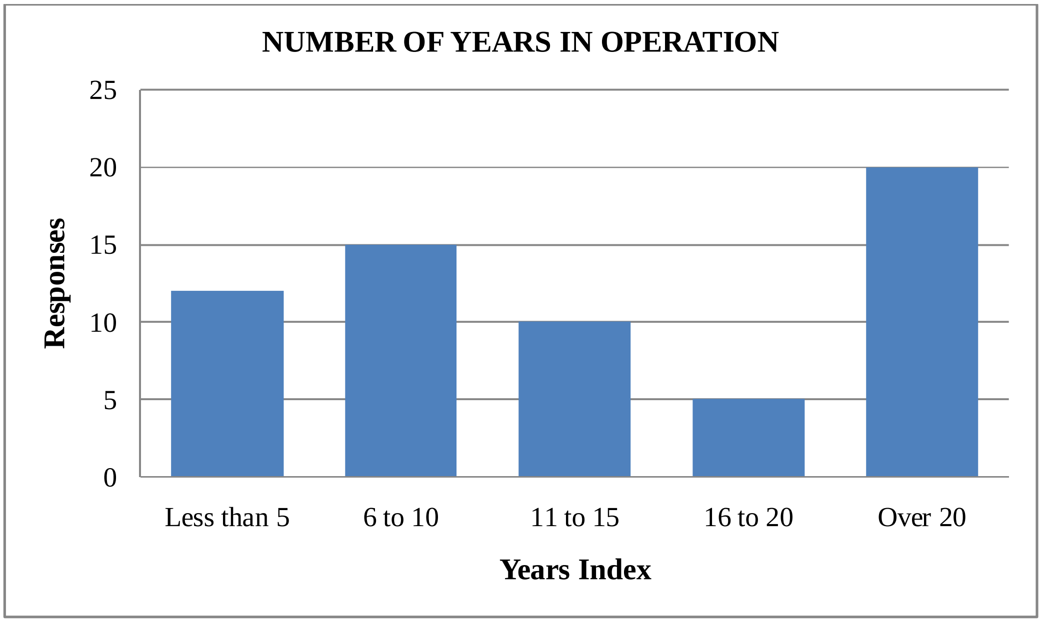
The number of years a firm has been in operation could determine the resource and capability base, which in turn would determine its performance according to resource based theory (Barney, 1996). The firm's performance, which includes market share and sales, may be driven by differentiation strategies adopted by the firm. In this study, the number of years the tea export firms had been in operation to fell within a range of five years, up to 20 Years. Firms that had been in operation for more than 20 years were considered as one category.The period of operation was surveyed to establish the average number of years in operation among the respondents. It was established that 32.3% of respondents have been in operation for over 20 years. 24.2% of respondents have been in operation for between 6 to 10 years; 19.3% have been in operation for less than 5 years; 16.1% of respondents have been in operation for 11 to 15 years; while 8.1 % have been in operation between 16 to 20 years. The mean number of years in operation among respondent tea export firms was established to be 34.7 years. The results are presented in Table 4.3 and Figure 4.1.

Table 4.3: Years in Operation

Number of Years in Operation	Frequency	Percent
Less than 5	12	19.3
6 to 10	15	24.2
11 to 15	10	16.1
16 to 20	5	8.1
Over 20	20	32.3
Total	62	100.0
No Response	0	0
Total	**62**	**100.0**

Source: Primary Data, 2015

Figure 4.1: Presentation of Years in Operation



Source: Primary Data, 2015

4.2.4 Number of Employees

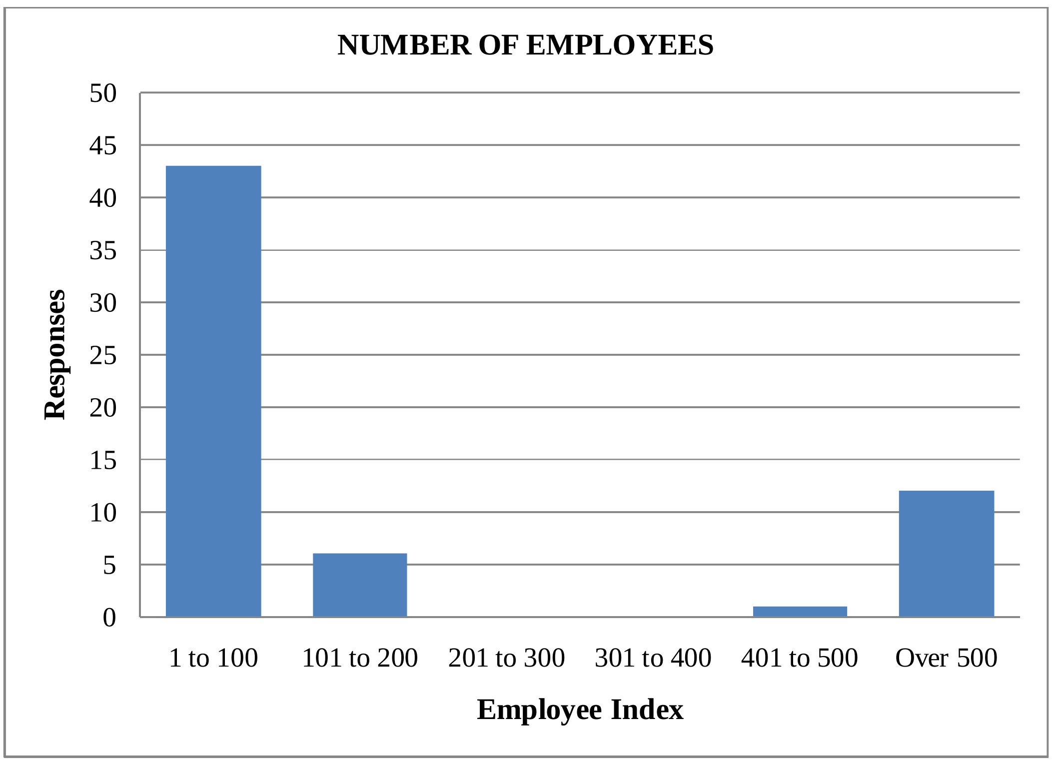
One of the capabilities of a firm is the number of employees as they determine the size of the organization. This will consequently have a bearing on the quality and volume of work realized to enhance performance.In this study, the number of employees deployed by the tea export firms fell within a range of a hundred (100), up to 500 Employee. Firms that had been deployed more than 500 workers were considered as one category.The number of employees among respondent tea export firms was surveyed to establish their size in terms of personnel. It was established that most (69.4%) of respondents employ less than 100 staff; while 9.7% of respondents employ between 101 and 200 employees. This indicates that more than 70 per cent of tea export firms in Kenya surveyed employ less than 200 staff. 19.4% of firms surveyed employ over 500 employees while none of the firms employ between 201 and 400 employees. Table 4.4and Figure 4.2 show the results.

Table4.4: Number of Employees

Number of Employees	Frequency	Percent
1 to 100	43	69.4
101 to 200	6	9.7
201 to 300	0	0.0
301 to 400	0	0.0
401 to 500	1	1.6
Over 500	12	19.4
Total	**62**	**100.0**

Source: Primary Data, 2015

Figure 4.2: Presentation of Number of Employees



Source: Primary data

4.2.5 Export Sales Turnover

The sales revenue of a firm could be attributed toincreased buyer value(Bordes, 2009). This might be as a result of reconfiguring or to improving other activities within the firm’s value chain. The contributors of sales turnover include superior quality of goods/services (PIMS Principle); value-adding activities(Bordes, 2009) and uniquely blended products (Omari et al, 2014). These dimensions of differentiation-based sources of competitive advantage were relevant to this study as they relate to a firm’s performance (market share).

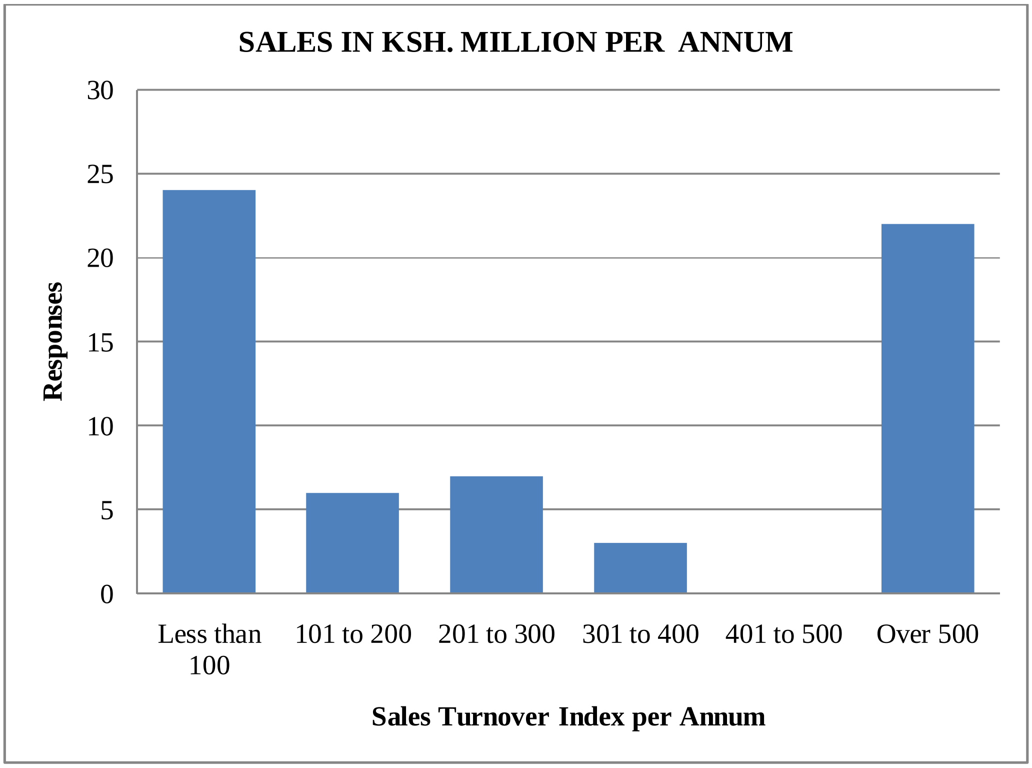
Tea export sales turnover per annum among respondent firms was surveyed to establish the revenue profiles of the firms. 38.7% of respondents indicated they have a sales turnover of less than 100 million; while 35.5% indicated they have sales turnover of over500 million. 11.3% indicated they have 201 to 300 million worth of sales per annum while 4.4 % indicated they have 301 to 400 million worth of sales per year. None of the respondent firms had turnover between 401 and 500. Results are as shown in Table 4.5 and Figure 4.3:

Table4.5: Export Sales Turnover per Annum

Sales inKshs. Million per Annum	**Frequency**	**Percent**
Less than 100	24	38.7
101 to 200	6	9.7
201 to 300	7	11.3
301 to 400	3	4.4
401 to 500	0	0
Over 500	22	35.5
Total	**62**	**100.0**

Source: Primary Data, 2015

Figure 4.3 Presentation of Sales Turnover per Annum (Ksh. Millions)



Source: Primary Data, 2015

4.2.6 Differentiation Strategies Applied by Tea Export Firms

Organization may choose to adopt or not to adopt strategies that could determine their performance and consequently their competitiveness in the market. The choice could be determined by the resources and the risks involved.Adoption of differentiation strategies by the export firms would demonstrate that the firms might have recognized that application of such strategies would give them a competitive edge in the export market and consequently affect their market share. Firms that have not adopted the differentiation strategies could be pursuing other factors that would explain their source of competitiveness. In this study, the tea export firms were surveyed as to whether or not they apply differentiation strategies in tea export. As indicated in Figure 4.6, it was established that71% of the respondent firms use differentiation strategies in tea export while 29% do not apply differentiation strategies in the tea export business.

Table 4.6: Application of Differentiation Strategies

Response	Frequency	Percent
Apply	44	71
Don't Apply	18	29
Total	**62**	**100.0**

Source: Primary Data, 2015

4.2.7 Status of Annual Sales

Adoption of differentiation strategies by firms may have an impact on performance in terms of annual sales revenue. This study sought to establish the whether the use of differentiation strategies led to any change in the annual export sales. Status of annual export sales among respondent firms was surveyed to establish the impact of adoption of differentiation strategies on the sales revenue of the firms. 77.4% of respondents indicated that adoption of differentiation strategy has increased annual sales; 3.2 % indicated they have experienced a decrease in the annual sales revenue; 8.1% indicated they don't know whether or not adoption of the differentiation strategies has impact on the annual sales while9.7%indicated that employment of differentiation strategies has neither increased nor decreased the annual sales. There was 1.6% non-response. Table 4.7 shows the results.

Table 4.7: Status of Annual Sales upon Adoption of Differentiation Strategies

Status of Annual Sales	Frequency	Percent
Increasing	48	77.4
Static (same)	6	9.7
Decreasing	2	3.2
Don't know	5	8.1
Total	61	98.4
No response	1	1.6
Total	**62**	**100.0**

Source: Primary Data, 2015

4.3Adoption of Differentiation Strategies by Kenya Tea Export Firms

Organizations would apply various strategies for survival or growth in the competitive business environment. Firms would adopt differentiation strategies at different levels to determine their performance in the market.This study sought to determine the extent of adoption of differentiation strategies amongst the Kenyan tea export firms.

The extent of adoption of differentiation strategies was measured using a likert scale ranging from 1 to 5(1=Strongly Disagree; 2=Disagree 3=Neutral; 4=Agree; and 5=Strongly Agree). From the analysis Table 4.8, the adoption of differentiation strategies amongst the tea exporting firms ranges from a mean of 3.37 (66.6%) to 3.89(77.8%); with value-added products being the mostly used strategy at a mean of 3.89 (77.8%) and pricing being the least used at a mean of 3.37 (66.6%). Operating procedures, distribution network, and customer incentives had adoption mean of 3.82, 3.72, and 3.60, respectively.

Table 4.8: Extent of Adoption ofDifferentiation Strategies by Tea Export Firms

Differentiation strategies	N	Minimum	Maximum	Mean	%Adoption
Pricing	62	1	5	3.37	66.6%
Value-added products	61	1	5	3.89	77.8%
Operating procedures	62	1	5	3.82	76.4%
Customer incentives	61	1	5	3.60	72.9%
Distribution network	60	2	5	3.72	74.5%

Source: Primary Data, 2015

The extent of application of the respective sub-differentiation strategies was also analyzed as shown in Tables 4.8.1 to 4.8.5.

For value added product strategies, product features (quality) is the most adopted strategy at a mean of 4.43 (88.5%) while new technology is the least used strategy at a mean of 3.64 (72.8%). Brand uniqueness, innovative designs, product variety, and certification had a mean 4.02 (80.3%), 4.00 (80.0%), 3.98 (79.7%), and 3.66 (73.1%), respectively. The results are illustrated in Table 4.8.1.

Table 4.8.1: Value Added Products as a Differentiation Strategy

Sub-strategies	Mean	% Adoption
Product features (Quality)	4.43	88.5%
Innovative designs	4.00	80.0%
New Technology	3.64	72.8%
Brand Uniqueness	4.02	80.3%
Product Variety	3.98	79.7%
Certification	3.66	73.1%
Mean	**3.89**	**77.8%**

Source: Primary Data, 2015

Amongst the operating procedures strategies, process documentation is the most preferred strategy at a mean of 4.00 (80%) while outsourcing is the least adopted strategy at a mean of 3.42 (68%).Organizational policies were adopted at a mean of 3.94 (78.7%) while company standards and IT platformboth had a meanof adoption at 3.87 (77.4%). The results are illustrated in Table 4.8.2.

Table 4.8.2: Operating Proceduresas a Differentiation Strategy

Sub-strategies	**Mean**	**% Adoption**
Organizational Policies	3.94	78.7%
Process Documentation	4.00	80.0%
Company Standards	3.87	77.4%
IT Platform	3.87	77.4%
Outsourcing	3.42	68.4%
Mean	**3.82**	**76.4%**

Source: Primary Data, 2015

For distribution network strategies, communication channels strategies are most applied at a mean of 4.15 (83.0%) while use of unique alliances is the least applied strategy at a mean of 3.25 (64.9%). Supplier distribution and customer selection, distribution networks, foreign subsidiaries and backward/ forward integrationstrategies had a mean adoption of 4.05 (81.0%), 4.03 (80.7%), 3.57 (71.5%) and 3.30 (66.0%), respectively. The results are shown in Table 4.8.3.

Table 4.8.3: Distribution Networkas a Differentiation Strategy

Sub-strategies	Mean	% Adoption
Supplier Distribution and Customer Selection	4.05	81.0%
Foreign Subsidiaries	3.57	71.5%
Communication Channels	4.15	83.0%
Distribution Networks	4.03	80.7%
Unique Alliances	3.25	64.9%
Backward/Forward Integration	3.30	66.0%
Mean	**3.72**	**74.5%**

Source: Primary Data, 2015

For customer incentive strategies, direct marketing is the most employed strategy at a mean of 4.29 (85.8%) while giveaways (free samples) strategy is the least applied at a mean of 3.00 (60%).Publicity and public relations knowledge, shipment volumes, advertising and sales promotion had a mean adoption of 4.13 (82.6%), 3.69 (73.8%), 3.40 (68.1%), and 3.35 (67.1%), respectively. The results are presented in Table 4.8.4.

Table 4.8.4: Customer Incentivesas a Differentiation Strategy

Sub-strategies	Mean	% Adoption
Give-aways (Free samples)	3.00	60.0%
Sales Promotion	3.35	67.1%
Shipment Volumes	3.69	73.8%
Advertising	3.40	68.1%
Publicity and Public Relations Knowledge	4.13	82.6%
Direct Marketing	4.29	85.8%
Mean	**3.60**	**72.9%**

Source: Primary Data, 2015

Amongst the pricing strategies, blending is the most applied strategy with an adoption mean of 3.47 (69.4%) while forward contracts is the least used at a mean of 3.13 (62.6%). Total cost, quantity discounts and longer credit period had a mean of 3.44 (68.7%), 3.33 (66.6%), and 3.23 (64.5%), respectively. The results are shown in Table 4.8.5.

Table 4.8.5: Pricing as a Differentiation Strategy

Sub-strategies	Mean	% Adoption
Total Cost	3.44	68.7%
Blending	3.47	69.4%
Forward Contracts (Futures markets)	3.13	62.6%
Longer Credit Period	3.23	64.5%
Quantity Discounts	3.33	66.6%
Mean	**3.37**	**66.6%**

Source: Primary Data, 2015

4.4 The effect of Differentiation Strategy on Market Share

In differentiation strategy, a firm seeks to differentiate its product or service by creating something that is perceived industry-wide as being unique (Porter, 1980).With more sales volume and value on differentiated products, a firm is able to attain a higher market share than its competitors. This study sought to determine the relationship between differentiation strategy and market share of tea export firms in Kenya.The effect of differentiation strategies on market share was analyzed using regression analysis. In this analysis, theeffect of predetermined differentiation strategies (pricing, customer incentives, operating procedures, distribution network and value-added products) on market share performance of the Kenyan tea export firms was established. The analysis was based on the assumption that the relationship between the dependent variable (market share) and the independent variables was linear. The other assumption made was that the independent variables are not related to each other. This was established through testing the multicollinearity amongst the independent variables, asdiscussed below.

4.4.1 Testing Multicollinearity

In statistics, multicollinearity (also colinearity) is a phenomenon in which two or more independent or predictor variables in a multiple regression model are highly correlated, meaning that one can be linearly predicted from the others with a substantial degree of accuracy. According to Farrar and Glauber (1967), a simple method for detecting multicollinearity is to calculate the correlation coefficients between any two of the explanatory variables. If these coefficients are greater than 0.80 or 0.90 then this is an indication of multicollinearity. When that happens, one independent/predictor variable is dropped at the expense of the one that it is highly correlatedwith.In this study, to establish the multicollinearity amongst the independent variables, correlation analysis was used. From the correlation analysis results, the correlation coefficients amongst the independent variables ranged between 0.304 and 0.615 as illustrated in Table 4.9 below. This is a demonstration that there is no multi-collinearityamongst the five predetermined differentiation strategiessince none of the predictor variables is strongly correlated with each other. All of them had coefficients < 0.8, thus a model of the five predictor variables could be used in forecasting market share of the tea export firms. This is implies thatthese strategies are reliable predictor variables.

Table 4.9: Pearson CorrelationMatrix amongst the Independent Variables

Variable		Pricing	Customer incentives	Operating procedures	Distribution network	Value-added products
Pricing	Correlation	1.000				
	P-Value					
Customer incentives	Correlation	0.466**	1.000			
	P-Value	(0.000)				
Operating procedures	Correlation	0.304*	0.340**	1.000		
	P-Value	(0.016)	(0.017)			
Distribution network	Correlation	0.338**	0.382**	0.543**	1.000	
	P-Value	(0.008)	(0.003)	(0.000)		
Value-added products	Correlation	0.323*	0.481**	0.615**	0.594**	1.000
	P-Value	(0.011)	(0.000)	(0.000)	(0.000)	

*Correlation is significant at the 0.05 level (2-tailed)
**Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data, 2015

4.4.2 Regression Analysis of Differentiation Strategies on Market Share

Regression is a statistical method used in determining relationships between elements or variables. In this study, a regression analysis was done to determine the effect of independent variables on market share. Table 4.10 shows the model summary of the overall significance of the multiple regression equation.

Table4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
	0.341	0.116	0.033	0.0260519	0.116	1.395	5	53	0.241

a. Dependent Variable: Market share

b. Predictors: (Constant), Distribution network, Pricing, Customer incentives, Operating procedures, Value-added products

Source: Primary Data, 2015

From the model summary, the P-value is 0.241 which is more than 0.05 (5%), implying that the model is not significant at 95% confidence level. The coefficient of determination (R^2) equals 0.116 (11.6%), which means that the five differentiation strategies (Pricing, Customer incentives, Operating procedures, Distribution network and Value-added products) account for only 11.6% effect on the market share. Notably, the effect is low despite high adoption level of the strategies within the tea export firms that ranges between 66.6% and 77.8%. This implies that though most of the tea exports firms apply the five differentiation strategies, the purpose of the application is not to gain the export market share.

The fact that the five differentiation strategies explain 11.6% of the market share is an indication that there are other variables outside the five differentiation strategies that explain 88.4% of the market share.These findings support Resource based view theory, which indicates that a firm's performance is affected by its specific resources and capability. In this regard, the market share of the tea export firms would be more dependent on resources and capability as opposed to application of differentiation strategies. The results also support Muthoka's findings on the fact that firms use several strategies to deal with competition in order to increase the market share.

The regression model derived from Table 4.11is as follows:

$Y=-0.003- 0.002X_1- 0.004X_2- 0.002X_3- 0.001X_4+0.014X_5+ \varepsilon$

Where:

Y is the Market share; -0.003 is the constant term; X1 is Pricing strategy; X2 is Value added products strategy; X3 is the Operating procedure strategy; X4 is the Customer incentives strategy; X5 is Distribution network strategies and ε is the Error Term.

Table 4.11: Coefficients of Regression Equation

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-0.003	0.024		-0.134	0.894
Pricing (X_1)	-0.002	0.005	-0.061	-0.408	0.685
Value-added products(X_2)	-0.004	0.007	-0.105	-0.562	0.577
Operating procedures(X_3)	-0.002	0.006	-0.053	-0.309	0.759
Customer incentives (X_4)	-0.001	0.005	-0.033	-0.205	0.839
Distribution network(X_5)	0.014	0.005	0.430	2.539	0.014

Dependent Variable: Market share

Source: Primary Data, 2015

From the model, four out of five the strategies (pricing; value-added products; operating procedures; and customer incentives) have a negative elasticity, which ranges between 0.001 (0.1%) to 0.004 (0.4%). This implies that on application, they a negative effect on market share. However, distribution network strategies have a positive elasticity on market share at 0.014 (1.4%). This implies the strategies have a positive but small impact on market share.

4.5Discussion of Findings

This section discusses key findings of the study including the period of operation, number of employees and export sales turnover of tea export firms in Kenya. It also highlights the finding on the extent of adoption of differentiation strategies and their effect on market share of the tea export firms. Findings of the study are related to the results of empirical studies discussed under literature review.

From this study, longer period of operation, high number of employees and export sales turnover as well as being largely privately owned is a clear demonstration that the tea export firmsin Kenya have the capability and resources to perform better as advanced by the Resource Based Theory.

Findings illustrate that, in tea export business, value-added products strategy is highly used as a differentiation strategy. This could be due to diverse tastes and preferences that exist among buyers in different tea market destinations for Kenya tea abroad. Amongst the value added product strategies, product features (quality) is the most adopted strategy at a mean of 4.43which could be due to the fact that the value of tea (for acceptability) in the export markets is mainly based on its quality characteristics. On the other hand, new technology is the least adopted strategy at a mean of 3.64, a situation that could be attributed to high costs of investment and long-term realization of benefits involved in the application of this strategy.The high use of value-added products strategy is consistent with findings by Omari et al., Kamau and Anyim. Omari et al. (2014) established that differentiation can be found on distinctive and specialized blends of products by pioneering the concept of uniquely blended products which will increase the number of branches in different market destinations.

According to Kamau (2013), differentiation strategy is a strategy to create or offer unique and different products and/ or services. Anyim (2012) established that an advantage is durable only if competitors cannot readily imitate the firms superior product/delivery attributes.

The finding on pricing being the least adopted strategy negates the results of a study by Zaribaf and Yaprak. Zaribaf(2008) established that among the four marketing mix (product, distributing channels, promotion and price), only price creates income and the other three generate costs, and that besides creating income, price plays a major role as a strategic factor in developing competitive advantage in the market. Yaprak (2001) found out that in international markets, pricing is one of the most important elements of marketing product mix, generates cash and determines a company's survival.The reason behind low adoption of pricing strategy by the tea export firms could be explained by the nature of the export business in the sense that most of the exporters serve mainly the same clients overseas. In this regard, since the overseas clients dictate the pricing amongst the Kenyan tea exporters, it may not be a critical differentiation strategy amongst the exporters.

Amongst the pricing strategies, blending is the most applied strategy with an adoption rate at a mean of 3.47 while a forward contracts (futures markets) is the least used at a mean of 3.13. Since blending determines the ability to meet diverse customer requirements for tea in the overseas markets, this could explain the high rate of adoption of this strategy. Conversely, low usage of forward contracts strategy could be explained by fear of the risks involved in hedging pricing mechanisms in the overseas markets due to the volatile nature of tea supply and demand forces globally.

Amongst the operating procedures strategies, process documentation is the most preferred strategy at meanof 4.00 which could be explained by the sense that turn-around time in export (of tea) depends more on efficient management of shipping documentation; while outsourcing is the least adopted strategy at 3.42. This could be explained by the fact that most of the Kenyan tea export firms have not built capacity to outsource processes owing to their small sizes. For distribution network strategies, communication channels strategyisthe most applied at a mean of 4.15 and this could be due to the existence of cheap and convenient modes of communication that are likely to establish strong partnership in tea export businesses; while use of unique alliances is the least applied strategy at a mean of 3.25, a situation which could be due to resource inadequacy for most tea export firms to form strategic alliances with other companies overseas. For customer incentive strategies, direct marketing is the most employed strategy at a mean of 4.29 which could be attributed to the fact that the firms are able to impact consumers' or business customers' buying decisions directly,thus closing deals with ease; while giveaways (free samples) strategy is the least applied at a mean of 3.00 and this could be because tea export firms usually send ‘trade samples’ to customers for approval prior to shipment.

The findings are an indication that in tea export business, the four differentiation strategies (pricing, value-added products, operating procedure, and customer incentives) are not applied for the purposes of influencing the market share. This is contrary to the findings of several studies. For example, according to Thompson (2004), premium price is one of the three aspects that a firm can adopt to gain competitive advantage others being unique features and branding. A study by

Zaribaf(2008) found out that among the four marketing mix (product, distributing channels, promotion and price) only price creates income while the other three generate costs. Achrol and Kotler (1999) argue that various business interdependence arrangements such as strategic alliances and joint ventures and also networks of multiple actors such as supplier and subsidiary networks, are formed by organizations to compete effectively in the dynamic business environment.

The findings are however, consistent with the differentiation theory which states that the ability of a firm to maintain its competitive advantage depends on how it manipulates other variables, in line on variety and immutability of its organizational strengths and weaknesses (Awino et al., 2011). The findings also support a study by Bordes (2009) who established that increasing buyer values or any dimension in value-adding activities means a need to reconfigure or to improve activities within the firm's value chain.Fornell (1992) found that it is not certain that market share and customer satisfaction have a positive correlation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes, concludes and recommends the results of the findings of the study carried out. It comprises summary of the research findings, conclusions drawn from the study and recommendations. The purpose of the study was to establish the effect of differentiation strategy on market share of tea export firms in Kenya.

5.2 Summary of Findings

The study examined the extent of differentiation strategies and their effect on market share of tea export firms in Kenya. It employed five differentiation strategies that included pricing, value-added products, operating procedure, customer incentives strategy, and distribution network strategies. The data was analyzed for 62 respondents out of a target population of 72 which is an 86.1% response rate. Most of the surveyed firms were predominantly privately owned (95.2%) while the remaining were public owned and jointly private and Government owned. Most of these firms were found to have been in operation for more than 20 years and had an employee population of l to 100 while their annual export sales turnovers were less than Ksh. 100 Million.

It was established that 71% of the respondent firms use differentiation strategies in tea export while 29% do not apply the same.The finding showed that theadoption of differentiation strategies amongst the tea exporting firms ranges from 66.6% (mean of 3.37) to 77.8% (mean of 3.89); with value-added products being the highly used strategy and pricing being the lowest used. Analysis on the extent of application of the respective sub-differentiation strategies for each of the five differentiation strategies showed that amongst the pricing strategies, blending is the most applied strategy while forward contracts is the least used strategy. For value added product strategies, product features (quality) is the most adopted strategy while new technology is the least adopted strategyby the firms. Whereas process documentation is the most preferred strategy amongst operating procedures strategies, outsourcing is the least adopted strategy.Communication channels strategy is the most applied strategy amongstdistribution network strategies; while use of unique alliances is the least applied strategy. Direct marketing is the most employed strategy amongst customer incentives strategies; while give-aways (free samples) strategy is the least applied strategy.

From the regression analysis results, the relationship between market share and differentiation strategies showed that the strategies studied only explain11.6% of the market share with distribution network strategies having apositive effect at 1.4%. The other four strategies (pricing; value-added products; operating procedure; and customer incentives) had negative and low effect.

5.3 Conclusion

This study demonstrated ahigh adoption of the five predetermined differentiation strategies(pricing; value-added products; operating procedure; distribution network and customer incentives) by tea export firms in Kenya. The five strategies have been adoptedto a great extent by the tea export firms, which mean that the firms have mainstreamed the application of the strategies fully in their operations.However, since adoption is not at a level of 100%, there is a possibility thatother differentiation strategies are being applied by the firms. To survive in the tea export business, adoption of value added products strategies by a firm, to a greater extent,could be akey factor to consider. Thelow effect of the five differentiation strategies on the market shareis an indication that their applicationcould be largelyfor other benefits apart from influencing the market share. In this regard, market share could be attained by other strategies such as increasing the firms' resources and capability.

5.4 Limitations of Study

A number of limitations were encountered in this study including; non response to questionnaires by the target respondents, time and resource constraints, and completion of the questionnaires by a representative of the management staff.

Out of a target of 72 active tea export firms, 62 responses were received translating to 86.1% response rate. This notwithstanding, there were perceptions that the information provided by the respondents may not be treated with confidentiality. The respondents feared that the information provided might not be used for the intended purpose.Additionally, some respondents were unwilling to share information for unexplained reasons.

The study required ample time and other resources in order to achieve the researcher's objectives without ado. Nonetheless, the time required for carrying out the research and the related resources were limited. Lastly, the study questionnaire was filled by a member of management staff in respondent tea export firms. Researcher had no control on the management staff to fill the questionnaire. The respondents, though, management staff, had varied levels in terms of experience, knowledge, access to information, and interpretation of differentiation strategies vis-à-vis market share.

5.5 Recommendations

In view of high adoption of value added strategies and the low effect of the five differentiation strategies on market share of the tea export firms in Kenya, the Ministry of Agriculture, Livestock and Fisheries, State department of Agriculture, should develop policies and strategies that promote the application of differentiation strategies among Kenyan tea export firmswith the aim to enhance market share for survival, growth, and competitiveness in the international market place. Such policies should include access to more resources and support, say in promotion.Value addition strategies will increase foreign exchange earnings for the country and profitability along the value chain.

From the study findings, the management of individual organization's operationsshould consider adoption of differentiation strategies to enable them to compete effectively in the global tea market. This could be achieved through the adoption of uniqueness of their products and services against the competition. Such strategies could also enable the firms to reduce their operational costs, enhance operational efficiencies and improve their profit margins.

5.6Suggestions for Further Study

This study was focused on the effect of differentiation strategy on market share of tea export firms in Kenya. Based on the findings, it is proposed that future research be conducted on other strategies that are being applied by the tea export firms apartfrompricing, value-added products, operating procedures, distribution network and customer incentive programmes.Owing to the fact that the tea exports are destined for different markets, the other possible area of future research could be on the effect of market share within a particularmarket destination. These studies could be extended to other closely related sub-sectors of the economy such as horticulture for comparative analysis.Future study could also be conducted onthe strategies that influence the market share of the tea export firms in tea producing countries in the region.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION FROM THE UNIVERSITY

UNIVERSITY OF NAIROBI
MOMBASA CAMPUS

Telephone: 020-2059161
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities
Our Ref: D61/64681/2013

Tel: 020 2059161
Mombasa, Kenya

DATE: 18TH AUGUST, 2015

TO WHOM IT MAY CONCERN

The bearer of this letter, **King'oo Julius Mwanzia** of Registration Number **D61/64681/2013** is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

He is required to submit as part of his coursework assessment a research project report. We would like the student to do his project on ***The Effect of Differentiation Strategy on Market Share of Tea Export Firms in Kenya.*** We would, therefore, appreciate if you assist him by allowing him to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MOMBASA CAMPUS

Zephaniah Ogero Nyagwoka
Administrative Assistant, School of Business-Mombasa Campus
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APPENDIX II: RESEARCHQUESTIONNAIRE

This questionnaire is to collect data for purely academic purposes. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire. ***Answer allquestions as indicated by either filling in the blank or ticking the option that applies.***

PART A: COMPANY PROFILE

1. Ownership (please tick as appropriate)
[ ] Public
[ ] Private
[ ] Jointly private and government owned
[ ] Other (please specify)…………………….

2. How many years has the company been in operation? …………. Years

3. How many employees do you have (please tick as appropriate)
[ ] 1- 100 [ ] 101 – 200 [ ] 201 – 300 [ ] 301 – 400 [ ]401 – 500 [ ] Over 501

4. What is your export sales turnover per annum in Kshs (please tick as appropriate)
[ ] Less than 100 million
[ ] 101 – 200 million
[ ] 201 – 300 million
[ ] 301 – 400 million
[ ] 401 – 500 million
[ ] 501 million and over

5. Do you apply any strategies that differentiate your company from competitors in tea export business (please tick as appropriate)
[ ] YES [ ] NO

If the answer is YES please indicate the strategies applied.……………………………
…………………………………………………………………………………………….

6. Since the adoption of the differentiation strategies (uniqueness), what is the status of annual export sales revenues compared to the periods before?
Increasing[ ]
Static (same) [ ]
Decreasing [ ]
Don’t know [ ]

PART B: ADOPTION OF DIFFERENTIATION STRATEGIES

1. Kindly rate the following attributes ofpricing strategies as adopted by your firm

Pricing strategy	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Total costs are kept lower compared to the competitors					
The firm uses blending as a price reducer strategy which determines rate of return					
Forward contracts(futures markets) is a key determinant of pricing in tea export					
Longer credit period determines pricing					
Use of quantity discounts affects pricing					

2) Kindly rate the following attributes on value-added products strategies as adopted by your firm

Value-added products strategy	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Distinctive product features (quality) is a key source of competitiveness in tea export					
Innovative designs determine organization's share in export markets					
The organization has adopted new technology to keep operations cost below the competitors					
The uniqueness of our brands enhances the convenience of product choice by our customers					
The variety offered by the company has increased reliability of our products in the export market					
Obtaining third-party certification has boosted gaining more market share in the foreign markets					

3) Kindly rate the following attributes of process operating procedures strategies as adopted by your firm

Operating procedures strategy	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
Organizational Policies (vision, mission, goals) affect the speed of tea export					
The extent of documentation of organizational processes affect operational efficiency					
The company has adopted standards that promote profitability and share in the external market					
The organizational IT platform has offered a solution to monitoring internal and external results					
The firm outsources non-core activities to reduce the cost of operations					

4) Kindly rate the following attributes of distribution network strategies as adopted by your firm

Distribution network strategy	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
Selection of suppliers, distribution and customer network affect organizational performance in the foreign market					
Foreign subsidiaries has impact on gaining/ losing export market share					
Communication channels determine customer acquisition and retention					
Efficient distribution network affect product accessibility					
The firm forms unique alliances with other firms to gain more market share in export market					
Backward/ forward integration within the value chain helps to lower operational cost					

5) Kindly rate the following attributes of customer incentive programmesstrategies as adopted by your firm

Customer incentive programmes strategy	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
The firm uses giveaways (free samples) strategy to retain customers					
The firm offers sales promotions as a strategy to get new markets					
There are enough volumes of tea shipments to the customers					
Adoption of advertising approach has helped to increase market share					
Human knowledge in publicity and public relations has impact on customer responsiveness					
Direct marketing strategy has helps in venturing new markets					

THANK YOU

APPENDIX III: LIST OF TEA EXPORT FIRMSIN KENYA(2010- 2014)

	Exporter	Location
1	KTDA Ltd	Nairobi
2	Cargill (K) Ltd	Mombasa
3	James Finlay Mombasa	Mombasa
4	Lipton Ltd	Mombasa
5	Global Tea Commodities	Mombasa
6	LAB International (K) Ltd	Mombasa
7	Chai Trading Co. Ltd	Mombasa
8	Mombasa Coffee Ltd	Mombasa
9	Vanrees B.V. Ltd	Mombasa
10	Unilever (K) Ltd	Mombasa
11	James Finlay (K) Ltd	Kericho
12	DevchandKeshavji Ltd	Mombasa
13	Juja Coffee Exporters Limited	Mombasa
14	Cofftea Agencies Ltd	Mombasa
15	M.J. Clarke Ltd	Mombasa
16	Eastern Produce Kenya Limited	Nandi
17	Ranfer Teas (K) Ltd	Mombasa
18	Stansand (Africa) Ltd	Mombasa
19	AlibhaiRamji (Msa) Ltd	Mombasa
20	Al-Emir Ltd	Mombasa
21	Shakab Imports Exports Ltd	Mombasa
22	Siret Tea Co. Ltd	Nandi
23	Gokal Beverages (EPZ) Ltd	Mombasa
24	Imperial Teas (K) Ltd	Mombasa
25	Sotik Tea Estate	Sotik
26	Kibwari Ltd	Nandi Hills
27	Sotik Highlands	Sotik
28	Abbas Traders Ltd	Mombasa
29	Lindop& Co. (K) Ltd	Mombasa
30	Kipkebe Ltd	Kericho
31	Nandi Tea Estate	Nandi
32	Indo Africa Tea Co. Ltd	Mombasa
33	Ketepa	Kericho
34	Sondhi Trading Ltd	Mombasa
35	Sardia International Co. Ltd (2006)	Mombasa
36	Mombasa Advance Logistics Ltd	Mombasa
37	Africa Tea & Coffee Ltd	Mombasa
38	Al-Itihad (1998) Ltd	Mombasa
39	Oriental Tea Exporters	Mombasa
40	Chamu Tea Traders	Mombasa

41	Kaisugu Limited	Kericho
42	Aimco Enterprises	Mombasa
43	Mombasa Tea Traders	Mombasa
44	Lula Trading Co.Ltd.	Mombasa
45	Afribridge Trade Exporters	Mombasa
46	Afro Teas Ltd	Mombasa
47	Kiptagich Limited	Olonguruon
48	Black Dew Ltd	Mombasa
49	Suwad Enterprises	Mombasa
50	Pwani Hauliers Ltd	Mombasa
51	Karirana Tea Estate	Limuru
52	Maymun Enterprises	Mombasa
53	Lutex Ltd	Mombasa
54	Greanleaf Trading Co. Ltd	Mombasa
55	Summer Liners Co. Ltd	Mombasa
56	Tecof trading	Mombasa
57	Tropical Crops & Commodities	Mombasa
58	Tanjal Ltd	Mombasa
59	Sasini Ltd	Mombasa
60	Kinengena Tea Trading Co. Ltd	Mombasa
61	Mombasa Packers	Mombasa
62	Akaba Investments (Ltd)	Mombasa
63	Al Khalifa Enterprises Ltd	Mombasa
64	United (EA) Warehouse Ltd	Mombasa
65	Apt Commodities Ltd	Mombasa
66	DL- Redwood	Mombasa
67	Kapchebet	Mombasa
68	Gold Crown Beverages Ltd	Mombasa
69	Almasi Chai (K) Ltd	Mombasa
70	Tecof Limited	Mombasa
71	Pricewell	Mombasa
72	One Touch	Mombasa

***Source*: AFFA-Tea Directorate, 2014.**

APPENDIX IV: AVERAGE MARKET SHARE OF KENYA TEA EXPORT FIRMS (2010-2014)

	Exporter	Export Value	Export Market Share
		KSHS	**KSHS**
1	KTDA Ltd	9,937,090,791.47	11.37%
2	Cargill (K) Ltd	9,564,925,256.69	10.94%
3	James Finlay Mombasa	7,168,358,076.69	8.20%
4	Lipton Ltd	5,408,979,906.30	6.19%
5	Global Tea Commodities	5,263,350,484.30	6.02%
6	Lab International (K) Ltd	4,938,340,034.41	5.65%
7	Chai Trading Co. Ltd	4,499,365,337.21	5.15%
8	Mombasa Coffee Ltd	4,491,588,116.40	5.14%
9	Vanrees B.V. Ltd	4,476,782,258.35	5.12%
10	Unilever (K) Ltd	4,422,277,590.09	5.06%
11	James Finlay (K) Ltd	3,613,345,111.01	4.13%
12	DevchandKeshavji Ltd	3,571,615,039.92	4.09%
13	Juja Coffee Exporters	3,065,883,697.40	3.51%
14	Cofftea Agencies Ltd	2,785,310,065.23	3.19%
15	M.J. Clarke Ltd	2,480,997,259.01	2.84%
16	Eastern Produce Of Kenya	1,984,069,393.37	2.27%
17	Ranfer Teas (K) Ltd	1,774,046,444.81	2.03%
18	Stansand (Africa) Ltd	1,316,782,903.99	1.51%
19	AlibhaiRamji (Msa) Ltd	1,037,848,896.03	1.19%
20	Al-Emir Ltd	892,572,358.95	1.02%
21	Shakab Imports Exports Ltd	746,897,502.15	0.85%
22	Siret Tea Co.	446,081,108.16	0.51%
23	Gokal Beverages (EPZ) Ltd	443,962,365.21	0.51%
24	Imperial Teas (K) Ltd	429,556,346.77	0.49%
25	Sotik Tea Estate	384,742,295.64	0.44%
26	Kibwari Ltd	333,151,693.62	0.38%
27	Sotik Highlands	288,549,338.40	0.33%

28	Abbas Traders Ltd	265,951,813.53	0.30%
29	Lindop& Co. (K) Ltd	226,960,608.38	0.26%
30	Kipkebe Ltd	190,087,603.26	0.22%
31	Nandi Tea Estate	116,100,435.40	0.13%
32	Indo Africa Tea Co. Ltd	108,879,310.30	0.12%
33	Ketepa	102,128,026.41	0.12%
34	Sondhi Trading Ltd	91,952,035.05	0.11%
35	Sardia International	78,083,904.78	0.09%
36	Mombasa Advance Logistics	66,727,431.78	0.08%
37	Africa Tea & Coffee	64,234,744.07	0.07%
38	Al-Itihad (1998) Ltd	37,131,471.99	0.04%
39	Oriental Tea Exporters	28,555,557.47	0.03%
40	Chamu Tea Traders	27,335,198.36	0.03%
41	Kaisugu Limited	23,313,608.46	0.03%
42	Aimco Enterprises	23,259,011.50	0.03%
43	Mombasa Tea Traders	23,196,156.97	0.03%
44	Lula Trading Co.	21,682,688.51	0.02%
45	Afribridge Trade Exporters	12,144,095.71	0.01%
46	Afro Teas Ltd	10,803,590.03	0.01%
47	Kiptagich Limited	10,559,431.71	0.01%
48	Black Dew Ltd	9,673,905.25	0.01%
49	Suwad Enterprises	9,427,478.65	0.01%
50	Pwani Hauliers Ltd	8,401,018.81	0.01%
51	Karirana Tea Estate	7,763,174.20	0.01%
52	Maymun Enterprises	7,553,152.28	0.01%
53	Lutex Ltd	7,470,929.82	0.01%
54	Greenleaf Trading Co. Ltd	6,935,480.34	0.01%
55	Summer Linners Co. Ltd	4,432,302.19	0.01%
56	Tecof Trading	3,949,455.65	0.00%
57	Tropical Crops & Commodities	3,254,835.22	0.00%
58	Tanjal Ltd	1,695,981.46	0.00%
59	Sasini Ltd	1,421,493.17	0.00%

60	Kinengena Tea Trading Co. Ltd	1,358,942.03	0.00%
61	Mombasa Packers	2,232,349.42	0.00%
62	Akaba Investments (Ltd)	1,233,695.10	0.00%
63	Al Khalifa Enterprises Ltd	1,103,756.36	0.00%
64	United (Ea) Warehouse Ltd	1,029,636.21	0.00%
65	Apt Commodities Ltd	1,024,846.23	0.00%
66	DL- Redwood	914,656.35	0.00%
67	Kapchebet	438,258.24	0.00%
68	Gold Crown Beverages Ltd	425,375.04	0.00%
69	Almasi Chai (K) Ltd	303,257.58	0.00%
70	Tecof Limited	243,787.84	0.00%
71	Pricewell	86,422.00	0.00%
72	One Touch	46,577.26	0.00%
	GRAND TOTAL	**87,405,902,556.34**	**100.0%**

***Source*: AFFA-Tea Directorate, 2014.**