EFFECT OF BOTTOM OF THE PYRAMID STRATEGIES ON MARKET PERFORMANCE OF FAST MOVING CONSUMER GOODS COMPANIES IN KENYA

JAMES WANJOHI GATERU

DOCTOR OF PHILOSOPHY

(Business Administration)

JOMO KENYATTA UNIVERSITY OF

AGRICULTURE AND TECHNOLOGY

2018

Effect of Bottom of the Pyramid Strategies on Market Performance of Fast Moving Consumer Goods Companies in Kenya

James Wanjohi Gateru

A Thesis Submitted in Partial Fulfillment for the Degree of Doctor of philosophy in Business Administration in the Jomo Kenyatta University of Agriculture and Technology

2018

DECLARATION

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

Signature……. Date……

James Wanjohi Gateru

This thesis has been submitted for examination with our approval as University Supervisors.

Signature……. Date……

Prof. Willy Muturi, PhD

JKUAT, Kenya

Signature……. Date……

Prof. Thomas Senaji, PhD

KEMU, Kenya

DEDICATION

I dedicate this thesis to my wife, Joyce, for her ceaseless moral support and her understanding in the preparation of this thesis. Special dedication to my daughters, Agnes Wanjiru, Agnes Nyawira and Abigael Wamuyu for their great support, patience, understanding and encouragement as I went through this journey hoping that this will motivate them to work hard and achieve all what they hope to achieve in life.

ACKNOWLEDGEMENTS

First, I would like to acknowledge with deep gratitude and sincere appreciation all those who contributed in one way or the other towards the preparation of this thesis. Without their assistance, it would have been very difficult for me to prepare this thesis. Special thanks to my supervisors, Prof.Willy Muturi and Prof.Thomas Senaji, for guiding me through the entire thesis.

Special acknowledgement to Dr. Kirriinya, Dr. Kahuthu and Dr. Magdalene Muthoka for the assistance and the guidance they offered in the preparation of this thesis. Finally, my special acknowledgement to my nephew Dennis Gateru for his tireless effort in providing the much-needed journals that were used to prepare the literature review of this thesis.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

LIST OF ABBREVIATIONS AND ACRONYMS

BOP	Bottom of Pyramid/Base of Pyramid
BOS	Blue Ocean Strategy
CSR	Corporate Social Responsibility
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
HO	Null Hypothesis
ICT	Information Technology
KDB	Kenya Dairy Board
MDGs	Millennium Development Goals
MNCs	Multinational/Transnational Corporations
NKCC	New Kenya Co-operative Creameries
RBV	Resource Based View
SKUs	Stock Keeping Units
T.V	Television
TOP	Top of the Pyramid
4A's	Availability, Awareness, Acceptability and Affordable

OPERATIONAL DEFINITION OF TERMS

Blue Ocean Strategy: Blue ocean strategy entails making competition irrelevant by creating a new market space where there are very few or no competitors (Kim & Mauborgne, 2005).

Bottom of the Pyramid or Base of the Pyramid: The term bottom of the pyramid (BOP) refers to the largest but the poorest social-economical group, which globally consist of over 5billion consumers who spend approximately $ 2.5 per day (World Bank, 2013).

Dynamic capabilities: this refers to firm's behavioural orientation to constantly integrate, reconfigure, renew and recreate its resources and capabilities upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage (Tashman and Marano,2013).

Flea Market: The term refers to an informal market where the low-income consumers carry their shopping because they believe they would get lower priced goods and bargains (Petrescu & Bhatli, 2013).

Globalization: Globalization refers to the increasing of and deepening interactions between individuals and the organization across the globe (Tykersson & Mikael, 2011).

Inclusive Capitalism: Inclusive capitalism refers to the simultaneous pursuit of profit by companies and social welfare by creating markets for the poor. The purpose is to maximize profits and sell affordable goods and services to the BOP segment (Ansari, Muniri & Gregg, 2012).

Kadogo Economy: This is a term used in Kenya to refer to the group of consumers who cannot afford expensive goods and services but rather they depend on small packaged goods commonly known as single serving (Wamburi, 2013).

Multinational Corporations: A multinational Corporation (MNC) is a corporation that is registered in more than one country or that has operations in more than one country (Tykersson & Mikael, 2011).

Organizational Performance: According to Kihara (2016) the term firm performance can be defined as the result of activity and the appropriate measure selected to assess corporate performance as considered to depend on the type of the organization to be evaluated and the objective to be achieved through the evaluation that includes both financial and non-financial outputs and services of a firm.

Single Serve unit: This refers to the small packaged goods bought by the BOP consumers to form the baskets of goods and services required by a family to either last for one day or a one meal only (Anderson & Billou, 2007).

Strategy: It is the overall direction an organization wishes to pursue in order to achieve its objectives. It is the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources for carrying out these goals (Robinson, Pearce and Mital, 2008).

Stock outs: This refers to lack of products for sale at the retail retail outlets where the consumers good to shop for their products of choice (Tetra Pack, 2013).

Vision 2030: Kenya vision 2030 is the country's development plan covering the period 2008 to 2030 and whose objective is to transform Kenya into "a middle-income county through the provision of high quality life to all its citizens by year 2030" (ROK, 2008).

ABSTRACT

Bottom of the pyramid market segment has gained a lot of attention as a field of study due to its promise that it can be the next engine of growth for the global economy in this 21st century. This is because two thirds of the world population that is, more than five billion people are in this segment and hence the believe that there is a huge market potential for goods and services if commercial organizations invested in this market segment. There is however, no agreement in literature and among scholars as to whether this market is economically viable or not, due to the low incomes of approximately $2 per day earned by this group of people. The general objective of the study was to establish the effect of bottom of the pyramid strategies which are; affordability, availability, acceptability and awareness strategies on the market performance of fast moving consumer goods companies in Kenya. The study adopted exploratory survey research design and the research philosophy was positivism. The study population was 176 fast moving consumers' goods companies operating in Kenya, where Nairobi County with 118 companies was selected. There was a second minor population of BOP consumers whose objective was only to validate and correlate the findings of the FMCG company findings. Data was collected through the administration of questionnaires from senior commercial managers of the selected FMCG companies. The study findings from FMCG respondents showed that affordability strategies have a significant effect on market performance of fast moving consumers' goods companies in Kenya. Availability strategies were positively related to market performance of FMCG companies operating in Kenya. Acceptability strategies were also found to have a positive and significant effect on the market performance of FMCG companies operating in Kenya. Awareness rategies likewise were found to have a strong and significant effect on the market performance of FMCG companies operating in Kenya and indeed, they had the greatest effect among the four strategies. Based on the findings a conclusion was made that the bottom of the pyramid strategies that is affordability, availability, awareness and acceptability are effective in increasing the market performance of FMCG companies operating in Kenya. The study therefore, recommends that FMCG management should consider implementing the 4As strategies in their broad strategic plans as they strive to improve the market performance of their organizations. Affordability and awareness strategies came out as the most effective strategies to use in BOP market performance and hence a recommendation that they should be given the first priority when FMCG companies plan to improve their market performance. The study recommends that affordability and awareness strategies be given first priority when FMCG companies are strategizing on how to expand their market share and increase their sales revenues. Findings showed that the three-wheeler (Tuk Tuks) and the motor bikes are now the emerging most effective, accessible tools of distribution to the BOP market segment, and hence a recommendation to FMCGs companies to consider putting more investment in these two tools of distribution. The study confirmed that social media is an upcoming and an affordable awareness channel and hence a recommendation to FMCG to invest more in social media platforms and hence improve awareness of the products targeted to the bottom of the pyramid market segment.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

There has been a debate among many research studies as to whether BOP market is viable or not. While most studies of late support Prahalad (2010) assertion that there is a fortune at the base of the pyramid, there are still many critiques who still believe BOP market is not economically viable. This study therefore sought to establish the effect of bottom of pyramid strategies on market performance of fast moving consumer goods companies in Kenya. The problem statement, the objectives of study, purpose and justification of study were also covered in this chapter.

1.1.1 Fast Moving Consumer GzZoods Manufacturers (FMCG)

According to Shafayet and Rozario (2012), fast moving consumer goods industry (FMCG) refers to an industry where low involvement and convenient products are traded, examples of such goods are meat, milk, fresh produce, salt, sodas and juices. The products sell fast, are relatively affordable, have low margins but due to the relatively high turnover on volumes cumulative profits are normally quite high. According to KPMG (2013), fast moving consumer goods industry are characterized by companies which supply low-cost products that are in constant high demand. Examples of such products are food, beverage, personal hygiene and household cleaning products.

Fast moving consumer goods require extensive distribution network due to their high turnover (Shafayet & Rozario, 2012). Fast moving consumer goods can be classified into two namely, food and personal hygiene. While some FMCG companies only concentrate on either food or personal hygiene, some manufacture and markets products for other companies. Nestle Foods; Coca Cola and Pepsi Cola sell only food products while other companies like Reckit & Benckser and Colgate Palmolive only sell personal hygiene products. Unilever (K) Limited is an example of a company that manufactures and sells both foodstuff and personal hygiene products while some

companies like Haco Tiger Ltd manufacturer and sell personal hygiene products but markets food products for a company in South Africa (Kenya Association of manufacturers, 2014).

This industry is characterized by low margins and therefore companies operating in this market must employ strategies, which are focused on driving top-level sales. Companies operating in this market must drive high volumes, which should compensate for the lost margins (KPMG, 2015). KPMG (2015) also showed that the total market shares for fast moving consumer goods industry for the consumers earning less than 3 USD per day in Africa continent was 59% of the total consumption. This is a significant proportion, which makes this study of BOP strategies and FMCG market performance an interesting topic for further research.

1.1.2 Bottom of the Pyramid Concept

The term bottom of the pyramid (BOP) refers to the largest but the poorest social-economical group, which globally consist of over 5 billion consumers who spend approximately 2 USD per day or 1500USD per year (Jun, Lee & Park, 2013). Bottom of the pyramid concept refers to the creations of new profit-seeking market opportunities to low-income segments in the developing world while simultaneously contributing to the sustainable development of these regions (Olsen & Mettle, 2009). The term bottom of the pyramid (BOP) refers to the largest but the poorest social-economical group, which globally consist of over 5 billion consumers who spend approximately $ 2.5 per day (World Bank, 2013). According to Chikweche (2013), the term Bottom of the pyramid refers to the largest and fastest growing market in the world with 2/3 of the world population already in it.

Prahalad (2010) noted that one of the most influential schools of thought in this era of research is the bottom of the pyramid (BOP) concept. The concept proposes that there is a strong business case associated with the pursuit of the largely untapped purchasing power at the bottom of the world's economic pyramid. This is achieved by viewing consumers in this sector as resourceful entrepreneurs and value-conscious consumers rather than as victims (William, Omar & Ensur, 2010). According to Olsen and Mettle (2009), the term bottom of the pyramid (BOP) refers

to the creation of new profit-seeking market opportunities to low-income segments in the developing world while simultaneously contributing to the sustainable development of these regions. The concept is readily acceptable due to its proposition of transformation of World's poor people through involvement of companies as key partners.

The BOP concept affirms that businesses can gain competitive advantage and therefore sustain profitability by targeting the poor. The concept put forward two concepts, which include deconstruction of the notion of poverty in relation to the market and incorporation of the role of companies in serving the poor (Prahalad, 2010). There is value at bottom of the pyramid (BOP) and companies searching for new opportunities and markets should target these consumers because they not only have money due to their huge number but also consume luxury goods such as the smart phones (Martinez & Carbonell, 2007).

Ansari, Muniri and Gregg (2012) defined BOP using a capitalism concept and stated that BOP is the simultaneous pursuit of profit and social welfare by creating markets for the poor. This simply means making profits and being good to the consumers who buy the goods and services. Procter & Gamble and Unilever took some of the first BOP initiatives. The two companies developed affordable consumer products for some of the poorest regions of the world and simultaneously targeted widespread social problems such as water pollution and iodine deficiency (Kamala, Gupta & Bork, 2010). Smith and Vachani (2008) noted that the BOP concept has challenged the widely held view that to assist the poor; the government and other organizations should provide charity by being generous. They noted that there are alternatives to charity where the poor can help themselves and business plays a part by pursuing its economic interests and tapping their economic potential.

According to Chikweche (2013), one of the most fascinating changes in the world today is the ever-changing population at the bottom of the pyramid, which has in turn caused a change in demand for the various goods and services produced in the world. Bottom of the pyramid population will grow to 6 billion people in 40 years' time with a commensurate purchasing power of $5 trillion.

According to Gupta and Pirsch (2014), the total population of the world can be divided into three main categories based on the level of income that one earns or spends per year. This categorization is referred to as the economic pyramid of the world. The bottom of the pyramid (BOP) includes all those people who spend less than $ 1500 per year, next is the middle-income group who spend between $ 1500-20,000 per year and at the top is the population that spends more than $ 20,000 per year. This category is referred to as the top of the pyramid (TOP). Figure 1.1 demonstrates the various economic tiers of the world with Bottom of the pyramid being at the bottom. Top of the pyramid (TOP) marked as (1) has a population of 75-100 million, middle income group marked as (2) has 1.5 billion people while the last income group marked as (3&4) has a population of over 4-5 billion people. Figure 1.1 shows the economic groups, the approximate size and spread of the world population using three main classifications in terms of per capita income.

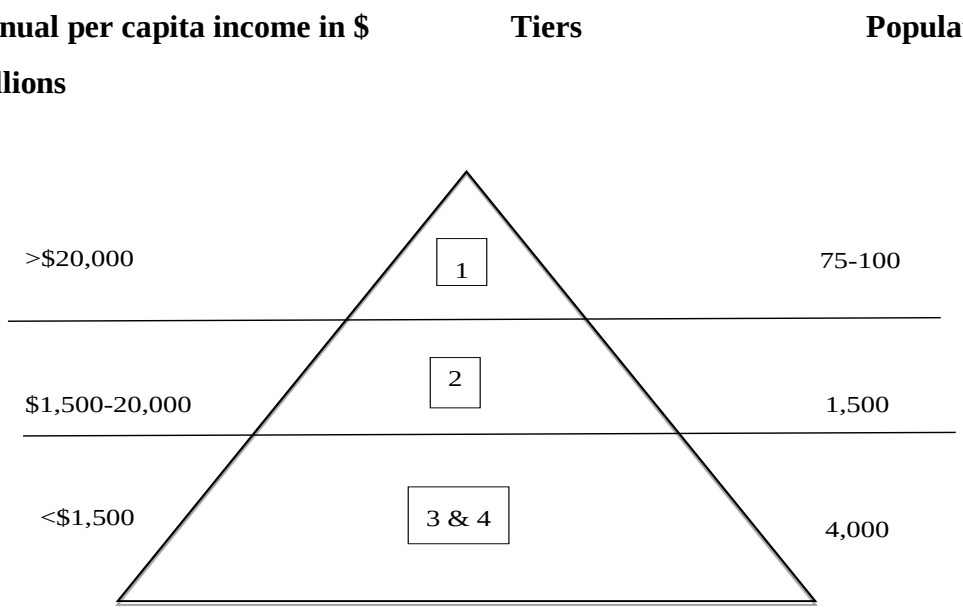

Figure 1.1: Economic Pyramid of World Population`

(Adopted from Jun, Lee & Park 2013).

The World Bank (2013) survey defines and puts the purchasing power of bottom of the pyramid (BOP) consumers from the range of $1500-2500 per year and retaliates that the other consumers living with less than $1500 per year are extremely poor and may require other approaches such as philanthropy but not bottom of the pyramid approach. The Kenya Economic Survey (2014) defines the Bottom of the Pyramid as the group of consumers that earn less than Kes.23, 670 per month or approximately Kes.780 per day. This definition is very close to the World Bank categorization of consumers who earn $ 2,500 per year.

Prahalad (2010) noted that, multinationals and private companies have all through invested in the middle and top of the pyramid tiers in the production of goods and services. However, they have ignored the bottom of the pyramid segment where there is indeed a fortune and that private companies and multinationals should invest in this segment through the production of affordable goods and services.

This study is based on the current management, which has challenged the old thinking contending that the poor need generosity through social responsibility or charity. The study instead proposes that the commercial world can play a crucial role by pursuing its economic interest on profit and at the same time tap the fast-growing market potential of the bottom of the pyramid market. According to Prahalad (2010), there are approximately 5 billion consumers in the world. This 5 billion can be the engine for growth in trade and prosperity in the 21st century.

The BOP concept is a relatively new concept in strategic management yet it has received a lot of attention due to its promise that it can assist in alleviating poverty in the world. The concept is built on the contention that 'there is a fortune at the bottom of the Pyramid and that Multinationals can benefit by being 'good' and therefore reap the profits through selling unique products and services to this group of consumers' (Prahalad, 2010).

Companies and other partners should stop seeing the poor as victims but instead see them as resilient, creative entrepreneurs and consumers who can change the world through buying goods from the commercial entities (Karnani, 2007). According to Jaiswal (2008), serving BOP consumers will tap a large pool of consumers whose

huge consumption would translate into profitability and at the same time serve as an ethical responsibility of reducing poverty levels. However, these consumers also prefer quality products, which are prestigious, and therefore, firms, which produce and market these products at the right price have an upper hand in accessing this market (Petrescu & Bhatli, 2013).

Companies should refute the common misconception that this market is not viable due to their myopic reasoning. They should instead invest in innovative strategies that can create value in this unexploited global market (Martinez & Carbonell, 2007). One of the main reasons why companies invest in BOP market is because there is still a lot of untapped market with many opportunities (Chikweche, 2013). Bottom of the Pyramid segment is however faced with very many challenges such as corruption, poor infrastructure, non-existent distribution channels, religious and racial conflicts, low incomes, high inflation, foreign exchange shortages and reduced private capital inflows which all call for unique solutions to tackle this challenge of global poverty (Anderson & Billou, 2007; Chikweche, 2012). Kamala, Gupta and Bork (2010), noted that more and more companies have accepted to play a leading role in improving quality of life of bottom of the pyramid consumers in ways that are mutually beneficial to both parties.

Africa BOP population is approximately 800 million and growing at 5% per year, while in some countries like Zimbabwe BOP population is above 80%. The estimated demand in Africa is approximately $429 billion (Chikweche, 2013) and this has created a huge demand for mobile phones and through linkages, very many other business opportunities like mobile money transfer, voice and cyber cafes have come up.

Table 1.1 summarizes the number of bottom of the pyramid articles, which were published between 2002 and 2009. The analysis clearly shows the trend has been rising and this confirms the importance the scholars and strategies are placing in this new concept.

Table 1.1: Number of Published Bottom of the Pyramid Articles

Year of Publication	Number Journals Published
1999-2001	0
2002-2003	4
2004	7
2005	5
2006	5
2007	21
2008	32
2009	30
Total	**104**

Source: Kolk, Rivera and Ruffin (2013).

The table clearly shows a sharp increase in the number of BOP articles from 2007 to 2009 and therefore signifying the importance scholars attach to this topic. However, only 11 out of 104 (10.5%) of the articles were carried out in Africa during the same period. This shows very little research carried has been in Africa and yet we know Africa has a huge bottom of the pyramid population (Kolk, Rivera & Ruffin, 2013). Gebauer and Renose (2013) noted that researchers from developing countries are still a minority with exception from South Africa and India; where bottom of the pyramid research studies have been published successfully.

1.1.3 Bottom of the Pyramid Strategies

Strickland and Gamble (2006) defined strategy as a management action plan for running a business and conducting operations. It is a managerial commitment to pursue a particular set of actions to achieve certain objectives such as profitability. It consists of competitive moves and business approaches all meant to achieve organizational objectives. In his 5p's strategy definition, Mintzberg, Ahlstrand and Lampel (1998) defined the term strategy in five different ways as follows; a plan, a ploy, a pattern, position and a perspective. Plan refers to a consciously intended course of action. Ploy means to "maneuver", to outweigh an opponent or competitor.

Pattern refers to a stream of actions or consistency in behaviour over time. Position means locating the organization in its environment, while perspective means looking at the inside organization and inside its members on the shared way of perceiving the world.

Researchers have noted an increasingly number of businesses all over the world embracing and succeeding at the bottom of the pyramid markets using the BOP strategies. The businesses range from MNEs to small companies through employment of a variety of competency binding capabilities (Tashman & Marano, 2013)

Targeting BOP consumers requires creativity and innovation in developing solutions to BOP consumer needs. This requires development and implementation of unique production, marketing and operation strategies, which are tailor made to meet social, economic, political and psychological needs of BOP consumer (Nakata et.al, 2012). Companies that take into account the unique conditions prevailing in the BOP markets while developing their business strategies are more likely to succeed in tapping the huge market potential in this market (Chikweche & Fletcher, 212). The Bottom of the pyramid (BOP) concept is built on three pillars that can also be termed as its key principles. These are the principles of availability, accessibility/ acceptability and affordability (Chikweche, 2012).

In order to gain competitive advantage that is sustainable and profitable; one needs to address the immediate and distant needs and realities of the BOP (Anderson and Vermon, 2008). The 4A's stand for availability, acceptability, affordability and awareness. The organizations targeting bottom of the pyramid BOP markets should shift their business strategies from the traditional 4P's to 4A's of the BOP, this is because the primary task of the private sector and the MNCs/FMCG is to convert the BOP consumers from unorganized and inefficient to organized and efficient and formal markets. One of the recent strategies that also support BOP strategies is the Blue ocean strategy, which is based on the concept of driving costs down while at the same time driving up value for the consumers as it was well stated by Prahalad (2010). According to Mauborgne and Kim (2005), Blue Ocean refers to the creation

on uncontested market space that makes competitors irrelevant and creates new consumer value often while decreasing cost. The blue ocean strategy is one of the strategic innovations that is geared towards making competition irrelevant through the creation of new market spaces where there are very few or no competitors. William, Omar and Ensur (2010) argued that for BOP to succeed other strategies such as the blue ocean strategy (BOS) may need to be added in the BOP business model. Their argument was that for BOP to succeed, innovation, creativity is required, and this is achieved through penetrating the untapped market and creating new demand opportunities for highly profitable growth. This is well illustrated by Foster and Heeks (2013) in the BOP market segment findings in Kenya. This has been done with mobile telephone services, which has created many new businesses in Kenya especially in the BOP segment. These have added a lot of value in the Kenyan economy, in fact the success of mobile telephone and its diffusion among the Kenyan BOP is one of the best cited and most successfully cases in the world.

In this study two BOP models one by Tashman and Marano (2013) and the other one by Anderson and Billlou (2007) were utilized to derive a conceptual framework, which guided the study along with three theories namely the dynamic capabilities, the diffusion of innovations and the disruptive technology theories. Tashman and Marano (2013) show how BOP strategies are linked to other organizational capabilities including human resources capabilities hence affecting organizational performance. Anderson and Billou (2007) show the four BOP strategies and their relation to business performance. Figure 1.2 and 1.3 show the BOP strategies and how they are related to organization performance. Figure 1.2 demonstrates this linkage between bottom of the pyramid business strategies; the organization capabilities and their entire linkage in improving organizational performance.

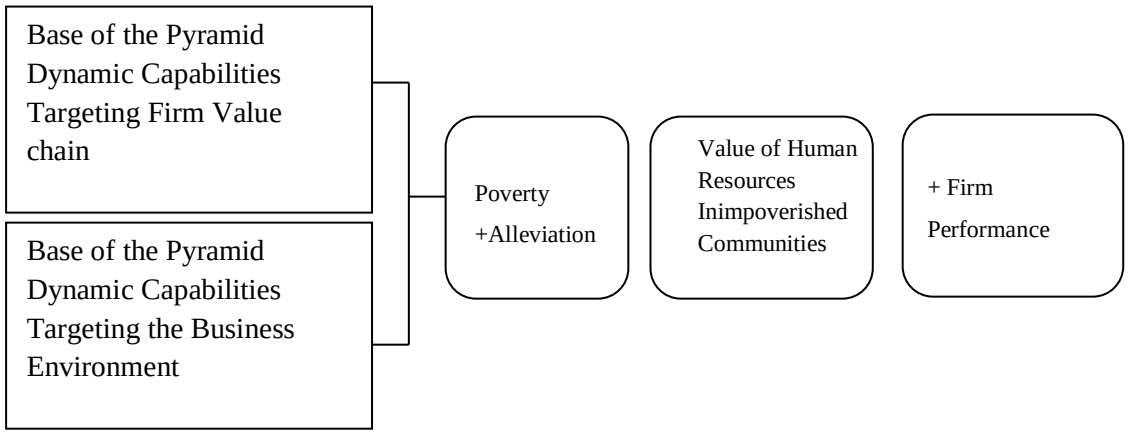

Figure 1.2: Dynamic Capabilities and Base of the Pyramid Business Strategies

Adapted from Tashman and Marano (2013)

Further, dynamic capabilities are proceses of manipulating the firm's resources into new sources of competitive advantage with some organizations which have deployed BOP strategies creating notable new organizational competencies and value efficiencies and hence the improvement in organizational performance. Tashman and Murano (2013) model as Figure 1.2 shows clearly the relationship among the BOP strategies, the dynamic capabilities and the organizational performance. Anderson and Bilou (2007) model in Figure 1.3 came up with a number of the bottom of the pyramid 4As strategies that fitted in the Tashman and Marano (2013) now becomes the BOP strategies in the model.

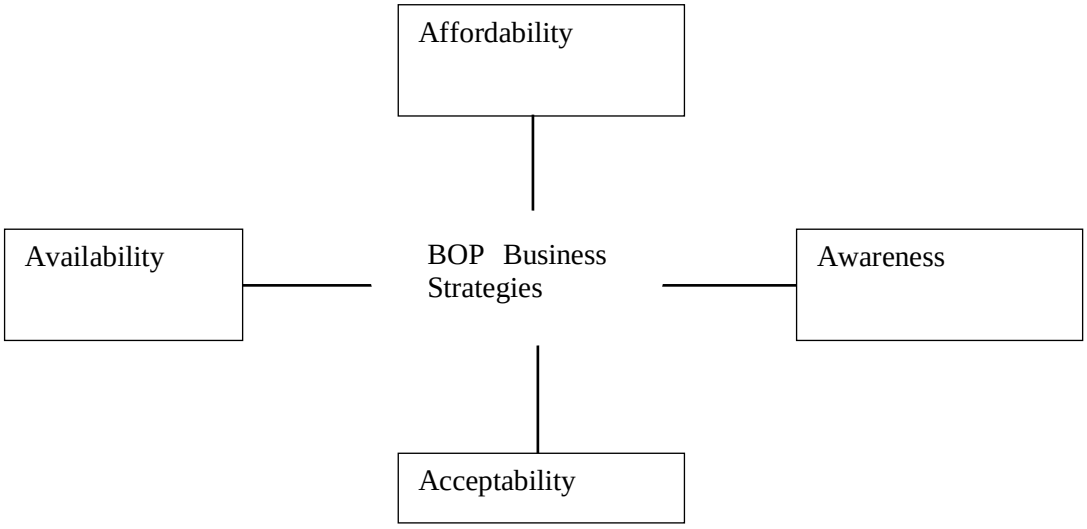

Figure 1.3: Bottom of the Pyramid Business Strategies Model

Adopted from Anderson and Billou (2007)

According to Anderson and Billou (2007), affordability, accessibility, availability and awareness are the key ingredients to develop the BOP market. Leveraging on these four as strategies could achieve growth in this market. In summary, the two models will assist in the formulation of the conceptual framework. This will be in addition to the three theories, which are also linked to the above models. This is in line to Schrader (2015), who stated that organizational performance is related to organizational strategy and that crafting and implementation of viable strategies provides a direction on how resources are acquired, organized and allocated to internal units of an organization where activities are based.

1.2 Statement of the Problem

Debate as to whether BOP market is viable or not has been there for the last 18 years after Phahalad (2010) stated that there is a fortune at the base of the pyramid. Bottom of the Pyramid segment is faced with very many challenges such as corruption, poor infrastructure, non-existent distribution channels, religious and racial conflicts, low incomes, high inflation, foreign exchange shortages and reduced

private capital inflows which all call for unique solutions to tackle this global challenge (Anderson & Billou,2007; Chikweche, 2012).

Kolk, Rivera and Ruffin (2013) carried out a study on the number of BOP journal articles published in Africa continent and found out that they were only 10.5% and yet we know most of the BOP population is in Africa continent. Renose (2013) noted that developing countries especially Africa has very few studies done on BOP market segment. Majunder (2012) claimed that the BOP market segment is unserved, underserved, and informal and not well organized while Benevides and Carlos (2015) stated that there is limited scientific research on BOP consumer market and this leads to serious gaps in consumption patterns. The current world BOP population is five (5) billion and is expected to grow to 6 billion people in 40 years with an estimated demand of five (5) trillion US dollars. This is a huge opportunity for the commercial entities, but only achievable if the right strategies are developed and implemented, (Chikweche, 2013)

Kenya population as at 2013 was estimated at 42 million people with an employed population of 13.5 million (ROK, 2014). As per the economic survey of 2014 (ROK, 2014), the food and beverage sector which is the main contributor of fast moving consumer goods industry had a GDP of Kes.113 billion. Using the 2014 economic survey statistics, Kenya working population was 13.5 million and assuming that every employed person spent a minimum kes.200 per day to buy basic goods and services as per the BOP concept, then the minimum total GDP for the FMCG companies would have been Kes.985 billion. Using the same statistics where two thirds of the total would be the BOP population, then the expected GDP for the BOP consumers would be Kes. 657 billion.

Comparing the two GDP figures with the actual GDP of Kes.113 billion shows that FMCG GDP still fell short of the 2013 by Kes.872 billion that is (985-113), while the BOP GDP fell short by Kes.544billion that is (657-113). This is a sign that BOP consumers are still buying more goods from the informal sector and therefore a huge gap of more Kes. 872 billion on the total FMCG industry output and a gap Kes. 544 billion on the expected bottom of the pyramid GDP. This shows a huge untapped

market both at the FMCG total market and at BOP market segment. This is a prove that FMCG BOP market in Kenya is still undeveloped, informal and unorganized. Majunder (2012) stated that BOP market segment, could grow tremendously if MNCs and large commercial organizations could convert this huge informal and unorganized market to an organized and a formal market supports these findings. Karamchandami, Kubzansky and Lalwani (2011) supported this view when they claimed that only a few companies serving the BOP market have managed to create businesses with 100,000 customers or more in Africa. The purpose therefore is to develop more BOP strategies and models, which will increase output and hence reduce this huge gap both at FMCG level and at BOP market performance level.

Anderson and Billou (2007) noted that companies have lacked a comprehensive framework for addressing BOP market, but leveraging on BOP strategies that is, affordability, availability, accessibility and awareness (4As) strategies could achieve remarkable growth in this market. They further stated that innovations arising out of organization capabilities at the BOP must start with commitment to the 4As as organization themes but argued that each of these pre-requisites creates unique challenges.

According to Karamchandam et al. (2011), inadequate attention has been given on the specific strategies and business models that are effective in addressing the bottom of the pyramid market. Wamburi (2013) noted that very little research has been done on the bottom of the pyramid segment in Kenya although few multinationals and large companies have started targeting this market through small size packages that are affordable to the BOP consumers. It is against this background that this study will be undertaken to research on the effect of bottom of the pyramid strategies on market performance of fast moving consumer goods companies in Kenya.

1.3 General Objective

The main objective of this study was to evaluate the effects of bottom of the pyramid strategies on market performance of fast moving consumer goods companies in Kenya

1.4 Specific Objectives

i) To evaluate the effect of affordability strategies on the market performance of fast moving consumer goods companies in Kenya.
ii) To assess the effect of availability strategies on the market performance of fast moving consumer goods companies in Kenya.
iii) To assess the effect of acceptability strategies on the market performance of fast moving consumer goods companies in Kenya.
iv) To evaluate the effect of awareness strategies on the market performance of fast moving consumer goods companies in Kenya

1.5 Research Hypotheses

$H_0$1: Affordability strategies have no significant effect on market performance of fast moving consumer goods companies in Kenya.

$H_0$2: Availability strategies have no significant effect on market performance of fast moving consumer goods companies in Kenya.

$H_0$3: Acceptability strategies have no significant effect on market performance of fast moving consumer goods companies in Kenya

$H_0$4: Awareness strategies have no significant effect on the market performance of fast moving consumer goods companies in Kenya.

1.6 Justification of the Study

The study will act as a guide to the fast moving consumer goods companies top management and decision makers with the most appropriate BOP strategies to use in order to increase their BOP market segment market share. For example, it will assist management in the FMCG in understanding the brands attributes that consumers in the BOP are looking for and therefore use these attributes to target and position the bottom of the pyramid consumers This will in turn improve the performance of these companies which was the main aim of this study.

The study will also benefit the government in formulating policies and procedures, which can be used to alleviate poverty and improve the standard of living of BOP consumers in the Bottom of the Pyramid market in Kenya. For example, as the government implements the vision 2030, the findings will assist the government on the best strategies to use in the bottom of the pyramid urban markets like, Kisumu, Nakuru and Nairobi.

To the academic world, it will be the extra knowledge added in this very important concept of bottom of the pyramid which is still developing and therefore a source of reference and information for anyone willing to further their understanding on this little-known BOP market segment where two thirds of the world population lives in.

1.7 Scope of the Study

The study sought to establish the effect of bottom of the pyramid strategies on market performance of fast moving consumers' goods companies in Kenya. The study specifically sought to establish the effect of the 4As strategies on the market performance of fast moving consumer goods companies in Kenya. The study population was 176 fast moving consumer goods companies who were operating in Kenya. According to KAM (2014), 176 FMCG companies operating in Kenya where 67 per cent of them are based in Nairobi County. The study was carried out in all the FMCG companies whose headquarters and main factories are based in Nairobi County hence a census of all FMCG companies in Nairobi County.

Nairobi County was chosen since most of the companies, that is, 67% of all FMCG companies manufacturing factories and their headquarters are situated in Nairobi. This was a census of all the FMCG companies as listed by KAM directory of 2014. Nairobi County was chosen to represent urban BOP consumers since it is the capital city of Kenya, hence a good representative sample for BOP urban consumers in Kenya. The data was collected in the second half year 2016.

1.8 Limitations of the Study

The study relied on self-reported data of market performance from the respondents owing to the difficulty in obtaining public audited reports from the FMCG firms. This is because most of them are private and there were no formal mechanisms to verify the financial data given as it was held in confidence by the companies with strict policies that sales data are confidential. According to Waiganjo (2013), self-reporting measures constitute an acceptable substitute and are equally reliable.

The study only carried out in Nairobi County due to the vast and uneven distribution of the other FMCG companies, which are distributed sparingly in all the other counties hence the recommendations were based on sample results. The study was not able to cover a large geographical area due to financial limitations.

Time taken to collect the data was quite high due to the nature of the work of the respondents who proved quite difficult to be in their offices since most of them spend a lot of their time in the field and the fact that this was a face-to-face interview with the respondents. The study only concentrated in Nairobi County. Nairobi is a cosmopolitan town and the capital city of Kenya and capital of the administrative area of Nairobi County. It is on this basis that Nairobi is said to be a true representation of Kenya (RoK, 2009)

Thirdly, the response rate was not very good because some respondents are restricted by their company code of ethics not to give any data related to the sales performance of their companies. Getting the sales related data was actually hard since some respondents refused to provide their sales data while some gave some data, which were not consistent with their market share data, which they had also provided.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter covers the theoretical framework, the conceptual framework and empirical studies related to BOP market segment. The relationship between the independent variables and the dependent variable was also established. The purpose of this chapter was to provide a context for understanding the BOP strategies and their effect on the performance of fast moving consumer goods companies (FMCG) in Kenya.

2.2 Theoretical Framework

This section discusses the theories and models on the BOP business strategies. A theory is any statement that describes implicitly the cause-effect relationship (Frey, Botan, Friedman & Kreps, 2007). According to McMillan and Schumacher (2006) and as quoted by Kihara (2016), a theory is a generalization about a phenemon or an explanation of a relationship among phenomena. Theories describe, explain, predict, or control human phenomena in a variety of contexts. According to McMillan and Schumacher (2006), a theory is an explanation, a systematic account of relationships among phenomena.

This study is based on the Dynamic capabilities theory, the disruptive technology theory and the diffusion theory. The dynamic capabilities theory underpins this research study. Innovations and technology theories are applicable in BOP strategies because the products, distribution and promotion strategies demands for appropriate technology, which guarantees affordability of products, sold but at the same time, the products have to be of high quality, a difficult combination to achieve though.

2.2.1 The Dynamic Capability Theory

According to Tashman and Marano (2013) dynamic capabilities theory refers to a firm's ability to integrate, build and re-configure internal and external competencies to address the rapidly changing environments. The theory tries to explain how organizations adapt to environmental changes to either sustain or acquire competitive advantage. According to Teece (2007), dynamic capabilities theory is a framework that can explain how different routines and processes such as organizational learning and innovation can influence positively firms' performance and help companies to sustain competitive advantage.

Eisenhardt and Martin (2000) described capabilities as routines processes used by firms to transform their resources into new sources of competitive advantage while dynamism refers to the fast changing environments. Hitt (2011) and as cited by Kihara (2016), points out that creation of capabilities by aligning the needs of a firm and the changing environment can provide knowledge used by the manufacturing firms aimed at building dynamic capabilities for high performance in a turbulent operating environment.

According to Teece (2007), strategic process mostly relates to sensing and sizing new opportunities in the dynamic environments and that dynamic capabilities, innovations, interrelations all have an impact on the firm performance. The dynamic capabilities view applies the resource-based view (RBV) in strategic management by suggesting that resources are developed through specialized routines that create distinctive competencies, which form resources (Kihara, 2016).

Barney (1991) affirmed this contention and stated that dynamic capabilities are the internal competencies of the firm for deploying its resources in efforts to differentiate from industry competitors that face similar market constraints. The concept of dynamic capabilities relates to the RBV theory of the firm and likewise assumes that firm performance depends on its ability to manage its resource base proactively and effectively.

Kihara (2016) asserted that the concept of dynamic capabilities arose from a key shortcoming of the resource-based view of the firm. The RBV theory ignores factors surrounding resources instead assuming that they simply "exist". Dynamic capabilities approach attempt to bridge these gaps by adopting a process approach by acting as a buffer between firm resources and the changing business environment. Dynamic resources help a firm adjust its resource mix and thereby maintain the sustainability of the firm's competitive advantage which otherwise might be quickly eroded.

According to Hahn (2009), MNEs have the capabilities to coordinate the various institutions and resources required for building capacity such as economic infrastructure in developing countries like Kenya. Prahalad (2010) noted that the BOP strategies are not only commercially viable but a social win-win for both manufacturing companies and the BOP consumers.

According to Tashman and Marano (2013) the RBV theory, the dynamics capabilities theory, the organizational theories can explain performance in organizations resulting from organizational capabilities, quality, uniqueness and organizations competencies characteristics which BOP products require. The dynamic capabilities and RBV theories are appropriate theoretical lances for linking BOP business strategies and performance in organizations. Therefore, Resource based theory, the Dynamic capabilities theory and other organization theories explain that the quality, uniqueness of organizations have a direct relationship to the organization performance.

Prahalad (2010) stated that innovations arising out of organization capabilities at the BOP must start with commitment to awareness, affordability, availability and access as organization themes. He retaliated that each of these pre-requisites creates unique challenges and hence the reason why the dynamic capability theory will be the main theory underpinning this study since the environment will be changing rapidly as BOP consumers' demands different goods depending on the prevailing circumstances. This theory supports all the four objectives of the study since they are all bottom of the pyramid business strategies.

2.2.2 Diffusesion of Innovations Theory

According to Rogers (2003) and Murray (2009), diffusion of innovations theory explains how, why and the rate at which new ideas spread through groups of people. It explains how a product gains momentum and diffuses through a specific population or a social system. The theory of diffusion of innovation predicts and explains how consumers embrace innovations.

Rogers (2003) expressed the term diffusion as the process of communicating an innovation through certain channels over time among members of a social system. For diffusion to take place innovation, communication channels, time and social systems have to be there. According to Rogers (2003), diffusion requires four key components namely, innovation, communication channels, time and social systems. According to Foster and Heeks (2013) inclusive innovation most occurs in the low income consumers (BOP) and is the most appropriate innovation for BOP market segment. Inclusive innovation is the means by which new goods and services are developed for and /or by billion living on the lowest incomes.

In a study carried out by Foster and Heeks (2013) among BOP consumers on using mobile services in Kenya the diffusion of mobiles usage and related services using the mobile phone have been very successful in Kenya. The study concluded that for inclusive innovation to occur four systems must work together and be effective. These four, are the product, its retailers who will assist in distribution, logistic support and the micro-enterprise who provides for the demand side. Findings on this study also showed that this is one of the most successful prove of diffusion of innovation among the BOP-low income earners in the world.

Rogers (2003) claimed that innovations on goods would only be of value if customers accept them and that the acceptability should be at a high rate across the society for economic viability support these findings. Cholez, Trumpeted, Vick and Revered (2012) retaliated that the acceptance of a new product is highly related to its design in terms of its features and attributes. The above results from Kenya specifically supports the BOP strategies of affordability (pricing strategy), availability (distribution) and the product, which is the acceptability strategy.

For the bottom of the pyramid to succeed, companies must come up with radical innovations. The innovations develop new radical strategies that attack entrenched competitors and in the process, create new markets that are sustainable and very difficult to compete with. To uplift the status of the poor requires companies to innovate and invest in a sustainable win-win outcome where the actively engaged poor and the private companies provide goods and services to them at a profit (Olsen & Boxenbaum, 2009).

In conclusion, the theory of diffusion of innovation supports this study by diffusing the innovation to all parts and segments of the economy. This happened in the M-pesa technology in Kenya and has become a showcase for to the whole world on how diffusion of innovation can spread from the middle income to the BOP population and produce incredible results.

2.2.3 Disruptive Technology Theory

Christensen (1997) developed the disruptive technology theory. This theory explains the ability of innovation to change the marketing dynamics in an industry. According to Christensen (1997), disruptive technology is a different preposition that was not available before and normally leads to under performance in the mainstream products but has other features that add value. Products based on this technology are generally affordable, simpler and more convenient to use. These disruptive innovations normally start cheaply and are quite often ignored by the mainstream companies. The innovations usually start with a focus on an underserved market, and hence the BOP segment fits well in this market, (Christensen, 1997). According to Gebeur and Renoso (2013), bottom of the pyramid innovation refers to a product, process or even a business model that plays a vital role in poverty alleviation. The innovations assist in overcoming production and transaction constraints in the bottom of the pyramid context and make the market work for the poor.

Ngamkroeckjoti and Speech (2007) described disruptive technology as a scenario where a firm decides to use its capabilities and invest in the most current technology that will produce products of high quality with minimum cost. According to Gabauer, Reynose and Monterrey (2013), bottom of the pyramid innovations are

disruptive in nature and in a positive way and therefore firms investing in bottom of the pyramid should go beyond the transnational strategy approach where products produced for the developed world but proceed down scale and customize the products to meet the Bottom of the Pyramid consumers.

According to Landrum (2007), disruptive innovations are said to occur when a product initially begins with a simplistic application at the bottom of a market, and then gradually but relentlessly surges to the middle and upper markets and sometimes it can develop to eventually displace an established competitor or a re-known brand. This is the technology that BOPconsumers'demand, the one that challenges costs and offer affordable goods and services to the low-income earners. Bottom of the Pyramid innovations activities are destructive and in a positive way and are sustainable for some time. The innovations improve the social and economic conditions of the poor and at the same time create a competitive advantage to the firms that adapt the innovation.

Ansaris, Munir and Gregg (2012) argued that successful BOP business initiatives require innovation and technology to advance capability transfer among BOP consumers. This in turn enhances the social capital between a particular community and other more resource-rich network. One way of managing distribution challenges is through reinventing the distribution channels innovations for example use of motorbike-enabled pushcarts to service the slums where vehicles cannot pass due to poor road network (Vachani & Smith, 2008). This theory links properly the development of novel new products developed through the disruptive technology to reach the BOP consumer at affordable, convenient and quality products. This theory therefore supports the three objectives of the study thus, affordable products, quality convenient products and innovative services like distribution initiatives and hence in support of the three BOP strategies of affordability, acceptability and availability.

2.3 Conceptual Framework

A conceptual framework refers to a set of broad ideas and principles taken together from the relevant fields of enquiry and used to structure a subsequent presentation (Kombo &Tromp, 2009). Cooper and Schindler (2008) described a conceptual

framework as a proposition that summarizes behaviours and provides explanations and predictions for the majority number of empirical observations. It is a hypothesized model identifying the variables under study and their relationship (Mugenda & Mugenda, 2003).

The study had two types of variables, namely the independent and dependent variables. Independent variables were affordability, availability, acceptability and awareness strategies (4As). The variables were adopted from Tashman and Marano (2013); and Anderson and Billou (2007) models. The FMCG market performance was the dependent variable. This was expected to change when the FMCGs companies put the BOP strategies into practice. This is as demonstrated by Tashman and Mirano (2013) model on dynamics capabilities, bottom of the pyramid strategies and organization performance and Anderson& Billou model on the 4As strategies. The other two theories namely diffusion innovations and disruptive technology theories also supported the variables and as stated by William, Omar and Ensur (2010), for bottom of the Pyramid market to succeed other theories and models may need to be added.

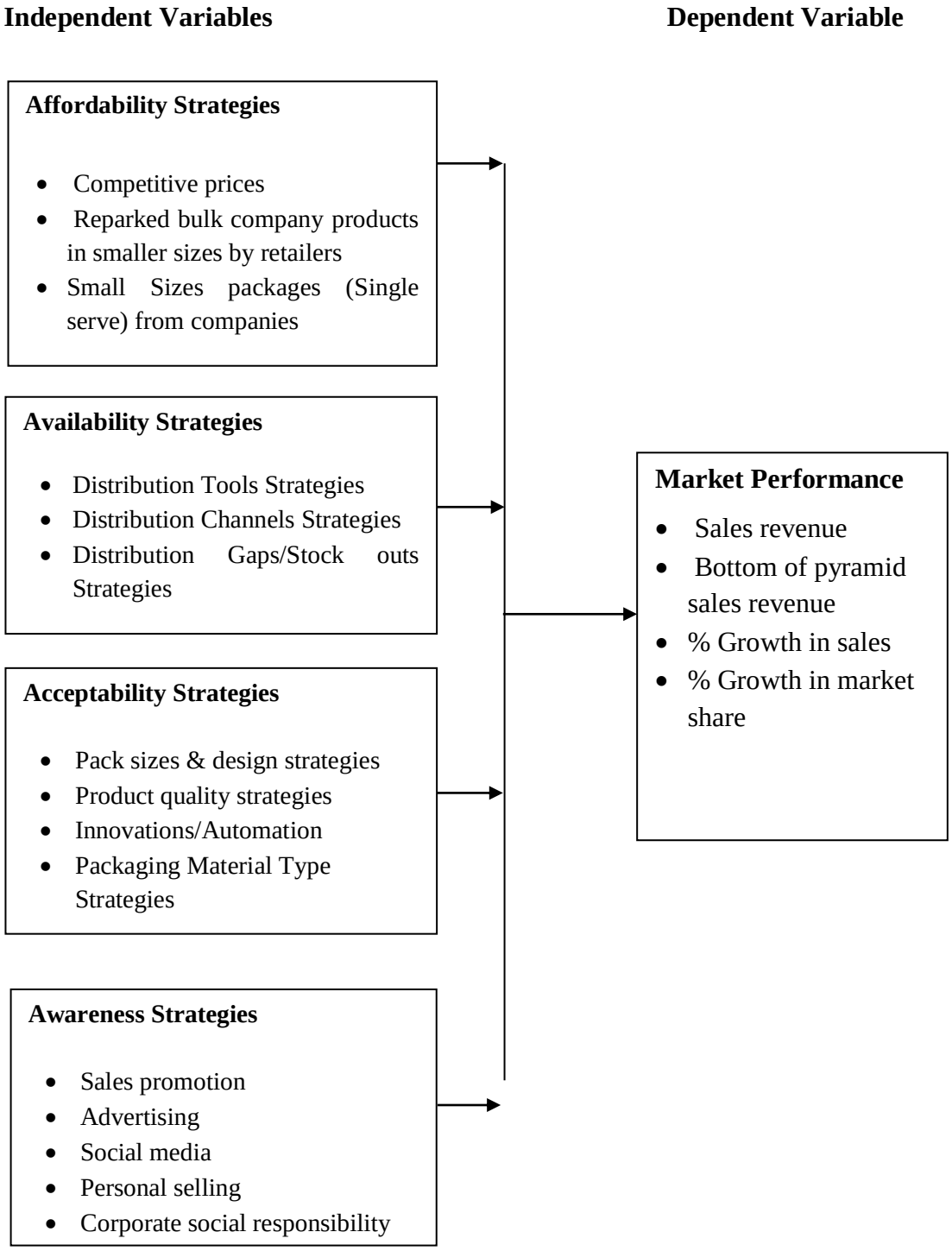

Figure 2.1: Conceptual Framework

2.3.1 Affordability Strategies

Nakata and Weirder (2012) defined affordability as the extent to which a new product is purchased on restricted income. Affordability is a term directly related to pricing and refers to the extent to which the bottom of the pyramid consumer can afford the product.

According to Anderson and Markides (2006), the term affordability refers to the degree to which a firm's goods and services are affordable to the BOP consumers. This is important because BOP consumers earn very low wages and therefore companies must deliver offerings at a price point that even the poorest paid consumers can buy.

June, Lee and Park (2013), noted that the lower the price of a product the higher the competitiveness force of the product in the market and this happens when a company improves its efficiency in the production process through adoption of better technologies and reduction of waste. The reduced cost will enable the company to sell affordable products to the BOP consumer.

The first element that increases affordability is the pricing. Cost structure of the production process directly affects the pricing. If an organization increases its efficiency in the production process through adoption of better technologies and reduction of wastage, the cost structure will enable them to price the products targeted at the urban BOP consumer at a much lower price (Nakata & Weirder, 2012). According to Karnani (2007), one of the key tenets of bottom of the pyramid is the affordability, which means that products must be affordable to the target market. Affordable pricing is achieved through reduction of the quality of the product and making its product features as simple as possible. Prahalad (2010) argued that BOP consumers are rational consumers who value quality and products that are convenient to use matched with an affordable price.

Anderson and Billou (2007) noted that most bottom of the pyramid consumers rely on daily wages and low incomes. This means that they have cash flow challenges and therefore companies must sell affordable products. Companies must deliver offerings

at a price point affordable by the poorest of consumers. Single serve packages in small Stock Keeping Unit (SKUs) such as 100 millilitres of fresh milk packages and‘Bamba 10’ airtime from Safaricom are perfect examples of resolving this challenge of affordability. It is also important to note that BOP consumers usually pay higher than their TOP counterparts since they buy similar products in small SKU’s which can hardly attract discounts and therefore companies with economies of scale and efficient supply chains should invest in this market and offer quality products at affordable prices (Martinez& Carbonell, 2007).

According to Nakata and Weirder (2012), the BOP consumer is a receptive person who spends his/her monies on quality products. However, products offered to the BOP today are substandard, expensive and sometimes the price is 5 to 25 times higher than what the TOP pays for the same goods at a bigger volume. BOP consumers could and would buy more if companies provided suitable, well-made products at reasonable prices. This principle is essential because it addresses the economic power of the BOP consumer.

Coupled with affordability achieved by a low cost, the types of products availed to the BOP consumer is also important to consider. Food, shelter, water & sanitation, energy & transport, waste management, financial services, security and clothing are the immediate needs of the urban poor. Increased affordability to these goods and services will play a significant role in radically reducing the levels of poverty in most urban areas (Nakata & Weirder, 2012).

Prahalad (2010) reiterated that companies must create the capacity to consume through packing small sizes of affordable products. The process is normally achieved thorough packing single serve products tailor-made for one serving only. This tactic works very well in the food and basic hygiene products like soap, shampoo, bread and general foodstuffs.

2.3.2 Availability Strategies

Availability is the extent to which customers acquire and use a product through the distribution of the product to the final consumer. Anderson and Markides (2006) defined availability as the extent to which customers readily acquire and use a product. The dominate assumption in BOP is that the market is difficult to penetrate and therefore private companies fear to invest in this market (Prahalad, 2010).

According to Bikram (2013), distribution channels are methods of getting products to its consumers. It is a process of making a product available for consumption by a consumer using direct means or using indirect means with intermediaries. Distribution channels at BOP are fragmented or sometimes non-existent and getting the product to people can be a major hurdle to overcome. Therefore, there is need for formulation of distribution strategies in order to mitigate this challenge (Vachani & Smith, 2008). Prahalad (2010), stated that availability is a critical principle for it not only addresses the issue of availing products but also the possibility of partnership between mainstream distribution channels blending with informal channels to create a seamless network for the flow of goods and services to the BOP markets. Chikweche and Fletcher (2011) noted that infrastructure challenges such as lack of reliable electricity, poor distribution channels and reliable transport in the BOP market should to be resolved in order to improve this market. Products are availed to the final consumer through various distribution channels such as wholesalers, retail outlets like general shops, kiosks, supermarkets or company Agents.

As per Nyaga (2014), the distribution of fast moving consumer goods is a major challenge affecting the realization of increased sales revenue. Therefore, companies must continue developing innovative distribution strategies in order to improve their sales. Distribution channels in the BOP are normally fragmented or non-existent. This forces companies to device alternative distribution channels such as using BOP consumers themselves as entrepreneurs. Franchising is also a distribution strategy that used by firms to enhance distribution at the BOP (Chikweche & Flecher 2011).

A case in point is the use of approximately 800,000 Avon women who distributed huge volumes of goods to consumers in Brazil market (Prahalad, 2010). According

to Anderson and Billou (2007), BOP consumers and/or entrepreneurs only distribute the products in the areas where they reside and since most BOP consumers cannot travel far, there is need to avail products where they live. This essentially meant that in most areas where BOP consumers reside there is a high likely hood of missing the products they require and this calls for FMCG companies devising ways of reducing these stock outs that is products missing in the retail outlets. According Allure and Schoolmans (2002) bottom of the pyramid products are normally not available, and that a great potential exists and is required on how to reduce this gap as it costs the companies greatly in terms of lost sales revenue.

Distribution of physical products is also a key challenge to both BOP consumers and companies. This is because most firms in the BOP have weak distribution infrastructure and when some products require special storage like refrigeration, cost rises significantly. Companies try to overcome this challenge by using informal distribution linked to social networks that can pool resources together and have refrigeration facilities and sometimes they use the same unemployed BOP consumers to supply the product (Chikweche & Fletcher, 2012).

Tarfdar, Anekal and Sing (2012), posit that most BOP markets are located in the remote locations and some inaccessible locations like in the urban slums and this makes physical distribution of goods costly and unattractive. The markets also tend to have 'informal exploitative intermediaries,' which further raise costs. Companies find it difficult to connect and avail products to these consumers. Therefore, the FMCG companies should develop efficient and effective innovative distribution channels.

Information and Communication Technology (ICT) can potentially overcome some of these conditions. For example, electronic distribution products/services are used to access physically remote and geographically fragmented markets. For example, sending money through M-Pesa to the consumers residing in far distances or use of affordable tools like motorbikes and the three-wheeler vehicles (*Tuktuks)* to avail the physical goods.

Vachani and Smith (2008) suggested that BOP companies should come up with special tailor-made strategies that work in this market. One such strategy is the social response initiative strategy. According to the social response initiative strategy, when BOP consumers come together and pool their resources and, through the assistance of the private companies and the government, can start buying these goods and distribute them to this unique market. Through this strategy, the BOP consumers become entrepreneurs and start earning income from this activity. This raises their level of income and the standard of living while at the same time the companies make more money through increased revenue.

2.3.3 Acceptability Strategies

Acceptability refers to the extent the consumer and other partners are willing to consume, distribute or sell a product. The issue is how to gain acceptability for the product and hence develop strategies that are adaptable to the unique challenges facing both the customers and distributors **(**Anderson & Markides, 2006). Acceptability is the extent to which consumers and the entire value chain are willing to consume, distribute and sell a product.

According to Majunder (2012), marketers agree that the BOP concept can assist in developing effective products for the lower end of the pyramid and, that a company must develop and package products which directly interact with the low-income consumers because this market has many opportunities yet it remains largely untapped. Therefore, product development strategy is crucial in the BOP market. Product development strategy ensures that the product is accepted by the entire value chain from the distributors, through retailers to the consumers. Bottom of the pyramid products should be adaptable to the conditions of scarcity such as high temperatures. This means that BOP products should be compatible to the prevailing environmental and social conditions such as consistency with the existing values, past experience and the needs of the potential adoptees (Nakata &Weirder 2012).

Anderson and Billou (2007) concluded that there is need to offer products that are adaptable to the stated BOP challenges. For example, providing ice cubes to store perishable products like milk or even better provide products that can withstand

ambient conditions. According to Schrader, Freidman and Seuring (2012), the design and implementation of BOP solutions or products require companies to adjust their business strategies and processes.

The term brand refers to a name, term, sign, design or a combination of all, the intention of which is to differentiate a given similar product from those of competitors. The more the brand is well known and famous, the higher the competitive force the products will have (June et al., 2011). The relevance of a product depends on how well it keeps with the changes in the society. An iconic brand is the brand that develops a myth able to address a social imbalance (Florea, 2014). In BOP market, most of the consumers' earnings are low and therefore an iconic brand is necessary.

Brand attributes refer to the characteristics and the perceptions the consumers have towards a certain brand and the stronger the attributes from the consumer the higher the chance that the consumer will buy that brand for his/her own consumption. The main attributes highly ranked by the BOP consumers are packaging, size and quality of product (Chikweche & Flecher, 2011).

Package represents a unit of packaging for a product and the smaller the packaging unit of a product, the lower the price per unit will be and hence increase in the competitive force of the product to the consumer. Packaging constitutes a key cost in the product and it would be a good strategy to use affordable but high quality raw materials (Chikweche & Flecher, 2008). For BOP products to possess the above attributes, attributes companies must seriously innovate and come up with the kind of products the consumers want (June et al, 2013). Companies can only achieve the above attributes if they are innovative and use the most recent appropriate technology as envisaged by Christensen (1997) using what he called disruptive technology.

Technology represents the level of development used in a product. The more advanced technology is, the more attractive the product will be to the BOP consumer (Juneet et al., 2013). Technology is important because it produces well-packaged

brands that enhance the brand image and if the package size is small due to the technology, it will be affordable to the consumer.

Martinez and Carbonell (2007) stated that BOP consumers enjoy quality, luxury and aspirational goods. BOP consumers are brand conscious, highly aspirational and aspire to own such products like televisions. However, the products should meet the quality standards but at affordable prices.

Nakata and Weider (2012) contended that BOP consumers are willing and are able to pay for quality products tailored to their needs because they value aspiration brands that are affordable and convenient to use. The strategy advocates for the development of a product of high quality at an affordable price by first identifying the need for a large sector of consumers and availing the product using innovative and the most appropriate technology which can produce huge volumes at the most efficient cost. The best examples in the world today are the mobile phones, the Tata car of India and the Maruti car that initially took 80% of the market share in the industry (Rangnekar, 2010).

2.3.4 Awareness Strategies

Awareness is the degree to which consumers are aware about a product. Awareness is the degree to which customers are knowledgeable about a product. Most BOP consumers are inaccessible to conventional advertising media and hence building acceptability is normally a major challenge for companies wishing to serve the low income consumers unless through strategic innovation **(**Anderson & Markides, 2006). Companies overcome these challenges through development of alternative media such as using social groups like in the churches, market centers and during traditional markets center days where pooling a crowd to address is easy.

Word of mouth is used in organized crowds and sometimes it uses street performances like road shows during market days where one can easily pool a crowd (Anderson & Billou, 2007). According to Chikweche and Fletcher (2011), BOP requires integrated marketing communication using different communication channels such as social networks like clubs, women community clubs, and self-help groups. BOP consumers rely on networks to get credible information on both existing and new products.

Affordability of promotion media is a key factor to consider in BOP because the common media channels such as newspapers, radio and T.V are not affordable or available and even sometimes unreliable due to lack of essential services such as electricity. This forces the BOP consumers to live in what Chikweche and Fletcher (2012) referred to as "Media dark Zone" which can be resolved by companies using unique innovative promotion methods such as using word of mouth in social settings such as in churches, social gatherings like women groups or using road shows during market days. All the above media tools used in marketing communication to the BOP consumers are effective as long as they are adapted to the nature of consumers who require the said products. Social networks among the BOP consumers are high and therefore FMCG managers should consider social media tools while marketing products to the BOP consumers (Majunder, 2012).

Vachani and Smith (2014) claimed that internet and the social media through the ICT medium have replaced traditional tools of promotion and this has enabled an increase in two-way communication channels such as the social media marketing, which has taken the world by storm. In Kenya for example, an estimated 7 million Kenyans, most of whom are the youth with a big proportional coming from the BOP segment, are using the internet to connect and even to buy goods and services. A good example is the relatively new organization called the Jumia, which is moving many sales online using the social media awareness channel.

Advertising is a type of promotion that provides consumers with the right amount of information regarding a product or a service. Advertisements tend to be highly informative and present the customer with a number of important product attributes

or features that lead to favourable attitudes and as the basis for a rational brand preference (Clow & Back, 2002).

According to Mason, Charabarti and Sigh (2013), bottom of the pyramid markets requires Social Marketing, where social marketing means developing good markets supporting the types of social worlds we want to live in. June, Lee and Park (2013) noted that one of the main reasons that motivate companies to invest in BOP is the assumption that these consumers will migrate to high income groups in future and therefore assume that they will migrate to the same brands they are familiar with when they move to the higher income groups. This means investing in the BOP market now will be creating future markets for their brands.

Waldman (2006) define CSR as actions on the part of the firm that appear to advance, or acquired in the promotion of some social good, beyond the immediate interests of the firm and its shareholders required by law. Such actions may result in a company embodying socially responsible attributes in their products. Devinney (2009) stated that CSR as a strategy can be used to gain competitive advantage if organizations moved away from reactive CSR which is a strategy to proactive CRS. Moore (2003) argued that there is a tension between social and economic endeavours of CSR developed as a core capability. A good example is Nestle foods using its interest in helping small farmers (BOP) consumers in developing regions to gain access to its commodity purchases such of raw cocoa in West Africa.

In summary and in line with Tashman and Marano (2013) BOP researchers have noted an increasing number of businesses successfully embracing strategies targeting BOP markets. These firms employ a variety of different competing building capacities. These products are geared towards meeting social needs are affordable, use informal traditional logistics networks to build scale and sometimes use strategic alliances. In some instances, these BOP strategies produce highly profitable new products with remarkable growth. The positive effect of these strategies is improved availability of products at affordable prices.

2.4 Empirical Review

This section covers past studies according to the objectives of the study. The section reviews literature on the effect of bottom of the pyramid strategies on the performance of fast moving consumer goods in Kenya. The review of empirical literature plays a key role in establishing research gaps upon which a study can aim to build on. There is still a lot of debate as to whether BOP market is viable or not as stated by Kolk et al. (2013) who conducted a systematic review of 104 BOP articles for ten years from 1999 to 2009 and the findings reviewed a complex picture of BOP contexts with no agreements on the main themes studied. They recommended further research on bottom of the pyramid contexts.

Ireland (2008) carried out a study in Caracas's slums of Venezuela. The study found out that the leading firms like MNEs and large organizations are serving the BOP consumers profitably by using appropriate BOP strategies this is because urban BOP consumers imitate the middle-income consumption habits. Another key finding in the study was that low prices charged to BOP consumers, small packed sizes do not necessarily make profits for MNES. Large organizations with multilevel distributions channels and inclusive pricing leads to increased BOP sales because the BOP consumers actually buy part of the products targeted to the middle class which essentially assist the MNEs and other leading firms to increase sales margins and profits. Ireland (2008) findings further noted that the population in the slums especially urban BOP consumers is densely populated which reduces the cost of distribution. This reduces the cost per unit of the product since one is serving a market with large number of people there by increasing the sales.

Osen, Cudmore and Hill (2006) carried out a study on corporate socially responsibility initiatives as a form of awareness strategy. Their findings were that proactive corporate social responsibility initiatives leads to improvement in consumers' beliefs for the organization carrying out the initiatives and this leads to improved organization performance.

Guesalaga and Marshal (2008) carried out studies in different countries including developed, emerging and developing countries on their purchasing power on BOP consumers and found out that 50% of the purchasing power in the developing countries was with the BOP population. Karamchandani, Kubzansky and Lalwani (2011), carried out research studies in the African continent and specifically in the Kenya and found out that most Kenya BOP population, for example the producers of maize and other agricultural products such as coffee and tea, do not put on fertilizer in their crops although they know fertilizer increases production and output. This is because they are poor and cannot afford to buy a bag of 50 kg bag of fertilizer at a cost Ksh. 2500.

2.5 Critique of Existing Literature Relevant to the Study

According to Karnani (2007), the popular 'bottom of the pyramid' (BOP) proposition that large companies and private firms can make a fortune by selling to poor people and simultaneously help eradicate poverty is, at best, a harmless illusion and potentially a dangerous delusion. Karnani (2007) criticized Prahalad's idea of the 'fortune at the Bottom of the Pyramid' as the large number of potential consumers within the low-income population but advocated for the poor considered as producers and employees rather than as consumers.

The authors noted that the social impact of this type of targeting is unethical, and even if the firm may have invested heavily even in social amenities, it is still wrong because this group of consumers are vulnerable due to their lower levels of education, lack of available information, and/or other economic, cultural, and social deprivations. The authors concluded that marketing or targeting harmful products to the BOP can be very detrimental as this may interfere with the company brand image negatively if the consumers, both from BOP and TOP, realize that the firm has been blackmailing the consumers and especially the BOP consumer.

In my view bottom of the pyramid concept being quite young is still developing and hence the need to carry out more research especially of quantitative nature so as to explain some of the critiques raised by Karnani (2007) and his supporters who still

claim that BOP concept is still a fallacy and one that cannot be supported empirically.

Critics, however, are sceptical of both the financial and social benefits of the BoP approach. For instance, Davidson (2009) argues that BoP advocates wrongly confuse CSR with charity and undermine CSR principles by privileging a firm's shareholders over other firm stakeholders' employees, customers, suppliers, and the communities in which it operates and emphasizing profit maximization as the sole purpose of the firm. Bottom line, he argues, cannot be measured only in economic terms but must reflect, and in some cases be tempered by social and environmental metrics sometimes referred to as the ''triple'' bottom line.

In my view, the demand potential for BOP is, over estimated at 12 trillion USD in 40 years. This could still be a tall order especially so when we know more than 60% of BOP population are in the developing countries where infrastructure to support such innovations are low. Most of these countries do not allocate enough funds for investment especially so for Research and Development in support of new products development. Most of BOP products are not affordable but expensive when compared with relatively large sizes of products positioned to the middle class and the upper class. These BOP products are quite expensive when compared to products targeted to middle & high-income groups.

A number of products developed for BOP customer using disruptive technology as the plastic packaging are environmentally harmful due to the use of non-biodegradable material such as the plastics, which destroys our environment. This great debate is still on going where the BOP has been quite successful. In other cases, plastics innovative technology has not done well hence losing some serious investments and this casts cast doubts as to whether BOP is really a viable market or not.

In my view profitability and BOP, strategies are not compatible since they are in a trade off and this may be difficult to achieve both in the long- run and in the short run. There are no potential benefits of the BOP approach between private companies and low-income consumers (Pitta et al., 2008). Olsen and Boxenbaun (2009);

Rangekar (2010), observed in their study that only few companies which have invested in BOP reported success, for example while some Nano strategies like Tata and Maruti car succeeded, a number of others which were also low cost products and services oriented failed. These are two contradictory views between Karnani (2007) and Praharad (2010) and supporters from either side requiring further research.

According to Varman, Skalen and Beck (2012), there is a divide between poverty alleviation through BOP initiatives and profit maximization. The initiative is noble and good but mired in divergent discourse and practices that ultimately fail to assist the poor because in most cases, the products on offer are not affordable at all. Gupta and Pirch (2014) gave examples of unethical practices to the BOP consumers such as companies making profits by exploiting the poor through practices such as misleading sales promotion tactics, lack of fair pricing, deceptive advertising, and the appropriateness and utility of the marketed products.

2.6 Research Gaps

According to Nakata et al. (2012), Strategic managements as a discipline is still quite young while BOP as a concept is only 18years'old and hence a huge research gap exists especially in the developing countries. There is limited research on how to deliver valuable and sustainable innovation strategies that can deliver success to the BOP segment. A lot remains on the appropriate research methodologies; and for the sake of generalizations, large-scale questionnaire and use of quantitative studies is required in this segment, to generalize the findings, (Nakata et al., 2012).

According to Petrescu and Bhatli (2013), BOP is an interesting potential market for investment but one normally overlooked by investors. According to Benevides and Carlos (2015), scientific research that aims to comprehend the consumers' behaviour in the BOP population is rare. The BOP as a market research topic has uncountable gaps such as research on BOP consumption patterns, the unknown behaviour of BOP consumers and the lack of research & development on BOP products and services. All these factors lead to less innovation in the products and services for the BOP consumers.

Ansaris et al. (2012), stated that most of the literature available in BOP concept revolves around 'consumers' or' producers' and does not see the BOP as a valuable person in the value chain whom we should treat as a partner engaged in the co-creation of entirely new businesses that generate mutual value. Kolk et al. (2013) stated that very little research has been done in Africa and yet we know the highest proportion of BOP population lives in Africa.

According to Vachani and Smith (2008), there is inadequate attention on the specific strategies and models of BOP, the existing theories and empirical generalizations developed from high-income consumers are not effective in addressing this challenge. Benevides and Carlos (2015) stated that scientific research aiming to comprehend the consumers' behavior in the BOP concept is limited. They further noted that market research on BOP has significant gaps. They include limited research on consumption patterns, unknown behaviour of BOP consumers and lack of research and development on BOP products and services. Gebauer and Reynosa (2013) supported this and stated that there is limited research on the BOP segment and the little available is based on the developed world and almost none is available in the emerging markets, more so in Africa.

According to Kolk et al (2013), there is need for further research in order to bridge the knowledge gap between traditional marketing entry strategies and the BOP initiatives. Pitta et al (2008) found that there was no agreement in literature about the potential benefits of BOP approach for both private companies and BOP consumers. They concluded that there was need for further research on appropriate business models for attending to BOP market segment. The researcher undertook this study to bridge the existing gaps.

2.7 Summary of Reviewed Literature

From the literature, it is evident that BOP is an important market and one that has generated a lot of attention in the world today. The data available in the 18-year period when this concept of BOP was introduced and the empirical studies already done shows that BOP is a viable concept that requires further research. The literature and empirical studies done so far show that BOP represents a large market with particular needs and challenges. Therefore, MNCs and local companies should develop specific BOP strategies, which will address the two conflicting objectives of poverty alleviation and organizational performance.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers in detail a systematic description of the methodology used to conduct the research. It covers research design, target population, sampling frame, sample size and sampling techniques. This chapter also describes the data collection methods and instruments. Pilot testing, data processing and analysis and ethical issues are also described.

3.2 Research Philosophy

Research philosophy relates to the foundation of knowledge forming the basis of assumptions and predispositions of a study. According to Cooper and Schindler (2006) there are two main research philosophies, namely; positivism (scientific) and phenomenology (interpretivism) which may also be viewed in terms of two perspectives, namely quantitative and qualitative approaches. Saunders, Lewis and Thornhill (2009) noted that the four pillars of research philosophy are Positivism, Realism, Interpretivism, and Pragmatism. Kothari (2004) and as cited by Muthoka (2016) states that positivism philosophy is based upon values of reason, truth and validity; and focuses purely on facts discovered through direct observation, experience or measured empirically using methods like surveys. Positivist philosophy base knowledge on facts and that no abstractions or subjective status of individuals is considered.

According to Saunders et al. (2009), positivism paradigm relies on theoretical models developed and generalizable to explain cause-and-effect relationships. This study therefore adopted a positivist research philosophy assumptions of social reality are made where hypotheses are tested, often using quantitative techniques (Buttery & Buttery, 1991; Stile, 2003). On the other hand, interpretivism is benched on the belief that social reality is not objective but highly subjective because it is shaped by the researcher's perceptions. It is any type of research where the findings are not

statistically developed (Collins & Hussey, 2009). Thus, the philosophical foundation of the study was positivism where scientific processes followed in hypothesizing fundamental laws then deducing the observations to determine the truth or falsify the solid hypotheses.

3.3 Research Design

Cooper and Schindler (2008) defined research design as the plan and structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do from writing hypotheses/questions and their operation implications to the final analysis of data. According to Gikenye (2012), the purpose of research design is to provide a framework for the collection and analysis of data by answering the questions of who to study, what to observe, and when to observe.

The study took the form of an exploratory survey. Exploratory research design normally combines both qualitative and quantitative methods, techniques and measures. Survey research seeks to explain or explore the existing status of two or more variables at a given point in time (Mugenda & Mugenda, 2003). The exploratory survey conducted resulted in the collection of quantitative data appropriate to test the independent variables (availability, affordability, acceptability and awareness) as the BOP strategies used to measure the effect of FMCG manufacturer market performance. The research was exploratory as it portrayed what actually works and what influences BOP consumers to buy certain products from a given company and ignore others with similar attributes from other companies.

This research used the survey approach used by social scientists to collect primary data because it is feasible in terms of time and resources (Dooley, 2007). The use of survey research was to collect a representative sample representing the rest of the population and hence allow for generalization of the findings. The study utilized both qualitative and quantitative data and as stated by Ngugi (2012), social scientists routinely collect data that is both qualitative and quantitative and carefully examine the patterns that emerge with the main objective of interpreting and understanding social life. Angoitia and Ramirez (2009) used survey method in a similar study on

strategic use of mobile telephony at the BOP. In keeping with the objectives of this study, survey research was appropriate in that it was not possible to collect data from all the FMCGs companies operating in Kenya due to the huge geographical dispersion of the sector, the limited time and limited resources.

3.4 Target Population

According to Berg (2001), as cited by Waiganjo (2013), the term target population refers to the larger population from which the researcher generalizes the results of study. It is the entire group of persons, events or objects sharing a common observable characteristic. Saunders, Lewis and Thorn (2009), defined the term population as the full set of cases from which a sample is selected. Cooper and Schindler (2008) defined population as the total collection of elements about which one wishes to make some inferences. In this study, target population was the total number of FMCG companies operating in Kenya as listed by Kenya Association of Manufacturers (KAM) directory of 2014. This was the main target population that the main findings of the study were based on.

The study also had a minor target population of study, which was the BOP population. The population was used to validate the findings of the main target population that is the FMCG senior management questionnaire findings. The purpose of this population was only to validate the main results from the fast moving consumer goods companies' findings. The population was BOP consumers leaving in the urban slums of Nairobi in five main slums of Nairobi County. These were Mathare, Sinai, Soweto, Kibera and Kwanjenga/Pipeline.

3.5 Sampling Frame

According to Johnson and Gill (2010), a sampling frame is a list of elements from which the sample is actually drawn and is a complete and correct representation of the target population from where the sample is drawn. The sampling frame for FMCG companies was a list from the Kenya Association of Manufacturers (KAM) directory of 2014.

It was however difficult to get a sampling frame for the minor population of BOP consumers but as stated by Zikmund, Babin, Carr and Griffin (2010) and Babbie (2010), where the sampling list does not exist then one can be prepared using the most appropriate data. The list was prepared using information availed provided by a re-known international research firm, the ACNelson who have the retail universe census of all the retail outlets across Kenya.

3.6 Sampling Size and Sampling Techniques

3.6.1 Sample size

The sample size for this study was 118 fast moving consumer goods companies (FMCG) operating in Nairobi County which was the unit of analysis while the respondents were the senior commercial managers from the FMCG companies. There was no sampling as this was a census of all the companies operating in Nairobi County. Table 3.1 shows this analysis.

Table 3.1: Fast Moving Consumer Goods Companies -Across the Country

Region	Number of Firms	% Represented
Nairobi Region	118	67
Other regions outside Nairobi	58	33
Total Number	**176**	**100**

Source: KAM Directory (2014)

3.6.2 Sample Size and Sampling Techniques

Kothari (2013) defined sampling design as a plan for obtaining a sample from a given population. It refers to the technique the researcher will use in selecting an item for the sample. This study utilized cluster (area) sampling. According to Mugenda and Mugenda (2003) and Kothari (2013), area sampling is ideal when the population of study is scattered over a large geographical area. Kothari (2013) stated that area sampling, which is a special type of cluster sampling and, is primarily used when the unit of analysis is based on a geographic area.

The researcher used purposive sampling to select Nairobi County. This is because it is a cosmopolitan and 67% of FMCGs company's factories situated in Nairobi County and Nairobi being the capital city; it has representation from all other counties in Kenya. The study was a census of all the FMCG companies operating in Nairobi County as listed in the KAM directory of December 2014.

For the BOP, which was only used to valid the FMCG findings; a sample of 150 BOP consumers was selected in five main slums in Nairobi using purposive and systematic sampling. The five slums were purposively selected because it is believed most BOP consumers leave in these areas; however, prior to this a selection criterion, which ensured that only BOP consumers were picked and the BOP consumers were picked in every ten outlets where BOP consumers do their shopping. This was done through the owners of the outlets who identified the BOP consumers and assured them that the study was only for academic purpose only.

This is supported by Zikmund et al. (2010) who stated that purposive sampling involves deliberate selection of a particular unit of the population and is normally used when a researcher wishes to isolate a sample that has qualities or characteristics which are required for the study and that only a small sample is required if the population is homogeneous. In such a case, a small sample size with similar characteristic will give an objective representation of the population. In addition, this is in line with Creswell (2009), who stated that the respondents purposefully selected because they can inform an understanding of the research problem and central phenomenon in the study, hence the selection of BOP consumers used to validate the findings from the FMCG companies' findings.

3.7 Data Collection Methods and Instruments

The study utilized two questionnaires to collect primary data one from the senior managers of FMCG companies and one from the BOP consumers. The questionnaires were issued to senior managers (commercial division) of FMCG companies and the BOP consumers. Chikweche (2010) supports this by noting that having more than one group of respondents is good in studies involving consumers and firms because they have a dyadic relationship. The study used FMCG

questionnaire as the main data collection instrument for the study. The findings and conclusions are based on this questionnaire only. The BOP questionnaire was only used to compare, validate and triangulate the results and no inferential analysis was done on BOP questionnaire. Analysis on BOP questionnaire was descriptive only and its results were merely to validate and compare with main findings from the FMCG questionnaires.

3.7.1 Administration of Research Instruments

The questionnaires were self-administered and the researcher used two-research assistants and were trained on how to handle the respondents. The researcher identified the respondents while the research assistants dropped the questionnaires for the FMCG respondents in their offices. For the BOP consumers the questionnaires were dropped in the identified outlets where the BOP respondent were recruited.

The researcher gave the respondents two to three weeks to fill up the questionnaires and the research assistant followed them up on their mobiles phones. The filled up questionnaires were picked and the research assistants addressed any unclear questions when they went to pick the filled up questionnaires. This process ensured that all the questions were filled up properly apart from the ones where the respondent declined to answer some questions sighting sensitivity of information especially on the sales revenue data required. The target respondents were the senior managers (commercial division) from the FMCGs companies in Kenya and the BOP consumers from Nairobi county main slums. The procedure for issuing the questionnaires to the respondents was through self-introduction. A self-introduction letter and an authority letter for data collection from the Jomo Kenyatta University accompanied the questionnaires.

3.8 Pilot Testing

Zikmund et al. (2010) defined pilot testing as a small-scale research project that collects data from respondents similar to the full study. Babbie (2010) indicated that a pilot study is conducted when a questionnaire is given to just a few people with an intention of pre-testing the questions. Pilot test is an activity that assists the researcher in determining if there are flaws, limitations or other weaknesses within the interview design. It allows the researcher to make necessary adjustments prior to the implementation of the study (Kvale, 2007). Piloting of the questionnaire was done using the 30 sales senior managers from FMCGs companies and 15 BOP consumers from the five main slums of Nairobi. This was slightly above 10% of the total sample population. According to Babbie (2010), this is a good representation to test the reliability and validity of the research instruments. This helped the researcher to identify any ambiguous and unclear questions in the questionnaire before administering them to the selected population.

3.8.1 Reliability

Mugenda and Mugenda (2003), defined reliability as the degree a research instrument yields consistent results after repeated trials. Reliability in a study is influenced by the random error, such that when random error increases, reliability decrease and vice versa. The study utilized the Cronbach's formula. The K-R formula or the Cronbach's measures internal consistency. According to Mugenda and Mugenda (2003) and Zimund *et al.* (2010) this is a better test of reliability and the higher the coefficient the better the results in terms of reliability. The higher the coefficient, the higher the reliability and a coefficient of 0.7 and above, is considered a good measure of reliability. The study used Cronbach's formula to measure reliability.

3.8.2 Validity

Mugenda and Mugenda (2003) defined validity as the accuracy and meaningfulness of references, which are based on the study results. Validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon

under the study. According to Zikmund et al. (2010), good measures should be both consistent and accurate and validity is the extent to which a score truthfully represents a concept. Creswell (2009) asserted that validity is the strength of qualitative research and it exists when the knowledge sought is arrived at through descriptions that make possible an understanding of the meanings and essence of experience.

According to Seidman (2006), if the interview structure works to make sense to themselves as well as to the interviewers, then it will have gone a long way towards validity. Validity was achieved through piloting of 30 senior managers (commercial) from the FMCG sector. This group was not involved in the actual study. The following measures were carried out to ensure that the research instrument produced valid data.

Expert opinion: Special attention was taken while designing the questionnaire. The objective was to ensure that the questionnaires were measuring what was intended and collected what the researcher intended to collect. This is what is known as content validity and is normally improved using an expert or a professional in a certain field (Mugenda & Mugenda, 2003). The senior management of FMCG companies who develop the BOP strategies were used to check for the validity of the questionnaire since they are the experts in this industry. The questionnaire was also pre-tested using the same group of senior management of the senior management team from the FMCG companies. This assisted in improving the questionnaire and hence improved the validity of the study; thisis as stated by Mugenda and Mugenda (2003) who stated that using a sub group of professionals in a certain field improves the validity of the questionnaire.

3.9 Data Processing and Analysis

Data processing is normally preceded by data cleaning, editing and coding (Zikmund et al., 2010). According to Gathenya (2012), data analysis has three main objectives namely, getting the feel of the data, testing the goodness of data and testing the hypotheses for the proposed study. Descriptive statistics such as mode, median, mean and standard deviation were used to achieve the first objective of getting a feel for

the data while the second objective of testing the goodness of data was achieved through test of reliability using the Cronbach's Coefficient alpha formula and finally, the third objective of hypothesis testing was achieved through multiple regression analysis.

Data was processed using the SPSS (Statistical data processing for Social Sciences) version 20 to obtain results using linear regression and correlation analysis models. The use of classic linear regression model is preferred due to its ability to show relationships between the independent and the dependent variables (Castillo, 2009). Multiple regression analysis and correlation analysis was carried with the main aim of analysing the relationships between BOP strategies namely, affordability, availability, acceptability and awareness on one hand, and FMCG market performance on the other hand.

According to Kothari (2004), multiple regression analysis attempts to predict the variability of the dependent variable based on its covariance with other independent variables. Martin and Hill (2012) used a similar model when they carried out a BOP research on life satisfaction, self-determination and consumption adequacy in 51 countries. Shafayet and Rozario (2012) used multivariate model in a similar study on purchase decisions regarding FMCGs companies in Bangladesh while Nguyen and Mohamed (2011) used multiple regression in their research on leadership behaviours.

3.9.1 Quantitative Analysis

The descriptive statistics was employed in the analysis of quantitative data in terms of frequency distribution tables, pie charts, mean and standard deviation. The study also utilized multiple regressions to determine the relationship between BOP strategies and the market performance of the fast moving consumer goods companies.

The models determined whether the independent variables namely affordability, availability, acceptability and awareness together predicted the growth of FMCG market performance in Kenya. Correlation analysis was used to show the correlation

and the strength of the relationship between independent variables and the dependent variable. The t-test was used to test the hypotheses.

3.9.2 General Multiple Regression Analysis

a) The general multiple regression models for this study were as follows;

$$Y = \beta_0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \beta_4\chi_4 + e$$

Where;

Y = Market Performance (DV)

β_0 = Model equation intercept

β_1, β_2, β_3 and β_4 coefficient of independent variables

χ_1 = Affordability strategy (IV)

χ_2 = Availability strategy (IV)

χ_3 = Acceptability strategy (IV)

χ_4= Awareness strategy (IV)

e = is the error term

Gujarati (1995) stated that the ordinary squares method shows the relationship between parameters while Nguyen and Mohamed (2011) stated that multivariate regression allows prediction of a single dependent variable from more than one independent variable and the determination of the influential dependent variable.

3.9.3 Variable Definition and Measurement

According to Kiriinya (2015), a variable is defined as a measurable characteristic that assumes different values among the subjects. Operationalization of variables is a very important step in research since two similar studies can have different findings

depending on the way the variables were operationalized. The variable measurements in this study were based on a mix of tools because the questionnaire had both qualitative and quantitative measures and therefore the variables of study had different measurement levels, some interval and some with ratio scales.

According to Zikmund at al. (2010), interval and ratio scales are used frequently in social science studies when a researcher collects product rating information. The independent variables were affordability, availability, acceptability and awareness. The market performance of the fast moving consumer goods companies was the dependent variable and was affected by the four the independent variables which were the BOP strategies.

The affordability strategy was measured using a 5-point scale which indicated a specific strategy as effective or not effective, where; 5 =very effective, 4 =effective, 3=moderately effective 2= slightly effective, and 1= not effective. Price performance and price sensitivity were used to evaluate the effectiveness of affordability strategy especially on descriptive statistics. Price sensitive used a rating from 5-1, where five represented very sensitive and 1, which represented not sensitive. Price point was measured using actual price per package ranging from kes.10 to 50 per packaging.

A five point Likertscale was used to measure the success rate of availability and the most frequent used mode of distribution. Distribution tools, distribution channels and stock out management were used to measure the success of availability strategy. A five point Likert scale was used to measure availability strategy as follows: five =very effective, 4=effective, 3=moderately effective, 2=slightly effective and 1=not effective.

Stock outs management was measured by a five point Likert scale using percentages. The percentage indicated whether the products reached the consumer on time, whether all the range of products are available and in all outlets that the consumer requires them from. The scale was represented by; 1=0-20%, 2=21-40%, 3=41-60%, 4=61-80% and 5= 81-100%. The effectiveness of the distribution channels was measured using a five-point scale where 5, represented very effective while one (1)

represented not effective. The loss business due to stock out was measured using percentage.

A combination of 5 point Likert scale and percentage measures were used to test on the quality of products. Level of investment to increase product development strategy was measured using percentage. Package size was measured using the various sizes that are mostly used by the consumers ranging from 50-100, 51-100,101-200,201-500,501-grams/litres-1 kilogram, >1 kilogram -10 kilogram, 20-50 kilogram and >50-100 kilogram.

Package design was measured through the type of material used in the final package ranging from carton/paper package, plastic and tin packaging tested as; 'To what extent do you use the following packaging materials?' where: 1=we don't, 2= Slightly, 3= To some extent, 4= Moderately, 5=To a great extent.

Awareness was measured using a five point Likert scale as follows: five=used most frequently, 4-often used, three= slightly used, two=not used and one=planning to use it in future. The effectiveness of awareness strategies was measured using a five point Likert scale testing on the level of brand impact where; 5= very effective,4=effective,3= moderately effective,2=slightly effective and 1= not effective. The total amount of budget utilized on BOP market was measured using percentage of the total promotion budget.

Organizational in market performance was measured using percentage growth in sales. A 5-point scale were used where; 5=81-100%, 4=61-80%, 3=41-60%, 2=21-40% and 1=0-20% was used. Market share was measured using the proportionate market share of BOP as a percentage of the total market. A five-point scale was provided where; 5=81-100%, 4=61-80%, 3=40-61%, 2=21-40% and1= 0-20%. Table 3.2 summarizes how each variable was operationalized.

Table 3.2: Operationalization of Study Variables

Type of Variable	Variable Name	Variable Indicators
Dependent Variable	**Market Performance**	Parameters are: • Sales revenue • Bottom of pyramid sales revenue • % Growth of BOP sales • % Growth in Market share
Independent Variables	**Affordability Strategy**	The parameters are: • Competitive price • Re-packaged goods by retailers from FMCG bulk purchases • Small stock keeping units (Single serve)
	Availability Strategy	The parameters are: • Distribution tools tactics • Distribution channels tactics • Stock out management tactics
	Awareness Strategy	The parameters are: • Advertising strategies • Personal selling strategies • Sales promotion strategies • Social media strategies • CRS-philanthropy strategies
	Acceptability Strategy	The parameters are: • Innovation strategies • Product quality strategies • Product design strategies • Packaging strategies

Source: Author, 2018

3.10 Ethical Issues in Research Study

Before sending questionnaires to FMCG and BOP respondents; respondents were assured that the information given was for academic purpose only and will not be shared to any other person. This is in line with the principles of ethics as stated by (Polit & Beck, 2003) for full disclosure, fair treatment and privacy. Prior to the data collection the respondents were explained the purpose of the interview and were given the opportunity to freely participate and those who declined were appreciated and explained that it was their right to either participate or not. Confidentiality was maintained by way of giving the respondents the option to either indicate their names or not.

CHAPTER FOUR:

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The purpose of this study was to evaluate the effectiveness of the bottom of the pyramid strategies on the market performance of fast moving consumer goods companies in Kenya. The chapter presents the data analysis results and discusses the key research findings on the four independent variables namely, affordability, availability, acceptability, awareness and the market performance as the dependent variable. Data was collected in Nairobi County since 67% of all the FMCG companies are located in Nairobi County.

4.2 Response Rate

The target population of the study was 176 fast moving consumer goods companies operating in Kenya. However only 118 companies based in Nairobi County were selected. This was 67% of all FMCG companies in Kenya. The other companies were unevenly distributed in the other 46 countries across the country. This is as per the chapter three justification that Nairobi County being the capital city is cosmopolitan and has representation from the entire country and was therefore a representative sample. Out of the 118 questionnaires from senior managers of FMCG companies filled up only 102. This was a response rate of 86% and according to Babbie (2010), a 50% response rate is considered adequate, 60-70% is considered good while above 70% is considered very good and therefore, 86% response rate from this study was very good. The findings are shown in Table 4.1.

During inferential statistics analysis, 18 questionnaires from the respondents were removed from the model because they lacked critical data such as the sales and the market share figures because respondents refused to provide the data claiming that it is against their policy to provide such data to third parties. The questionnaires were therefore, removed from the final analysis, as their data would have affected the results adversely. This therefore reduced the actual frequency in the model from 102

to 84 questionnaires, this is in line with Hair, Black & Babin (2010); Abbott & McKinney (2013) who stated that cases or observations showing characteristics or values that are markedly different from the majority of cases in a data set should be dropped. This is because they distort the true relationship between variables, by either creating a correlation that should not exist or suppressing a correlation that should exist.

Table 4.1: Response Rate

Response Rate	Frequency	Percent
Responded	102	86%
No Response	16	14%
Total	**118**	**100%**

4.3 Reliability Testing

Reliability refers to the degree to which a research instrument yields consistent results after repeated trials. According to Zikmund et al. (2010), Cronbach coefficient is often used to test reliability. Cronbach's Alpha test was carried out on the five variables so as to a certain their reliability. The measure ranges from zero to one and the higher the coefficient, the more reliable or consistent the construct is. The results of the analysis were 0.782 for affordability, 0.791 for availability, 0.738 for acceptability, 0.734 for awareness and 0.888 for market performance. All the six variables passed the minimum threshold of 0.70 and this meant that they were reliable and therefore full data collection commenced. The reliability results are shown in the Table 4.2.

Table 4.2: Reliability Test of Constructs

Construct	Cronbach's Alpha	Status
Affordability	0.782	Acceptable
Availability	0.791	Acceptable
Acceptability	0.738	Acceptable
Awareness	0.734	Acceptable
Market Performance	0.888	Acceptable

4.4 Demographic/Background Information

This study began by a general analysis on the demographic and company profile data from the respondents. This included the name of respondent, number of years the respondent has been with the company, number of years the company has been in operation, the income bracket targeted by the company and the average turnover of the company. The research targeted senior managers of FMCG companies and 118 questionnaires were generated.

4.4.1 Period Worked in the Company

The study sought to investigate the period the respondents had served in the current organization. The findings showed that managers who had worked for less than 3 years were 25%, those above 3-5 years were 34%, the ones above 6-10 years were 34% and those who had worked for more than 10 years were 8%. This is shown in the Table 4.3. The findings show that majority of the respondents, that is 75%, had worked with the fast-moving consumer goods companies for more than 3 years, a period long enough to be conversant with the way the companies develop and implement their strategies especially for the urban BOP consumers who were the main focus of this study. This therefore meant that the information provided by the respondents was reliable and could be used to make conclusions on the study hypotheses.

Table 4.3: Period Worked in the Company

	Frequency	Percentage
<3 years	25	25
3-5 years	35	34
6-10 years	34	33
more than 10 years	8	8
Total	**102**	**100.0**

4.4.2 Age of the Company

According to the study and as shown in Table 4.4, 5% of the companies have been in operation for a period of 1-5 years, 8% have operated for a period of between 6-10 years, and 7% have been in operation for a period of 11-15 years while 80% of the companies have operated for more than 15 years. The fact that most of the companies, that is 87%, had operated for more than 11 years meant they had enough time to prepare and evaluate the strategies and monitor them. This may have contributed to their longevity, for more than 11 years, and therefore the findings from this study could highly be relied upon to test the study hypotheses.

Table 4.4: Age of the Company

Number of Years	Frequency	Percent
1-5 years	5	5
6-10 years	8	8
11-15 years	7	7
Over 15 years	82	80
Total	**102**	**100.0**

4

.4.3 Consumer Income Bracket the Company Targets

The study sought to evaluate the income group the companies target and as shown in Table 4.5 4% of the companies targeted low-income market only, 8% targeted middle income only, while 4% targeted high-income market only. The ones who targeted all the three income groups were 84%. This meant that majority of the FMCG companies targeted all the three income groups most likely reason being to maximize their performance as shown in Table 4.5.

Table 4.5: Consumer Income Bracket the Company Targets

Income Groups	Frequency	Percent
Low income only	4	4
Middle income only	8	8
High income only	4	4
Targets all income groups	86	84
Total	**102**	**100**

4.4.4 Specific Income Group the Company Focuses On

Respondents were further asked to state their main focus group, 76% of the respondents stated they mainly target the middle income, 19% stated their main focus was the low-income consumers and the rest 5% of the companies stated their main focus was the high-income group. These results concur with Chikweche (2012) and Prahalad (2010) who stated that most FMCG companies especially the multinationals and large manufacturing companies mainly focus on the middle-income group because they believe BOP market segment is not viable and the high-income market size is quite small.

Table 4.6: Specific Income Group the Company Targets

Income Group	Frequency	Percentage (%)
Low income	19	19
Middle income	78	76
High income	5	5
Total	**102**	**100**

4.4.5 Turnover of the FMCG Companies

According to the findings of the study, 10% of the companies had an average turnover of Kes. 200 million, 20% of the companies' turnover ranged between 200-500 million per year, 23% of the companies' turnover was between 0.5 -1billion, 27% of the companies' turnover was 1 to 5 billion, 15% of the companies' turnover was between 5-10 billion, while 5% of the companies had their average turnover way above the 10 billion mark.

The findings showed that FMCG companies has some of the top leading companies in the economy with some selling more than Kes. 40 billion per year in the foodstuff and personal hygiene sub-sector. The results are as shown in Table 4.7 where some show that FMCG companies are recording good sales since 47% had sales of more than one billion per year. The findings are in line with Prahalad (2010) findings that showed that the MNEs or manufacturing firms have the potential to grow the BOP market because the market demand is huge but only if they developed the right strategies that will appeal to the BOP consumers.

Table 4.7: Average Turnover of the Companies

Turnover of the companies	Frequency	Percentage
0-300 million	10	10
>300-500 million	20	20
>0.5-1 billion	23	23
>1-5 billion	27	27
5-10 billion	15	15
>10 billion	5	5
Total	**102**	**100**

4.5 Effects of Affordability Strategies on FMCG Market Performance in Kenya

The first objective of this study was to evaluate the effect of affordability strategies on the market performance of fast moving consumer goods companies in Kenya. The findings on this objective were first analysed using descriptive statistics such as mean, standard deviation and bar charts.

4.5.1 Affordability of FMCG Company Products

Respondents were asked to state whether the products they sell are affordable or not and the results were; 97% of the respondents stated the products they sell are affordable while only a small proportion that is 3% stated that the products they sell are not affordable. The results are shown in Table 4.8.

Table 4.8: Affordability of the Company Products

Opinion	Frequency	Percent (%)
Yes	99	97
No	3	3
Total	**102**	**100**

4.5.2 Evaluation of Affordability Strategies on FMCG Market Performance

The respondents were asked to evaluate the various strategies they use to make their products affordable and ensure they improve their market performance. The results are shown in Table 4.9.

On the strategy of encouraging retailers to repack bulk products manufactured by FMCG companies into smaller sizes, 74% said they don't use it, 12% indicated they hardly use the strategy, 9% said they use the strategy sometimes while only a very small promotion of 4% said that they use the strategy. This simply meant that although most retailers are repacking bulk fast moving consumer goods products into smaller affordable packs, only few companies use this as a strategy to increase their BOP sales.

On the strategy of maintaining competitive prices, none of the respondent that is 0%, indicated that they do not use the strategy while a meagre 4% of the respondents said they hardly use the strategy. Only 13% of the respondents stated that they use the strategy occasionally, 36% said they use the strategy quite often while a large number of respondents that is 47% stated that they use the strategy to great extent.

On the strategy of packing in affordable small packages used once and/or twice per day, no respondent stated they do not use the strategy. 7% said they hardly use the strategy, 35 % said they sometimes use the strategy, 42% said they use the strategy quite often while 20% agreed that they use the strategy to a great extent. The results are in line with those of June et al (2013) who stated that small well-packaged brands are normally affordable to the BOP consumers and is a good strategy to target the low-income/BOP consumers.

The mean was also used to evaluate the utilization of the various affordability strategies and the findings are summarized in Table 4.9. Mean for the strategy to encourage retailers to repack into smaller affordable packs was 1.46; while mean for the strategy to maintain competitive prices was 4.26. Mean for the strategy to pack in small sizes that are affordable and used once/or once per day was 3.78. A mean of 3 or more out of 5, meant that the strategy is quite often used by the FMCG

companies' companies and this is an indication that the two strategies are often used by FMCG companies to increase performance but the strategy to encourage retailers to repack their bulk goods into smaller affordable packs is hardly used as shown by a mean of 1.46. The strategy to maintain competitive prices scored a mean of 4.26, which was the highest. This meant that it is a key strategy to grow the organization market performance and FMCG companies should be encouraged to use it.

Table 4.9: Affordability Strategies used by FMCG Companies

Strategies	We do not (%)	Very low extent (%)	Some extent (%)	Quite often (%)	Great extent (%)	Mean	Std. Deviation
Encourage retailers to repack your products in small sizes	74	12	9	1	3	1.46	0.94
Maintain Competitive Prices	0	4	13	36	47	4.26	0.84
Pack in small sizes that are affordable and used once and /or one day	0	3	35	42	20	3.78	0.79

4.5.3 Most Preferred Price Point of BOP Products

The study also sought to identify the most acceptable price point for the BOP consumer products. The findings are shown in Table 4.10. At the lowest price point of Kes.1-10, 8% of the companies said they have products selling at this price. At price points of Ksh.11-20, 22% of the companies stated they have products selling at such price point, while at the price points of Kes. 21-30, 13% of the companies agreed they had products selling at this price point. Ten percent (10%) of the companies stated they have products selling at price pints of between Kes. 31-40.

At the price points of Kes. 41-50, 21% of the companies stated they have products selling in that range and finally at a price point of Kes. 50 and above 25% of the

companies stated they have products selling at that range. What is implied from the results is that a price point within the range of Kes.50 is acceptable to most BOP consumers. This is because majority of the respondents, that is 47%, preferred price points of either between Ke. 41-50 or over Kes.50 per package. This implies that the BOP consumers are not necessarily looking for very small packages but could be having other reasons why medium sized packages are also preferred. This is an indication that BOP consumers are not necessarily looking for very small packages that are very low in price. The results compare favourably with Chikweche (2013) findings, which stated that BOP consumers are not necessarily looking for the smallest sizes of products, but packages that are affordable to them in this case a package selling at approximately kes.50 is affordable to them.

Table 4.10: Most Preferred Price Point for BOP Consumers

Price Point	Frequency	Percent (%)
1-10/-	8	8
11-20/-	23	22
21-30/-	13	13
31-40/-	10	10
41-50/-	23	22
over 50/-	25	25
Total	102	100

4.5.4 Price Sensitivity of BOP Consumers

According to the findings and as shown in Figure 4.1, 38% of the respondents stated that the BOP products they sell to BOP consumers are highly sensitive to price, 26% of them said the products they sell are sensitive to price while 31% indicated the products they sell are moderately sensitive to price changes. A very small proportion of 3% said the products they sell are slightly sensitive to price changes and only 1% of the respondents said the products they are not sensitive to price changes. An overwhelming number of respondents that is 96% stated that the BOP products they

sell are highly sensitive to price changes. The findings concur with many BOP studies, which claim that BOP products are highly sensitive to price changes, and that companies should ensure they develop the right strategies to ensure the price changes do not affect their sales adversely (Prahalad, 2010).

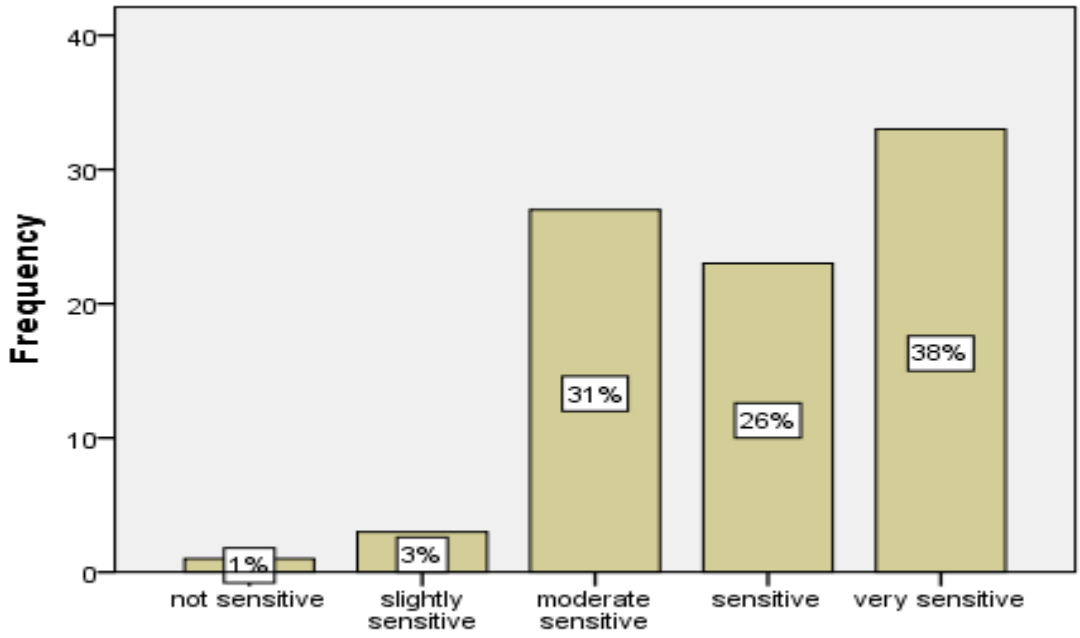

Figure 4.1: Price Sensitivity of BOP Consumers

4.5.5 Strategies for Managing Price Sensitivity on BOP Consumers

The study sought to find out the affordability strategies FMCG companies' use to manage price sensitivity to products targeted to BOP consumers. The findings for the study are shown in Table 4.11. On the strategy of carrying out trade promotions like 10% extra volume 11% stated they do not use this strategy, 11% of the companies stated they slightly use the strategy, 16% said they use the tactic moderately, 32% said they use the strategy quite often while 29% said this is the most used strategy. This in conclusion shows that this is a good strategy to manage price sensitivity since its mean was 3.58 or 71%.

On the strategy of carrying out pricing gimmicks such as kes.9.99,99.9,999.90 ,37% of the respondents said they hardly use the tactic, 22% said the tactic is hardly used, 27% said the tactic is moderately used, 11% said the tactic is used quite often while a very small fraction of only 2% said the tactic is mostly used. A conclusion that this is not a good strategy to manage price sensitivity can be drawn since the mean was 2.18 or 42%.

On the product banding strategy like buy 3 get one free tactic, 7% stated they hardly use it, 13% said the tactic is slightly used, 32% indicated the tactic is moderately used, 30% said the tactic is used quite often while 18% said the strategy is the one commonly used. The results show that this is not a good strategy to manage price sensitivity, as the mean was 3.39 or 67%.

Results on the price discounts tactic such as 10% off, 3% of the companies stated they hardly use the tactic, 5% said the tactic is slightly used by the companies, 16% of the companies said they use the tactic moderately, 56% said they use the tactic quite often while 19% said they use the tactic most of the time. Meaning over 76% of the respondents agreed this strategy could be used to manage price sensitivity as shown by a mean of 3.84.

On the tactic of packaging single serve/small sizes of products at low prices, 14% said they hardly use the strategy, 7% said they slightly use the tactic, 36% indicated they moderately use the tactic, 30% said they use the tactic quite often while 13% said it is the tactic mostly used to manage price sensitivity. A mean of more than 3 meant that the strategy is often used by the FMCG companies while a mean of less than 3 meant the strategy is hardly used. This meant that all the strategies are frequently used by FMCG companies to manage price sensitivity apart from the one for carrying out price gimmicks.

The results on this tactic on packaging small sizes of products and offering low prices showed that 79% of the companies agreed that they used this tactic to manage price sensitive and the results concur with Chikweche (2009) who stated that companies should pack small sizes goods to make the products more affordable to the BOP consumers.

Table 4.11: Strategies of Managing Price Sensitivity on BOP Consumers

Strategies to Reduce Price Sensitivity	Hardly Used (%)	Slightly Used (%)	Moderately Used (%)	Used quite often (%)	Most Used (%)	Mean	Std. Deviation
Carry out trade promotion like, 10% extra volume	11	11	16	32	29	3.58	1.32
Carry out pricing gimmicks like, 9.99, 99.90	37	22	27	11	2	2.18	1.12
Carry out product branding like, buy 3 get 1 free	7	13	32	30	18	3.39	1.15
Give price discounts like 10% off	3	5	16	56	19	3.84	0.91
Pack single serve packages/small sizes with low prices per unit	14	7	36	30	13	3.2	1.20

4.6 Effects of Availability Strategies on FMCG Market Performance

The second objective of this study was to assess the effect of availability strategies on the market performance of fast moving consumer goods companies in Kenya. The findings of this objective were first analysed using descriptive statistics in order to have a feel of the impact of availability strategies. Availability is a key strategy in the objective of improving the organization market performance of FMCG companies in Kenya.

4.6.1 Effectiveness of Availability Channels

The study sought to evaluate the effectiveness of the availability channels, which are used to grow the organizational market performance. The channels are the supermarkets, general shops, groceries, convenience stores, kiosks and multi-level distribution. The results for the study are analysed in Table 4.12.

On the supermarket channel, 5% said the channel is not effective in availing products to the BOP consumers, 12% said the channel is slightly effective, 39% said the channel is moderately effective, 27% agreed that the channel is effective while 17% noted that the channel is very effective. Overall, 85% of the respondents voted this channel as effective in increasing the BOP market segment. The results do not concur with most BOP empirical data, which claim that BOP consumers hardly carry out shopping in the supermarkets but an indication that this could be a future strategy to consider.

On the general shops and groceries channel only 1% of the respondents said the channel is not effective, 4% indicated the channels is slightly effective, 18% agreed the channel is moderately effective, 39% said the channel is effective while 38% said the channel is very effective. In summary, 95% of the respondents agreed that the channel is quite effective; this is a confirmation from the empirical review that notes this as a channel that has always been used by the FMCG companies to avail products to the BOP market segment.

Under the convenient stores channel, 6% said the channels were not effective, 20% said the channel is slightly effective,42% said the channel is moderately effective, 24% agreed that the channel is effective while only 7% stated the channel is effective in the BOP market segment, prompting a conclusion that the channel should not be ignored and could be a very good channel to sell BOP products in future.

Under the kiosks channel, 4% indicated the channel is not effective, 13% said the channel is slightly effective, 17% agreed the channel is moderately effective and majority 66% of respondents agreed that this channel is very effective in improving the BOP market segment. The results are well supported by the BOP literature that the channel is very effective in availing BOP products.

On multi-level channel, that is direct to the final consumer channel, 29% of the respondents said the channel is not effective, 34% said the channels is slightly effective, 21% indicated the channel is effective, 7% said the channel is effective and 8% said the channel is very effective in availing products to the BOP market segment.

The mean was used to evaluate the effectiveness of the various channels and the results were 3.39 for the supermarkets, 4.51 for the general shops & groceries, 3.06 for the convenient stores, 3.9 for kiosks & semi-permanent structures and 2.3 for the multi-level channel that is direct to final consumer channel. This in summary meant that the general shops and groceries channel are the most effective, followed by kiosk and semi-permanent structures, then supermarkets and finally the multi-level direct to consumer channel which scored a mean of 2.3 out of the maximum score 5. The fact that multilevel channel scored 2.3 which is less the average of 2.5 meant that this channel is not very effective in availing products to the bottom of the pyramid market in Kenya. All these findings are shown in Table 4.12.

Table 4.12: Effectiveness of Availability Channels

Availability Information	Not effective (%)	Slightly effective (%)	Moderately effective (%)	Effective (%)	Very effective (%)	Mean	Std. Deviation
Supermarkets	5	12	39	27	17	3.39	1.06
General shops and groceries	1	3	18	39	38	4.51	4.08
Convenient stores	6	20	42	24	7	3.06	0.99
Kiosks	4	13	17	19	46	3.9	1.24
Multi-level direct to final consumer	29	34	21	7	8	2.3	1.20

4.6.2 Amount of BOP Sales Sold Through the Various Channels

Respondents were asked to give the percentage of business the various channels sell. On the supermarket channels, 9% of the respondents stated they move 1-10% through the supermarket channels. Twenty-four percent said they move 10-20% sales of BOP, 46% said they move 20-30% of the BOP sales through the supermarket channels, 17% said that they move 30-40% of BOP sales and only 7% stated that

they sell over 40% of their business through this channel. The mean for supermarkets was 2.83 out of 5, meaning the channel does not move huge volumes of BOP sales and hence a conclusion that this is not a very good BOP channel.

On the general trade and groceries channel, 1% of the companies stated they moved approximately 1-10% of their business. Ten percent of the respondents said they move between 10-20% of the BOP business, 40% of the respondents said they move between 20-30% of their BOP sales, 38% of the respondents stated they move between 30-40% of their BOP sales though this channel and finally 11% stated that they move more than 40% of their BOP sales through this channel. The mean for this channel was 3.48 out of 5, meaning this is a good channel for BOP sales.

In the convenience stores, 14% of the respondents said they sell approximately 1-10% of their BOP sales through this channel. Fifty-one percent of the respondents said they sell between 10-20% of their BOP sales while 26% of them stated they sell between 20-30% of their business through this channel, 9% indicated they push approximately 30-40% of their business through this channel. No respondent indicated that they sold more than 40% of their business through this channel. The mean for this channel was 2.3 out of 5, meaning this is not a good channel since it falls even below the 50% mark and therefore not a preferred channel for targeting growth in BOP market segment.

In the kiosks channel, 7% of the respondents said they sell approximately 1-10% of their BOP sales. 21% of the respondents said they move between 10-20% of their BOP sales, 38% of them stated they sell between 20-30% of their business through this channel, 18% indicated they push approximately 30-40% of their business through this channel, 15% stated they move more than 40% of their BOP sales. The mean for this channel was 3.13 out of 5, meaning this is a good channel to use for BOP sales. The findings are well supported by the literature on the BOP market especially by (Chikwech & Flechers, 2011).

In the multi-level channel, 49% of the respondents said they sell approximately 1-10% of their BOP sales, 26% of the respondents said they move between 10-20% of their BOP sales. Thirteen percent of them stated they sell between 20-30% of their

business through this channel, 2% indicated they push approximately 30-40% of their business through this channel while 10% stated they move more than 40% of their BOP sales. The mean for this channel was 2 out of 5 meaning that this is not a good channel to use for BOP sales.

Table 4.13: Amount of BOP Sales Sold Through Various Channels

Percentage of Sales Volumes	0-10%	>10-20%	>20-30%	>30-40%	>40 %	Mean	Std. Deviation
Supermarkets	9	24	46	17	4	2.83	0.95
General shops and groceries	1	10	40	38	11	3.48	0.86
Convenience stores	14	51	26	9	0	2.3	0.83
Kiosks and semi-permanent structures	7	21	38	18	15	3.13	1.13
Multi-level direct to final consumer	49	26	13	2	10	2	1.28

4.6.3 Proportion of BOP Sales Carried through the Availability Tools

The study also sought to evaluate the proportion of goods, which are sold through the various tools of distribution. The availability tools are pickups & three-wheeler, 2-3-ton vehicles, 3-5-ton vehicles, motor bikes & bicycles and other tools like human pooled like trolleys. The results are shown in Table 4.14.

On pickups & the three-wheeler, 14% of the respondents said they distribute between 1-10% of their business through this tool. 22% of the respondents said they distribute between 10-20% of the BOP business, 33% noted that they distribute 20-30% of their BOP sales, 20% of the respondents indicated they distribute between 30-40% of their BOP sales while 10% said they distribute over 40% of their business through this channel. With a mean of 2.9 out of 5, this means that this is still a good tool of distribution to use for BOP market segment.

On the 2-3-tonnes distribution vehicle, 10% of the companies stated they distribute approximately 1-10% of the BOP business. Nine percent of the respondents said they distributed 10-20% of their BOP business through 2-3-tonnes distribution vehicle. 36% of the respondents stated the volume of goods distributed ranges between 20-30%, 42% of the respondents claimed their distribution volumes rages between 30-40% while only 2% of the respondent stated their distribution volumes for BOP is more than 40%. The mean was 3.17 out of 5 meaning this is a good tool for selling BOP products.

In the 3-5 tonnes category, 17% of the respondents said they distribute between 1-10% of BOP sales. 37% said their distribution business is worth between 20-30% of BOP market, 37% stated they do business worth 30-40% in the distribution of BOP market, 8% of the respondents claimed their proportion of BOP business ranges between 30-40% while only 1% of the respondents indicated they do a business which is more than 40% in the distribution of BOP products. The mean was 2.39 out of 5 which falls short of the average of 2.5 and hence a conclusion that this is not a good tool for availing BOP products as expected.

In the motorbike and bicycle category 14% of the respondents stated they do a distribution business of between 1- 10%. 38% said their BOP distribution size ranges between 10-20%, 32% said their distribution business with BOP ranges between 20-30%, 11% said their distribution business in BOP sales rages between 30-40% while only 5% of the respondents indicated that their BOP business is actually above 40%. The mean was 2.55 out of 5. Therefore, this tool can be considered because the tool can easily get to crowded places where vehicles may not reach due to congestion and lack of good infrastructure like the urban slums of Nairobi County.

In the others category like human pulled trolleys, an overwhelming number of 70% stated their business proportion with BOP market performance ranges between 1-10%. Eleven percent said their business proportion in distributing BOP products ranged between 10-20%. Ten percent of the respondents said their BOP distribution proportion in this channel rages between 20-30% while 6% of the respondents stated that their business proportion ranges between 30-40%. Only 2% of the respondents

said their business in distribution with the BOP is more than 40% and with a mean of 1.58. The results prove this is a very poor tool to utilize in the growth of BOP market segment.

Table 4.14: Proportion of BOP Business Carried by Distribution Tools

Tools	% of BOP Carried Out by the Distribution Tools					Mean	Std. Deviation
	0-10%	>10-20%	>20-30%	>30-40%	>40%		
Pick-ups and three-wheeler (Tuk-Tuks)	14	22	33	20	10	2.9	1.18
Vehicles 2-3 tones	10	9	36	42	2	3.17	0.99
Vehicles>3-5 tones	17	37	37	8	1	2.39	0.90
Motor bikes and bicycles	14	38	32	11	5	2.55	1.04
Others like human tools like trolleys	70	11	10	6	2	1.58	1.04

4.6.4 Most Effective Tool of Distribution

Respondents were asked to state the most effective and most efficient tool of distribution and the results are analysed in Table 4.15. On the pickups & three-wheelers, 5% of the respondents said the tool is not effective, 8% said the tool is slightly effective, 23% stated the tool is moderately effective, 44% stated the tool is effective while 19% said the tool is effective. In summary, majority of respondents that is 86% agreed that this is an effective tool in terms of distribution of products and cost per unit and the results are confirmed by the mean of 3.65 out of the maximum of five. On the 2-3 tonne vehicle availability tool, 14% stated the tool is effective, 9% said the tool is slightly effective, 22% indicated the tool is moderately effective, 42% said the tool is effective while 13% of the respondents stated the tool

is very effective. In summary, the tool's effectiveness was 77% and this is supported by the mean of 3.31 out of 5.

On the 3-5 tonne vehicle availability tool, 23% stated the tool is not effective, 30% said the tool is slightly effective, another 30% stated the tool is moderately effective, 14% said the tool is effective while only 2% of the respondents felt the tool is very effective. The conclusion then is that 44% of the respondents felt the tool is effective and this is confirmed by the mean of 2.41 out of the maximum of five. The results in summary shows the tool is not effective in the BOP market segment since a mean of 2.41 out of a maximum of 5 fell short of 2.5, which is the threshold for a distribution tool to be considered effective.

On the motorbike and bicycles availability tool, 7% stated the tool is not effective, 11% said the tool is slightly effective, 26% stated the tool is moderately effective, 39% said the tool is effective and 16% said the tool is very effective. The results in summary show that the tool is effective with a rating of 81% and this is confirmed by the mean of 3.46 out of 5 which simply confirms the availability tool is very efficient and hence a conclusion that this is an upcoming good tool of distribution for the BOP market segment.

On others like human pulled tools, 32% of the respondents claimed the tool is not effective, 39% stated the tool is slightly effective, 4% said the tool is moderately effective, 12% stated the tool is effective and 12% stated the tool is very effective. This in summary shows that the tool is not an effective tool of distribution for the BOP market because its overall rating was only 28% on effectiveness confirmed by the overall mean of 2.32 falling short of a mean of 2.5, which is the threshold.

The results show that out of the five distribution tools used as a strategy to avail products to the BOP market segment, only three are effective. This is because their means are above the thresholds of 2.5 and these are pickups & three-wheeler with a mean of 3.65, motor bikes and bicycles with 3.46 and 1-3 tone vehicle availability tool with a mean of 3.31. In terms of ranking therefore, the most effective tools of distribution are the three-wheelers followed by motorbikes, and the 2-3 tone distribution vehicles as number 1, number 2 and number 3 most effective availability

tools respectively. This is the sequence FMCG companies should consider while coming up with the most effective tools to utilize in BOP market improvement.

These findings are in line with Ansaris, Munir and Gregg (2012); Vachani and Smith (2008) whose findings showed that successful BOP business initiatives require innovation and technology to advance capability transfer among BOP consumers. This in turn enhances the social capital between a particular community and other more resource-rich network. One way of managing distribution challenges is through reinventing the distribution channels innovations for example use of motorbike enabled -pushcarts to service the slums where vehicles cannot pass due to poor road network.

Table 4.15: Most Affordable and Effective Tools of Distribution

Effectiveness in terms of cost per unit and accessibility:	**Not Effective (%)**	**Slightly Effective (%)**	**Moderately Effective (%)**	**Effective (%)**	**Very Effective (%)**	**Mean**	**Std. Deviation**
Three-wheeler (Tuk Tuks)	5	8	23	44	19	3.65	1.04
Vehicles 2-3 tonnes	14	9	22	42	13	3.31	1.23
Vehicles>3-5 tonnes	23	30	30	14	2	2.41	1.06
Motor bikes & Bicycles	7	11	26	39	16	3.46	1.11
Human pulled tools like trolleys	32	39	4	12	12	2.32	1.36

4.6.5 Proportion of Business Lost Due to Stock Outs

According to the results, 12% of the respondents said they lose approximately 0-20% of their business when consumers go shopping in the various retail outlets and find that their brand of choice is missing and therefore opt for the second-best choice.

Respondents who said they lose 20-30% of their business when they visit the various retail outlets and find that their brand of choice is missing were 25%. Forty-nine percent (49%) of the respondents stated that they lose 30-40% of their total BOP market orders when the consumers visit the retail outlets and encounter stock outs of their brand of choice. The findings in Table 4.16 show that businesses can lose close to 40-50% if consumers do not find their brand of choice in the outlets they carry out their shopping. Finally, the percentage of the respondents who stated they lose in some instances more than 50% of their business due to stock outs were 14%. The results show that if FMCG companies do not manage stock outs in the retail outlets, they can lose in some instances more than 50% of their sales. FMCG companies should prioritize this when they are planning to increase their BOP market sales and market share as shown in Table 4.16. The findings concur with Chikweche and Fletcher (2011) who stated that BOP markets experience poor distribution and lack of reliable transport and this must be resolved if the BOP market is to improve.

Table 4.16: Proportion of Business Lost Due to Stock Outs

% of Business Lost Due to Lack of Products in the Retail Outlets	Frequency	Percent (%)
0-20%	12	12
>20-30%	26	25
>30-40%	50	49
>50%	14	14
Total	102	100

4.7 Effect of Acceptability Strategies on FMCG Market Performance

The study also sought to assess the effect of availability strategies on the market performance of fast moving consumer goods companies in Kenya. The specific strategies from the four sub-variables of the acceptability strategies were analysed and the results showed that acceptability all the strategies were positive and significant.

4.7.1 Package Sizes of FMCG Goods to BOP Consumers

According to the results in Table 4.17 fast moving consumer goods have very many stock keeping units(SKUs) and therefore the packages were grouped into five groups namely 0-250 gm/ml,>250-500gm/kg,>500-1kg/litres,>1-2kg/litres and 2-5kg/litres packages. The 0-250gm/ml SKU according to the findings are the quite popular with 85% of the companies having different sizes in this category and only 15% said they do not manufacture this package size. In the >250-500 gm/ml category, 93% of the companies said they have these sizes, while only 7% said they do not have this size of goods in their companies. In the >0.500-1kg/litre category, 84% said they have this size while 16% said they do not pack this size in their company. In the >1-2kg/litre category, 61% of the respondents indicated they have these sizes while 39% said they do not pack this category of goods. In the >2-5kg/litre category, 48% said they pack these sizes while 52% said they do not pack this size of goods in their companies. The findings therefore show that the first three categories of SKUs/sizes, which are relatively small, are the ones, which many companies target to the BOP market segment. Generally, the results indicate that the small sizes are packed more by many companies than the relatively medium and large sizes of goods for the BOP market segment. These findings thus concur with most BOP literature, which claims small SKUs are the fastest moving SKUs for the BOP market. The findings are well supported by Prahalad (2010) who stated that companies should pack small sized goods that are of high quality and affordable in order to capture the BOP market segment.

Table 4.17: Package Sizes of FMCG Goods

Size Description	Yes (%)	No (%)
0-250gm/ml	85	15
251-500gm/ml	93	7
501-1kg/litre	84	16
>1-2kg/litre	61	39
>2-5kg/litre	48	52

4.7.2 Movement of Products Manufactured by FMCG Companies for BOP Consumers

In the category of 0-250 package sizes, 20% of the respondents said this package is the fastest moving, 24% of the respondents said the category movement is moderate while 56% of the respondents stated the category is the slowest. The mean was 2.37 out three, where 3 meant the slowest brand in terms of shelf off take. This meant that though this is the smallest SKU, it is not fast moving and therefore FMCG should not invest a lot in these very small SKUs. The findings are in line with Ireland (2008) who stated that the BOP consumers are not necessarily looking for cheap and small sizes of goods buy they also buy luxury goods since they sometimes imitate the middle income segment consumption patterns.

In the 251-500 category, 16% of the respondents said the size is the fastest moving, 44% said the category moves relatively fast while 40% of the respondents stated the category is the slowest. The mean was 2.24 out of 3 and as explained above, this category of goods does not move as fast as expected. It is actually a slow-moving category. The above findings concur with Chikweche (2013) who stated that the BOP consumers do not necessarily buy the smallest sizes just because they are affordable; instead, they behave like rational consumers and also use other factors when making a decision on what to buy.

On the 0.5- 1 kg/litre category, 45% stated the size is the fastest, 39% said that this size moves relatively fast while 16% said this category moves very slowly. The mean was 1.7 out of 3, and this was the fastest-moving package size. The results show that FMCG companies should invest in this packaging size, as it will deliver the highest sales. In the > 1-2kg/litre category, 43% of the respondents noted this as the fastest moving category, 18% said the size moves relatively well while 39% said this is the slowest moving category. The mean was 1.96 out of three, a confirmation that the SKU category is the second-best SKU category in terms of movement.

The last category was 2-5kg where 23% stated the brands moves quite fast, 8% stated the SKU moves moderately while 69% stated the SKU movement is quite slow. The mean was 2.46 out of 3, indicating that it is the slowest moving category and a

confirmation of the literature that large units are slow movers and not readily demanded by the BOP consumers. In summary, the fastest moving SKU is 0.5 -1kg, followed by the 1-2kg and this essentially meant that the smallest SKUs though the leading in terms of number of companies producing them are not the fastest moving sizes, further leading to the conclusion that BOP consumers may not necessarily buy the smallest SKUs and this is confirmed by the literature. These findings are as shown in Table 4.18.

Table 4.18: Movement of the Package Sizes from the Fastest to Slowest

Movement	Fastest (1) (%)	Moderately (2) Fast (%)	Slowest (3) (%)	Mean	Std. Deviation
0-250gm/ml	20	24	56	2.37	0.80
251-500gm/ml	16	44	40	2.24	0.72
501-1kg/litre	45	39	16	1.7	0.73
>1-2kg/litre	43	18	39	1.96	0.92
>2-5kg/litre	23	8	69	2.46	0.88

4.7.3 Percentage of Automation Allocated to BOP Product Development

The study sought to investigate the level of investment the FMCG companies had allocated specifically to BOP product development in the period 2012 to 2015 financial years. The findings are as presented in Table 4.19. In the year 2012, 32% of the respondents stated that their companies invested between 1- 10% of their total investment budget to BOP product development. Thirty-two percent of the respondents stated that they invested between 11-20%. Twenty-three percent of the respondents stated that they invested between 21-30% on their total investment budget to BOP product development. 2% of the respondents stated that their companies invested between 31-40% of their total budget to BOP product development while 8% of the respondents stated that their companies' investment more than 40% of their overall automation budget to BOP product development in

2012. The mean investment level was 2.21 out of 5. This meant that in 2012, 42% of the total investment of the FMCG companies was on BOP product development.

In 2013, 15% of the respondents said their companies invested between 1- 10% of their total investment budget to BOP product development. Thirty-eight percent of the respondents stated their companies invested between 11-20% on BOP product development. Thirty-three percent of the respondents stated that they invested between 21-30% on their total investment budget to BOP product development. Only 6% of the respondents stated that their companies invested between 31-40% of their total budget to BOP product development while 7% of the respondents stated that their companies invested more than 40% of their overall automation budget to BOP product market. The 2013 mean was 2.53 out of 5, a conclusion that FMCG companies in this year invested approximately 50% of their investment budget in BOP product development.

In 2014, 11% of the respondents stated that their companies invested between 1-10% of their total investment budget to BOP product development. Fifteen percent of the respondents said their companies invested between 11-20% on BOP product development, while 44% of the respondents stated that they invested between 21-30% on their total investment budget to BOP product development. Only 21% of the respondents stated that their companies invested between 31-40% of their total budget to BOP product development while 10% of the respondents stated that their companies' investment more than 40% of their overall automation budget to BOP product development. The mean for 2014 was 3.034 out of 5, meaning that in 2014 FMCG companies invested 60% of their total invested budget in BOP product development.

In 2015, 12% of the respondents said their companies invested between 1- 10% of their total investment budget in BOP product development. Six percent of the respondents said they invested between 11-20% on BOP product development. Thirty-one percent of the respondents stated they invested between 21-30% of their total investment budget on BOP product development. Thirty-two percent of the respondents stated that their companies invested between 31-40% of their total

budget to BOP product development while 8% of the respondents stated that their companies invested more than 40% of their overall automation budget on the BOP product development. Their overall mean was 3.42 out of 5, meaning that FMCG companies invested over 68% of their total investment budget in BOP product development.

The results in Table 4.19 clearly shows that the amount of investment allocated to BOP product development on the overall automation budget has been rising steadily from year 2012 to 2015 and this is clearly shown by the mean of 2.21, 2.53, 3.04 and 3.42 from 2012 to 2015 respectively. This is an indication that FMCG companies have seriously taken up the BOP market segment and hence the reason why the market could be growing especially due to better quality and affordable products after automation of the production process.

Table 4.19: Percentage of Investment Allocated to Automation in Four years

Percentage of Investment Allocated to Automation	Less than 10%	10-20%	21-30%	31-40%	More than 40%	Mean	Std. Deviation
2012	32	35	23	2	8	2.21	1.17
2013	15	38	33	6	7	2.53	1.07
2014	11	15	44	21	10	3.04	1.08
2015	12	6	31	32	20	3.42	1.22

4.7.4 Product Quality Targeted to the Three Income Categories

Respondents were asked to state whether they maintain uniformity of the products they sell to the three market segments of consumers namely, the upper income, the middle income and low income (BOP) or whether they vary quality standards depending on the targeted group and the prices charged. The responses are shown in Figure 4.2. The results were a yes, at 95% meaning they sell the same quality of products to all the consumers across board without considering the target group the products are manufactured. Only 5% of the respondents stated that they sometimes

vary the quality specifications depending on the market segment targeted. A conclusion that BOP consumers access quality products from the FMCG companies can thus be made. This is again confirmed by findings from Chikweche (2012) who stated that BOP consumers not only buy goods, which they believe are affordable, but also of good quality and the BOP consumers fast compare the products targeted to them with the similar goods targeted to the middle and upper income groups.

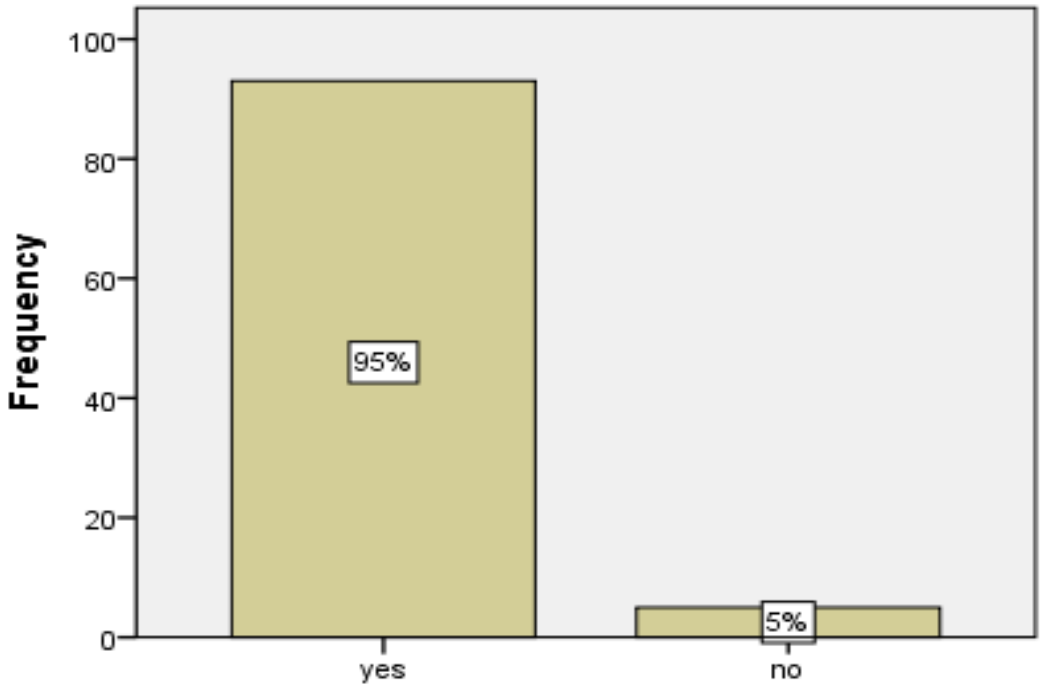

Figure 4.2: Uniformity in Product Quality Sold to the Three Groups

4.7.5 Investment in New Innovation for New Designs for BOP Market

Respondents were asked to state whether their companies had invested in innovation, which is geared towards producing new product designs for BOP consumers. The findings are shown in Figure 4.3. Ninety percent (90%) of the respondents said yes; meaning they had invested in new designs meant to produce goods for the BOP consumers. Only a small proportion of respondents that is 10% said that they had not invested in new technology meant to produce goods targeted to BOP consumers. This is a good step towards the growth of the BOP market segment, as investment

will definitely lead to production of high quality goods at affordable prices as envisaged by the blue ocean strategy, which contends that new investment directed in the unsaturated markets. As noted by Prahalad (2010), companies should move from middle-income group segment, which is already saturated with new products, and enter the fastest growing market of BOP, which is currently emerging as the blue ocean market. This again could explain why the BOP market is growing. The results agree with Schoolder, Fredman and Seuring (2012) who stated that BOP market requires new solutions and new products, which make companies invest in new strategies and processes, which are innovative in nature.

The results are also in line with the theory of disruptive technology put forward by Christensen (1997), which claimed that companies can only be competitive if they came up with innovations, and use the most appropriate technology that will produce high quality goods and well packed small SKUs, which are also affordable to consumers. The findings support the dynamic capabilities theory, which claims that organizations utilize their internals resource and capabilities to invest in new technology, which produces competitive products, which will compete favourably with competitors as the operating environment changes.

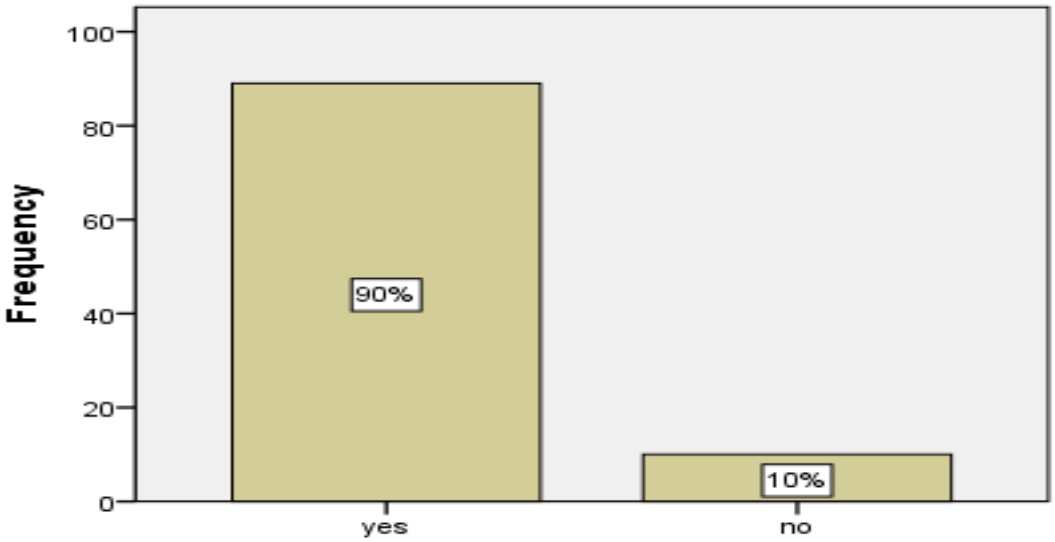

Figure 4.3: Investment in Innovation for New Designs to BOP Consumers

4.7.6 Types of Packaging Materials Used to Produce Goods for BOP Consumers

Respondents were asked to state the various types of packaging materials they use to target BOP consumers and the results are shown in Table 4.20. On carton packaging material, 82% of respondents stated that they use the material while 18% said they do not use this type of packaging. On the Plastic/pouch packaging material, 82% of respondents stated that they use the material while 18% said they do not use this type of packaging. On the carton and plastic combined packaging material, 59% of respondents stated that they use it while 41% said they do not use this type of packaging. On glass packaging material, 13% of respondents stated that they use the material while 83% stated they do not use this type of packaging.

The findings show cartons, plastic and the combination of both carton and plastics are the most commonly used types of packaging for the bottom of the pyramid market as shown by the high percentage of respondents where 82% said yes to cartons and plastics and 59% said yes to both the carton, and plastic combined.

Table 4.20: Types of Packaging Materials Used to Produce Goods for BOP Consumers

Type of packaging material	Yes (%)	No (%)
Carton/paper	82	18
Plastic/pouch	82	18
Carton and plastic combined	59	41
Tin/metallic	13	87
Plastics & metallic combination	13	87
Glass material	13	87

4.7.7 Most Appropriate Packaging Material for BOP Consumers

The study also sought to find out the most appropriate packaging material for the BOP market segment and the findings are as shown in Table 4.21. On the carton

packaging material, 4% of the respondents stated that the material is not appropriate, 2% indicated that the material was slightly appropriate, 9% stated the material is moderately appropriate, 48% said the material is appropriate while 38% said that it is the most appropriate among all other materials available for the BOP market. The findings are supported by a high rating of 95% on all those respondents who ranked the material from moderate to most appropriate and the corresponding mean of 4.1 simply confirms this as one of most appropriate packaging materials for the BOP market.

On the plastic/pouch packaging material, only 1% of the respondents stated that the material is not appropriate. Four percent said the material is slightly appropriate, 8% stated the material is moderately appropriate, 15% said the material is appropriate while an overwhelming number of respondents at 72% stated that this is the most appropriate among all other materials available for the BOP market segment. The findings are supported by a very high rating of 95% on all those respondents who ranked the material from moderate to most appropriate. The corresponding mean of 4.5 confirms this as the most appropriate packaging material for the BOP market and FMCG companies need to think about this package because it is also facing serious challenges. This is because the government has already banned usage of secondary packaging of plastics materials and only allowed primary packaging of plastics materials as from August this 2017. This might probably increase the cost of production as companies shift to other more expensive packaging. This may lead to the reduction of demand due to the high cost of the final product.

On the tin/metallic packaging material, 1% of the respondents said that the material is not appropriate, 4% indicated that the material is slightly appropriate. Seventy-six percent stated the material is moderately appropriate, 5% said the material is appropriate while 5% said it is the most appropriate among all other materials available for the BOP market. The overall mean of 2.9, which is slightly above the threshold of 2.5, simply implies this is not a very good package material of choice for the BOP market segment especially when compared them with carton packaging.

As for the carton and tin combination packaging material, 6% of the respondents stated that the material is not appropriate, 83% indicated that the material is slightly appropriate, 5% stated the material is moderately appropriate, 2% said the material is appropriate while 4% said it is the most appropriate among all other materials available for the BOP market. The findings clearly show that this type of material is not appropriate since 89% of the respondents stated that the material is either not appropriate or as others stated the material is slightly appropriate. The findings are supported by the mean of 2.1, which falls short of the minimum threshold of 2.5 and a conclusion that this is not a good packaging material for BOP market segment.

On the plastic and tin packaging material combination, 8% of the respondents said that the material is not appropriate, 2% indicated that the material is slightly appropriate, 80% stated the material is moderately appropriate, 5% said the material is appropriate while 5% stated that this is the most appropriate packaging material for the BOP market. The results confirmed by the mean of 2.9, which is slightly above the threshold of 2.5 implying that this is not a very good package material of choice for the BOP market.

A mean value of less than 3 on the packaging material meant that this is not a good material for BOP products, a conclusion thus that only carton packaging and plastic packaging are not appropriate for BOP market segment since they had a mean of more than 4.5. The challenge with plastic packaging is that BOP innovations may not be not sustainable since are harmful to the environment and the government intends to burn this packaging in the near future

Table 4.21: The Most Appropriate Packaging Material for use by the BOP Market

Appropriateness	Not Appropriate (%)	Slightly Appropriate (%)	Moderate Appropriate (%)	Appropriate (%)	Most Appropriate (%)	Mean	Std. Deviation
Carton/paper	4	2	9	48	38	4.1	0.95
Plastic/pouch	1	4	8	15	72	4.5	0.88
Tin/metallic	9	5	76	5	5	2.9	0.81
Carton & Tin combined	6	83	5	2	4	2.1	0.73
Plastics & Tin combination	8	2	80	5	5	2.9	0.77

4.7.8 Most Affordable Packaging Material

The study also sought to find out the most affordable packaging material for the BOP market and the findings are as shown in Table 4.22. On the carton packaging material, 5% of the respondents stated that the material is not affordable, 0% indicated that the material is slightly affordable, 21% stated the material is moderately affordable, 46% said the material is affordable while 29% said that this the most affordable among all other material available for the BOP market. The findings are supported by a high rating of 96% on all those respondents who ranked the material from moderate to most affordable and the corresponding mean of 3.9 simply confirms this as one of most affordable packaging material for the BOP market segment.

On plastic/pouch packaging material, only 2% of the respondents stated that the material is not affordable. 2% said the material is slightly affordable, 7% stated the material is moderately affordable, 17% said the material is affordable while an overwhelming number of respondents that is 72% stated that this is the most affordable among all other material available for the BOP market. The findings are supported by a very high rating of 96% on all those respondents who ranked the

material from moderate to most affordable. The corresponding mean of 4.55 simply confirms this as the most affordable packaging material for the BOP market segment.

For the tin/metallic packaging material, 10% of the respondents said that the material is not affordable, 80% indicated that the material is slightly affordable, 5% stated the material is moderately affordable, 3% said the material is affordable while 2% said that this is the most affordable among all other material available for the BOP market. The overall mean of 2.07 falling below the minimum threshold of 2.5 simply implies this is not an affordable packaging material of choice for the BOP market segment.

On the carton & tin combination packaging material, 4% of the respondents stated that the material is not affordable, 7% indicated that the material is slightly affordable, 87% stated the material is moderately affordable, 0% said the material is affordable while 2% said this is the most affordable among all other material available for the BOP market. The findings clearly show that this type of material is not affordable since 98% of the respondents stated that the material is either not affordable, slightly affordable or, as others stated, is slightly affordable. They are findings well supported by the mean of 2.9, which is slightly above the minimum threshold of 2.5 and a confirmation that this is not an affordable packaging material.

On the plastic & tin combination packaging material 7% of the respondents stated that the material is not affordable, 4% indicated that the material is slightly affordable, 86% stated the material is moderately affordable, 3% said the material is affordable none of the respondents stated that this is the most appropriate packaging material for the BOP market. The result confirmed by the mean of 2.85 and slightly above the threshold of 2.5 simply implying this is not an affordable package material of choice for the BOP market segment.

Table 4.22: Most Affordable Packaging Material

Affordability	Not Affordable (%)	Slightly Affordable (%)	Moderate Affordable (%)	Affordable (%)	Most Affordable (%)	Mean	Std. Deviation
Carton/paper	5	0	21	46	29	3.93	0.97
Plastic/pouch	2	2	7	17	72	4.55	0.87
Tin/metallic	10	80	5	3	2	2.07	0.67
Carton & tin combination	4	7	87	0	2	2.89	0.55
Plastics & tin combined	7	4	86	3	0	2.85	0.57

4.7.9 Combined Affordability and Appropriateness of BOP Packaging Material

In an effort to harmonize appropriateness and affordability of the packaging material to get the right packaging material for the BOP market, the combined mean for appropriateness and affordability was computed as shown in Table 4.23. The results were 4.03, 4.54, 2.50, 2.52 and 2.91 for the carton/paper, plastic/pouch, Tin/metallic, carton & tin combined and plastic & tin combined respectively. The findings show that plastic packaging is the best packaging material in terms of both affordability and appropriateness. This was followed by carton/paper, combination of plastic and tin combined at number 3, followed by carton & tin combination in fourth and finally tin/metallic packaging. Only carton packaging and plastic packaging scored more than 3.0 meaning they are only ones appropriate for the BOP market and with the current government proposed burn of plastics a technology that was disruptive in the FMCG industry means the FMCG firms really have to go back to the drawing board. This is not surprising because the theory of disruptive technology states that the products are disruptive in nature, as it has happened in the FMCG plastics packaging as they really brought prices down but the same theory states the technology may not be long lasting.

Table 4.23: Affordability and Appropriateness of the Packaging Material

Packaging Material Type	Mean	Std. Deviation
Carton/paper	4.03	0.89
Plastic/pouch	4.54	0.77
Tin/metallic	2.50	0.60
Carton & tin combination	2.52	0.49
Plastics & tin combined	2.91	0.55

4.8 Effect of Awareness Strategies on FMCG Market Performance

The awareness strategies are important in the FMCG market because the variety of goods available for selection is quite wide and therefore companies must ensure that their brands are noticed first by the consumer when they visit the retail outlets. This is done through the creation of top of mind awareness of the brands in the consumers' mind through communication using the available promotion channels and tools available.

4.8.1 Brand Impact on the Various Tools of Awareness

Respondents were asked to rate the level of impact a promotion tool has on their brands and the results are shown in Table 4.24. On personal selling/ word of mouth awareness tool, 2% said the tool has a very low impact, 13% said the level of impact is only slight, 26% stated the tool's impact is moderate, 36% stated the tool is quite impactful while 22% stated that the tool has a very big impact. The findings are confirmed by a mean of 3.64 out of 5, which is approximately 73% level of impact. The results are an indication that this is a good channel to utilize to improve awareness of BOP products.

On the sales promotion tool, only 1% said the tool has a very low impact. There was no response on slight impact rating and this is shown by 0% score, 8% stated that the tool has a moderate impact, 26% said the tool is quite impactful while 65% said the

tools is very effective. This in summary meant that the tool is very impactful and this is confirmed by the mean of 4.54 out of the maximum rating of five, which is approximately 91% level of impact, a confirmation that this is a very good tool of awareness creation especially on new products.

On the corporate social responsibility awareness tool, 12% of the respondents stated the tool has a very low brand awareness impact, 17% said the impact on awareness is slightly impactful, 56% said the tool impact is moderate, 7% stated the tool is quite impactful while the rest 7% stated the tool has a very high impact. The findings confirmed by the mean of 2.82 out of 5.0, which is slightly above the threshold of 2.5 and therefore led to a conclusion that the tool's impact on awareness is generally not very good to use on BOP products.

On the advertising tool, 2% of the respondents stated the tool has a very low impact, 2% said the tool is only slightly impactful, 21% stated the tool impact is moderate, 26% of the respondents stated the tool is quite impactful while 49% stated the tool has a very high impact on awareness. The results confirmed by a mean of 4.18 out of 5, a confirmation that the tool has a very big impact and hence a good tool to use in the promotion of BOP products.

On the Social media tool, 5% of the respondents said the tool has a very low impact on awareness,13% indicated the tool is only slightly impactful, 50% said the tool has a moderate impact, 17% stated the tool is quite impactful and 16% said the tool has a very big impact. Again, the results are comparable with the overall mean of 3.25 out of 5, which simply show the tool's impact is significant and can be considered while promoting BOP products. The results concur with Mason et al. (2013) who claimed that social media is new method of promoting BOP market because of internet and it is affordable.

In summary therefore, the ranking of the tools according to the most impactful to the least are sales promotion, advertising, personal selling, social media, and corporate social responsibility with means of 4.54, 4.18, 3.64, 3.25 and 2.82 respectively. This supports the conclusion that all the awareness tools are impactful apart from the corporate social responsibility whose mean was 2.82 just slightly above threshold,

meaning that it is not a good tool to use when creating awareness on BOP products but all the rest are okay. This is considered when one wants to promote BOP products. These findings are in line with most BOP theories, which contend that the most common channels of promotion used by FMCG companies to promote products meant for the upper and middle-income groups are also effective in promoting goods for the BOP consumers. The results are in line with Chikweche (2013) who stated that the same awareness tools used by the organizations to promote the middle and upper income groups' products are the same ones, which are effective in improving and creating awareness to the BOP market segment.

Table 4.24: Brand Awareness Impact on the Various Tools of Promotion

Brand Awareness Impact	Very low impact (%)	Slightly impactful (%)	Moderately impactful (%)	Quite impactful (%)	Very big impact (%)	Mean	Std. Deviation
Personal selling/Word of mouth	2	13	26	36	22	3.64	1.04
Sales promotion	1		8	26	65	4.54	0.73
Philanthropy(CSR)	12	17	56	7	7	2.82	0.99
Advertising	2	2	21	26	49	4.18	0.97
Social media	5	13	50	17	16	3.25	1.04

4.8.2 Cost Effectiveness of the Promotion Tools

Respondents were also asked to rate the effectiveness of the various promotion tools, that is cost efficiency per unit of promotion tool using percentage and mean. The results are as shown in Table 4.25. On the word of mouth/personal selling promotion tool, 4% stated the tool is hardly effective, 6% said the tool is slightly effective, 29% noted the tool is moderately effective, 33% said the tool is effective, while 28% stated the tool is very effective. The mean of 3.77 out of 5 meaning the tool is quite effective.

On the sales promotion tool, only 1% stated the tool is hardly effective,5% stated the tool is slightly effective, 15% noted the tool as moderately effective, 39% said the

tools is effective, while 40% stated that the tool is very effective. The mean of 4.15 out of 5 supports the findings meaning that the tool is very effective as it is 83% effective.

On the corporate social responsibility tool, 11% stated the tool as hardly effective, 21% said the tool is slightly effective, 50% noted the tool is moderately effective, 11% said the tool is effective, while only 7% stated the tool as very effective. The mean of 2.85 out of 5 supports the findings meaning the tool is only effective fairly. On the personal selling tool, 5% stated the tool is hardly effective, 7% said the tool is slightly effective, 30% noted the tools is moderately effective, 35% said the tool is effective, while 22% stated the tool is very effective. The mean of 3.63 out of 5 supports the findings, meaning the tool is quite effective.

On the advertising tool, 7% stated the tool is hardly effective, 5% said the tool is slightly effective, 29% noted the tool as moderately effective, 35% said the tool is effective, while 21% stated the tool is very effective. The mean of 3.59 out of 5 meaning the tool is quite effective. On the social media tool, 4% stated the tool is hardly effective, 10% said the tool is slightly effective, 36% noted the tool is moderately effective, 28% said the tool is effective, while 22% stated the tool is very effective. The mean of 3.54 out of 5 meaning the tool is quite effective. In conclusion, the effectiveness of the various promotion tools in terms of ranking from the best to the lowest are sales promotion, word of mouth/personal selling, advertising, social media and corporate social responsibility with scores of 83%, 75%, 72%,70% and 57% respectively.

In summary, the most effective and affordable channels of promotion which the FMCG companies should take into consideration while choosing the best channels of promotion are, in order of effect and cost, sales promotion, advertising, word of mouth/ personal selling, social media, and finally corporate social responsibility with average means of 4.15, 3.77, 3.59, 3.54, 2.85 and respectively. The fact that three out of the four are above the three means that all the awareness tools are quite impactful apart from the CSR.

The findings are in line with Ireland's (2008) findings which showed that BOP consumers especially the ones in the urban slums are exposed to modern advertising media, customs and fashion and the best way to promote their products is to use the awareness tools used organizations to promote goods meant for the middle and upper income segments. Further, the findings also concur with Chikweche and Fletcher (2013) who claimed that most of the BOP consumers imitate what the upper and middle-income groups buying patterns and therefore the same awareness tools used to create awareness to the upper and middle-income consumers are also effective in promoting BOP products.

Table 4.25: Cost Effectiveness of the Promotion Tools

Cost Effectiveness	Hardly Effective	Slightly Effective	Moderately Effective	Quite Effective	Very Effective	Mean	Std. Deviation
Word of mouth/personal selling	4	6	29	33	28	3.77	1.05
Sales promotion	1	5	15	39	40	4.15	0.86
Philanthropy(CSR)	11	21	50	11	7	2.85	1.03
Advertising	7	5	29	38	21	3.59	1.10
Social media	4	10	36	28	22	3.54	1.07

4.8.3 Proportion of the Total Promotion Budget Allocated to BOP Market Segment

Respondents were asked to state the proportion of the total promotion budget allocated to the BOP market segment. The results are as shown in Table 4.26. Respondents who stated that they allocated their budget between 1-10% of their total company promotion budget to BOP market was 14%. The ones who stated they allocated between 11-20% were 21%, those who stated they allocate 21-30% were 37%, the ones who stated they allocated between 31-40% were 23% and the ones who stated they allocated more than 50% of their total promotion budget to BOP

market segment were only 5%. In summary 65% of the companies allocated between 20-50% of the total promotion budget to promote the BOP products. This is an indication that the FMCG companies have realized the importance of BOP market segment in their endeavour to realize their overall company objectives of growing the market share and profitability. This is in line with Prahalad (2010) who stated that leveraging on BOP markets could be the engines of growth and profitability for MNEs and other large corporations in the 21st century.

Table 4.26: Proportion of the Total Promotion Budget Allocated to BOP Market

	Frequency	Percent (%)
0-10%	15	14
>10-20%	22	21
>20-30%	37	37
>30-40%	23	23
More than 50%	5	5
Total	**102**	**100**

4.9 Fast Moving Consumer Good Market Performance

Fast moving consumer goods companies market performance was the dependent variable in this study and the parameters of measure were the BOP market share and BOP sales growth, sales in volumes and revenue. The results showed that for the four years this study covered that is from 2012 to 2015 FMCG market performance grew steadily meaning the four bottom of the pyramid strategies were effective in increasing the market performance of FMCG companies.

4.9.1 Growth in Consumption of BOP Products in Four Years

The findings are shown in Table 4.27. From the Table 4.27, 8% of the respondents stated that their BOP business grew by an average of 1-10%. Thirty-six percent stated that their business grew by an average of 11-20% while 37% said their business grew by an average of 21-30% in the last four years,18% of the respondents stated that their BOP business grew by an average of 31-40%. Only 1% of the

respondents stated that their BOP business grew by more than 40% in the four years. This is a confirmation that the BOP market segment has been growing in the four years of study.

Table 4.27: Average Growth of BOP Sales for Four Years

	Frequency	Percent (%)
0-10%	8	8
>10-20%	37	36
>20-30%	38	37
>30-40%	18	18
>40%	1	1
Total	102	100

4.9.2 Growth of Bottom of the Pyramid Sales

As a follow-up of the results in Table 4.28, respondents were asked to state whether the growth in business they mentioned was due to the strategies they developed or whether it was because of other reasons favouring growth such as external factors. An overwhelming number of respondents that is 95% stated that the growth was due to the strategies they have developed internally. Only a very small percentage of 5% said the growth was due to external factors. This shows that the growth in BOP sales was due to the deliberate BOP strategies developed and implemented by the FMCG companies.

Table 4.28: Reasons for Growth in BOP Sales

Reasons for Growth of Business	Frequency	Percent (%)
Yes, growth was due to strategies developed internally	97	95
No, it was due to external factors	5	5
Total	**102**	**100**

4.9.3 Strategies Used by Companies and their Relative Strength

A further explanation was sought from the respondents who were requested to specifically state the extent to which they associated the growth with the four strategies namely affordability, availability, acceptability and awareness strategies which were actually the focus strategies of this study. The findings as addressed by the results in Table 4.29 were that, only 1% of the respondents felt that affordability had a very minimum extent on the stated growth in business. Again only 1% of the respondents said that affordability strategy had minimum effect on the growth of business. 9% stated affordability strategy contributed to some extent on the stated growth, 17% felt that affordability strategy had to a large extent contributed to the stated growth while an overwhelming number constituting 72% stated that affordability strategy contributed to the stated business growth to a great extent.

On the availability strategy, 0% felt that availability had a very minimum extent on the stated growth. another 0% or no respondents felt that availability strategy had minimum effect on the stated growth, 9% of the respondents stated that availability strategy contributed to some extent, 27% felt that availability strategy had to a large extent contributed to the stated growth while the majority at 71%, stated that availability strategy contributed to a great extent.

On the acceptability strategy, 0% of the respondents felt that acceptability had a very minimum extent on the stated growth. Only 1% of the respondents felt that acceptability strategy had minimum effect on the growth. Six percent of the respondents stated acceptability strategy contributed to the stated growth largely contributed to the stated growth while 68% stated that acceptability strategy contributed largely to the stated business growth.

On the awareness strategy, only 1% of the respondents felt that awareness strategy had a very minimum extent on the stated growth. A further 1% of the respondents felt that awareness strategy had minimum effect on the growth of business, 13% of them stated that awareness strategy contributed to some extent to the stated growth. Forty-six percent felt that awareness strategy had largely contributed to the stated

growth. Thirty-eight percent of the respondents stated that awareness strategy largely contributed to the stated business growth.

In summary, the mean of all the four strategies were quite high; that is 4.58, 4.69, 4.6 and 4.18 out of 5 for affordability, availability, acceptability and awareness respectively and this meant the respondents agreed that the stated growth was highly contributed by the four internally developed strategies. The findings are shown in Table 4.32 and the fact that all the means were above four out of a maximum of 5 shows that the managers really felt the growth was attributable to the internally generated strategies and their resources and capabilities. This is in line with Anderson and Billou (2007) who stated that leveraging on the 4As strategies could achieve growth and profitability if MNEs and other large organizations used the BOP strategies to grow the bottom of the pyramid market. The results also support the dynamic capabilities theory and as postulated by Tashmam and Marano (2013) BOP strategies and the use dynamic capabilities of the firm when aligned leads to improved organization performance.

Table 4.29: The 4As Strategies and their Relative Strength

Strategies used by companies and their relative strength	Minimal extent (%)	Minimum extent (%)	Some extent (%)	Large extent (%)	Great extent (%)	Mean	Std. Deviation
Affordability	1	1	9	17	72	4.58	0.78
Availability	0	0	2	27	71	4.69	0.51
Acceptability	0	1	6	25	68	4.6	0.65
Awareness	1	2	13	46	38	4.18	0.81

4.9.4 Percentage of Sales Sold to BOP Versus Other Income Groups

In an effort to evaluate the market growth of BOP market segment, the focus of this study, respondents were asked to provide the average sales revenue for their companies in the four years' period from 2012 to 2015. The sales were analysed in terms of the total sales and in terms of the percentage sales for the BOP sales on one

hand and the middle and TOP segment sales on the other hand. The analysis is shown in Table 4.30 and 4.31, and shows the results of sales growth in the four years' period. It is clear from the companies interviewed that there was a steady growth in sales from 2012 to year 2015. This is also confirmed by the relative mean of the four years, which was 2.61, 2.93, 3.167 and 3.78 billion sales for the years 2012, 2013, 2014 and 2015 respectively.

In Table 4.30, year 2012 total sales were 39 % while the rest combined sales revenue for middle-income and upper income was 61%. In 2013, BOP total sales stood at 42% while middle & upper income total sales were at 58%. In year 2014, BOP sales revenue was 42% while middle & upper total sales were 58% and finally in 2015, sales revenue for BOP was at 44% while for the middle & upper income was 56%. This positive trend in sales of 39%, 41%, 42% and 44% in BOP sales for the years 2012 to 2015 respectively is a clear indication that the sales revenue for BOP steadily rose. Consequently, market share also rose, as known through experience that sales revenue and market share are directly related to each other and that sales growth can be used to predict market share. This confirms that the BOP strategies implemented by the FMCG companies are bearing fruits. These findings support those of KPMG (2015) report on the total market shares for fast moving consumer goods industry for the consumers earning less than $3 per day in Africa continent, which was 59% of the total consumption. As per these findings, it is a fact that the FMCG companies contribute a big proportion to the total GDP and their contribution is significant. In addition, the findings are in line with those of Tashmam and Marano (2013) who found that BOP strategies and the dynamic capabilities of the firm when well aligned leads to improved organization performance.

Table 4.31: Average Growth in BOP Sales Revenue in Four Years (Millions of Ksh.)

Year	N	Minimum	Maximum	Mean	Std. Deviation	% Growth in Sales
2012	102	20	40,000	2610	5933	-
2013	102	74	44,000	2934	6507	12
2014	102	76	48,000	3167	6874	8
2015	102	108	52,000	3780	7789	19

Table 4.32: Percentage of Sales of BOP versus Other Income Groups

Total Sales	% Average Sales of BOP	% Average Sales of Middle & Upper Income& Middle Income	Total Sales
2012	39	61	100%
2013	41	59	100%
2014	42	58	100%
2015	44	56	100%

4.9.5 Percentage Growth in Market Share of BOP Segment in the Last Four Years

In an effort to align the sales revenue growth and the growth in BOP market share, respondents were asked to rate the growth in various categories from 10-40%. The results are shown in Table 4.33. In year 2012, 22% of the respondents stated BOP market share grew by an average of between 1-10%, 54% stated BOP market share grew by 10-20%, there was 0%, that is no response, on the 30-40% BOP growth category and only 3% said BOP market share grew by more than 40%.

In year 2013, 15% of the respondents' stated BOP market share grew by between 1-10%. Forty-three percent stated their BOP market share grew by an average of 10-20%, 34% of the respondents stated that the growth was between 20-30% on the BOP growth category; only 5% said BOP market share grew by 30-40% while only 3% of the respondents stated their BOP market share grew by more 40%. In year 2014, 12% of the respondents stated their BOP market share grew by an average of 1- 10%. Twenty-five percent stated their BOP market share grew by an average of 10-20%. Forty-one percent of the respondents stated that their average growth was between 20-30% on the BOP growth category, 17% said BOP market share grew by an average of 30-40% while only 3% of the respondents indicated their BOP market share grew by over 40%.

In year 2015, 10% of the respondents stated BOP market share grew by an average of l- 10% while 31% stated their BOP market share grew by an average of 10-20%. Twenty-six percent of the respondents stated that the average growth was between 20-30% on the BOP growth category, 21% stated their BOP market share grew by an average of 30-40% while 12% of the respondents indicated their BOP market share grew by more than 40%. The mean for the four years of 2012, 2013, 2014 and 2015 respectively was 2.08, 2.4, 2.77 and 2.95. This is an indication that the BOP market share has been growing steadily in the four years and again this confirms that the BOP strategies implemented by the FMCGs are bearing fruits. The findings again agree with Prahalad (2010); Anderson and Billou (2007) that that BOP market is viable and could assist organizations make more profits if they invested in the BOP market segment.

Table 4.33: Percentage Growth of BOP Market Share

Growth of Market Share	Less than 10 (%)	10-20 (%)	20-30 (%)	30-40 (%)	More than 40 (%)	Mean	Std. Deviation
2012	22	54	21	0	3	2.08	0.84
2013	15	43	34	5	3	2.4	0.91
2014	12	25	41	17	5	2.77	1.04
2015	10	31	26	21	12	2.95	1.20

4.9.6 Year 2016 Market Share for the Fast Moving Consumer Goods Companies

Finally, the researcher asked respondents to estimate their current market share of BOP market segment for the year 2016. The findings are shown in Table 4.34. Six percent of the respondents stated that their current market share was between 1-10% while 8% stated their market share was beween 11-20%. Twelve percent of the respondents stated their market share was between 21-30%, 29% stated their market share was between 31-40% while the majority, 45%, stated that their market share was above 40% and therefore we can estimate the market share for 2016 is still slightly above the average market share for 2015, which was 44%. Again, a confirmation that BOP market share is still growing and a conclusion that the BOP strategies of affordability, availability, acceptability and awareness strategies are instrumental in influencing the growth of BOP market in Kenya.

Table 4.34: Year 2016 Market Share for FMCG Companies

Current Market Share	Frequency	Percent
0-10%	6	6
11-20%	9	8
21-30%	13	12
31-40%	30	29
above 40%	46	45
Total	**102**	**100**

4.10 Bottom of the Pyramid Consume Questionnaire Feedback

The purpose of collecting the Bottom of the pyramid data was to validate and correlate the findings from the senior management findings of the fast moving consumer goods companies. The analysis was descriptive in nature. The aim was to triangulate the results and check whether the findings from the FMCG questionnaire.

This was important for the purposes of comparing the results of the senior managers working for FMCG companies and the BOP consumers who ideally should be the ones to respond to this study inquiry, but due to the fact that it was quite hard to get the BOP sales from the BOP consumers, the option was to collect data from the FMCG companies which was readily available.

The slums in Nairobi were picked because it was assumed that most of the residents of these five slums namely Kibera, Kwanjenga/Pipeline, Mathare, Sinai and Soweto within Nairobi County are urban BOP consumers who earn low wages and their consumption patterns would depict that of a normal urban BOP consumer, which was the focus of this study. The results were used only in correlating the findings from the main questionnaire of the senior management of FMCG companies.

4.10.1 Bottom of the Pyramid Response Rate

The target population was the 150 BOP consumers selected in the five main slums in Nairobi. One hundred and fifty BOP consumers were approached, 148 responded while two declined to participate. The response rate was therefore 99% and according to Babbie (2010), a 50% response rate is considered adequate, 60-70% is considered good and above 70% is considered very good. Therefore, a 99% response rate from this study was very good. The findings are shown in Table 4.35.

Table 4.35: BOP Consumers Response Rate

Response Rate	Frequency	Percent
Responded	148	99%
No Response	2	1%
Total	**150**	**100%**

4.10.2 Place of Residence of BOP Consumers

Kibera being the largest slum had the highest number of respondents at 37%, Sinai had 12%, Kwanjenga/Pipeline had 24%, and Mathare had 16% while Soweto in Kayole had 11%. The sampling method used was systematic sampling where every ten shop/kiosk owners assisted to identify one of the consumer(s) who buys from their outlet. A further check was done to identify whether the respondent was the actual breadwinner or it was his/her partner who was the breadwinner. Out of the 148 BOP consumers, 125 (85%) were the breadwinners while the rest 23 (15%) were consumers but not the breadwinners.

Table 4.36: Residential Places of the BOP Consumers

Place of Residence	Frequency	Percent (%)	Cumulative Percent
Kibera	55	37	37
Sinai	18	12	49
Kwanjenga/Pipeline	35	24	74
Mathare	23	16	89
Soweto	17	11	100
Total	**148**	**100**	**100**
Bread winners	125	85	85
Not a Bread winner	23	15	100
Total	**148**	**100**	**100**

4.10.3 Frequency of Wages Received by BOP Consumers

Respondents were asked to state how often they received their wages. Out of the total number of respondents 47% received daily wages, 16% received weekly wages while the rest 37% received their wages end of the month, the results concur with the literature which states most BOP consumers receive either daily or weekly wages. These results are in line with most BOP findings positing that most BOP consumers receive their wages on a daily basis. Therefore, they do their budget daily and because of their low wage, buy a basket of all the daily requirements using this meagre income daily and hence the reason why BOP products should be affordable and packaged in convenient SKUs affordable to BOP consumers.

Table 4.37: Frequency of Wages Received by BOP Consumers

Period	Frequency	Percentage %
Daily	70	47
Weekly	23	16
Monthly	55	37
Total	**148**	**100.0**

4.10.4 Classification of BOP Consumers Who Receive Monthly Wage

A further categorization was carried out on the BOP category receiving the monthly wage. The aim was to evaluate their average earning per day and hence compare this with the BOP consumers who receive weekly or daily pay. The findings in Table 4.38 showed that 38% of the respondents earned between Kes. 6,000 and10, 000 per month, which is an average of Kes.200-300 per day. The ones in the category of above 10,000 -15,000 were 25%. Respondents in the category of above 15,000 - 20,000 were 16% of the total population. Respondents in the group of above 20,000 - 24,000 were 15% and lastly respondents in the category of above Kes. 24,000, which is above the BOP categorization, were only 5%.

Table 4.38: Classification on BOP Consumers by their Wage Bracket

Classification of Wages	Average Pay in $'s per Day	Frequency	Percent (%)
6,000-10,000	**2.5**	56	38
10,001-15,000	**4.0**	37	25
15,001-20,000	**6.0**	23	16
20,001-24,000	**7.5**	22	15
Over 24,000	**>8.0**	10	5
Total		**148**	**100.0**

The findings are very close to the definition by Prahalad (2010) which states that most BOP consumers spend an average of Kes.200 per day for their daily upkeep. The rest were earning between $3-8 who again still fall under the BOP categorization as per the (WB, 2013) definition in Kenya which classifies them as those earning less than Kes.780 per month in Kenya. Only 5% of the consumers were earning more than Ksh. 24,000, this earning is slightly above the BOP categorization and as Chikweche (2013) noted, it is possible to find few consumers living in the midst of BOP consumers but whose earnings reflect those of the middle or upper income group.

4.10.5 Average Savings per Month/Day

Respondents were asked to state whether they saved any money and the results are shown in Table 4.39. Over sixty-five percent (66%) said they saved some money during the month while the rest 34% stated that they do not save any money. Of the ones who stated that they save some money, 36% of them only saved between1-10% of their total income, 36% of said they saved between 11-20% of their total income, 19% saved between 21-30% of their total income while only 10.2% of the respondents stated they saved more than 30% of their total income.

This means that over 80% of the BOP consumers do not save any money or they save very little that is between 1-20% of their total earnings. Again, this is in line with most BOP studies, which claim that most BOP literature consumers spend all what they earn (Prahalad, 2010). These findings are shown in Table 4.40.

Table 4.39: Average Savings per Month/Day

Responses	**Frequency**	**Percent**
Yes	98	66
No	50	34
Total	**148**	**100.0**

Table 4.40: Amount of Savings in Terms of percentage of Total Wage

Ranking	**Frequency**	**Percent (%)**	**Cumulative Percent**
0-10%	35	36	35
>10-20%	35	36	72
>20-30%	18	18	90
> 30%	10	10.0	100.0
Total	98	100.0	

4.10.6 Affordability of FMCG Products Meant for BOP Consumers

The consumers were asked to rate the affordability of the three different products they buy starting from the company manufactured goods, the re-packed FMCG products by retailers whose main source is the company manufactured goods and the products which are informally produced from other sources such as 'subsistence,' that is the informally packed goods. The purpose was to compare and contrast the findings from the main FMCG questionnaire and relate their relationship.

From the company packed goods 21% of the respondents stated the products are not affordable, 3% were not sure, 46% stated their products as slightly affordable, 17%

stated that the products are affordable while 13% stated the products are very affordable. This in summary meant that the goods sold by FMCG companies are moderately affordable and these findings are quite similar with the findings from the FMCG questionnairre on affordability of BOP products.

On the company packed goods but repacked by the retailers, 1.0% of the respondents stated the products are not affordable, 3.0% stated they were not sure, 33% stated they are slightly affordable, 42% stated they are affordable while 22% stated the products are quite affordable. This in summary meant that the re-packed goods manufactured by FMCG companies and sold by retailers are moderately affordable and these findings are quite similar with the findings from the FMCG questionnairre responses on affordability of their products sold to BOP consumers.On the informal packed goods that is not manufactured by the FMCG companies, 7.0% of the respondents stated the products are not affordable, 18.0% of the respondents were not sure, 7.0% stated they were slightly affordable, 15% stated they are affordable while 54% stated the products are very affordable.

Table 4.41: Affordability of FMCG Company Packed Goods

Responses	**Frequency**	**Percent (%)**	**Cumulative Percent**
Not affordable	31	21	21
Am not sure	3	2	23
Slightly affordable	68	46	69
Affordable	26	17	87
Very Affordable	20	13	100
Total	**148**	**100**	

Table 4.42: Affordability of FMCG Company manufactured Goods but Re-packed by Retailers

Responses	Frequency	Percent (%)	Cumulative Percent
Not affordable	1	1	1
Am not sure	5	3	4
Slightly affordable	49	33	37
Affordable	61	42	79
Very Affordable	32	22	100.0
Total	**148**	**100.0**	

Table 4.43: Affordability on Informally Packed Goods not manufactured by FMCG Companies

Reponses	Frequency	Percent (%)
Not affordable	11	7
Am not sure	27	18
Slightly affordable	10	7
Affordable	21	14
Very Affordable	79	54
Total	**148**	**100**

4.10.7 Outlets Where BOP Consumers Buy their Products

Respondents were further asked to state the outlets from which they mostly carry out their shopping. The findings, as shown in Table 4.44 and show that 37% of the respondents stated they carry out their shopping in the general shops while 20% said they carry out their shopping in the kiosks. Eight percent stated that they mostly carried their shopping in the open-air markets, 4% of the respondents stated, they

shop mainly in the supermarkets and the last 31% stated that they carry out shopping in all the four outlets.

The findings are similar with the results from FMCG questionnaire responses. This shows BPO strategies implemented by the FMCG companies are responding well to the overall organization performance and this could explain then the consistent growth and steady growth in the BOP sales over the four years from 2012 to 2015 as was the case in the sales and marketing questionnaire.

The respondents were further asked to state whether they get the FMCG goods when they visit their best outlets of choice. On availability of products in their outlet of choice, 60% said yes, meaning they get their brand of choice when they visit their most preferred outlet. The rest 40% said no, meaning they do not get their brand of choice when they visit their most preferred outlet. By implication, this meant that there was a 40% stock out of FMCG goods in the retail out. For a fast-moving consumer goods company, this stock out level of close to 40% is quite high and companies need to address this challenge. These findings concur with the ones from the sales and marketing findings and confirm that stock out is a key challenge that FMCG companies needs to address if the sales for BOP market segment are to improve.

When the BOP consumers were asked to give their advice to FMCG companies on how to address stock out challenge in the retail outlets, they gave two options as shown in Table 4.45. The first category, which was 81% of the consumers, stated that the FMCG companies should increase their frequency in delivery times while 19% of the consumers stated that the FMCG companies should avail more products to the retail outlets. By implication, what this means is that the owners of the retail outlets are not stocking enough products to meet the consumer demand due to either lack of enough space or lack of funds to stock enough products and hence the reason why the consumers requested the FMCG companies to service the outlets more frequently.

Table 4.44: Outlets Where Consumers Buy their BOP Products

Responses	Frequency	Percent	Cumulative Percent
Kiosks	30	20	20
Dukas & Shops	55	37	57
Open market	12	8	65
Supermarkets	6	4.0	69
All outlets	46	30.9	100.0
Total	**148**	**100.0**	

Table 4.45: Whether BOP Consumers get their Brand of Choice when they Visit their Outlet of Choice

Responses	Frequency	Percent	Cumulative Percent
Yes	89	60	60
No	59	40	100.0
Total	**148**	**100.0**	

Table 4.46: Recommendation to FMCG Companies by BOP Consumers on Stock Out Management

Available Options	Frequency	Percent	Cumulative Percent
Deliver the products more often	119	81	80
Avail the products	29	19	100.0
Total	**148**	**100.0**	

4.10.8 Current BOP Products, Quality, Style and Sizes

Respondents were asked to rate the three categories of products sold to them in terms of quality, style and size from the three broad categories that is, the ones from the FMCG companies, the ones manufactured by the FMCG companies but re-packed by retailers and the ones informally produced by other informal sources. The results are summarized in tables 4.47, 4.48 and 4.49. For the FMCG manufactured goods 15% said they are not satisfied, 6.0% stated they are not sure, 19 said they are slightly satisfied, 18% stated they are satisfied while 43% stated they are satisfied. Overall, the satisfaction level was 50% which means the acceptability strategies implemented by the FMCG companies are working and the results are very similar with the results from the FMCG respondents who claimed that they sell the same high quality products to BOP consumers just as the ones sold to TOP and middle income consumers.

For the FMCG manufactured goods but repacked by retailers, 5% said they are not satisfied, 8% were indifferent, 35% claimed they are slightly satisfied, 38% stated they are satisfied while 13% stated they are very satisfied. Overall satisfaction level was 52% slightly higher than manufactured goods from FMCG companies. Results that indicate that BOP consumers may be consuming more repacked goods than the manufactured ones most likely because they consider them more affordable, than the packed goods from the FMCG companies.

On the informally produced goods, 44% stated they are not satisfied, 8% were indifferent, 18% were slightly satisfied, 16 satisfied and 13% were very satisfied with informally packed goods. The overall satisfaction level was 30% meaning the acceptability strategies for FMCG companies are working and that is why the informally packed goods are not as popular.

Finally, the consumers were asked to state whether they enjoy the current plastic packaged goods from FMCG Companies and the results are as presented in Table 4.49. The respondents who stated they did not enjoy were 4%, 11% were indifferent, slight enjoy were 38%. the ones who sated they enjoy them were 29% and those who stated they enjoy very much were 29%, meaning the level of enjoyment is moderate

and again these findings are very similar to the FMCG responses findings where plastic packaging was rated as the most efficient and affordable packing material for the BOP consumers**.**

Table 4.47: Whether BOP Consumers Are Satisfied with the Quality of FMCG Manufactured Products

Responses	**Frequency**	**Percent**	**Cumulative Percent**
Not satisfied	22	15	15
Not sure	9	6.0	21
Slightly satisfied	28	18	40
Satisfied	26	17	57.
very satisfied	63	43.0	100.0
Total	**148**	**100.0**	

Table 4.48: Whether BOP Consumers Are Satisfied with the Quality of Re-packed FMCG original products

Responses	**Frequency**	**Percent**	**Cumulative Percent**
Not satisfied	8	5	5
Not sure	12	8	13
Slightly satisfied	52	35	48
Satisfied	56	38	87
very satisfied	20	13	100.0
Total	**148**	**100.0**	

Table 4.49: Whether BOP Consumers Are Satisfied with the Quality of Informally Produced Goods

Reponses	Frequency	Percent	Cumulative Percent
Not satisfied	65	44	44
Not sure	12	8	52
Slightly satisfied	27	18	71
Satisfied	24	16	87
very satisfied	20	13	100
Total	**148**	**100**	

Table 4.50: Whether BOP Consumers Enjoy the Current Plastic Packaged Products from FMCG Companies

Rating	Frequency	Percent	Cumulative Percent
No	6	4	4
Not sure	17	11	15
Slightly enjoy	55	38	53
Enjoy	43	29	82
Enjoy very much	27	18	100
Total	**148**	**100**	

4.10.9 Channels of Promotion which BOP uses to Create Awareness

Consumers were asked to state how they became aware of the brand they are currently consuming and the findings are shown in Table 4.51. Those who stated they became aware of the brand they use through word of mouth were 9%. 20% stated they became aware about the brand through the radio, 5% stated they became aware through roadshows, 34% claimed they learnt about the brand through the T.V, only 1.0% stated they got the information of the brand through posters while overall

32% of them stated they got to know about the brand through all the above stated channels. Again, these findings are very similar with the findings from the FMCG questionnaire. The findings are actually in line with most BOP findings, which state that the awareness tools/channel used to promote products meant for the TOP and middle-income group are the same ones, used to promote BOP products because BOP consumers often follow and imitate middle-income group consumers' behaviour.

Table 4.51: Tools and Channels Used by FMCG Companies to Improve Awareness of BOP Products

Channel	Frequency	Percent
Word of mouth	13	9
Radio	29	20
Road shows	7	5
T.V	50	34
Posters (P.O.S.M)	1	1
All	48	32
Total	**148**	**100**

4.11 Diagnostic Tests

4.11.1 Multicollinearity

According to Kiriinya (2015), multicollinearity exists when there is a high degree of association between independent variables. This problem was resolved by ensuring that the sample extracted was more than 30 respondents in the pilot testing. According to Simon (2004), multicollinearity exists when the standard errors and thus the variances of the estimated coefficients are inflated. Variance inflation factor (VIF) was undertaken using the 30 questionnaires from FMCG managers and all the values were below the cut-off value of 10.

Porter and Gujarat (2010) gave the rule of the thumb as; if the VIF of independent variables exceeds 10, that variable is collinear. Based on this rule of the thumb, there was no collinearity among the independent variables as shown in the Table 4.52. With the above findings, the study was reliable and valid; and therefore, full data collection commenced. The respondents who gave feedback to the 30 pilot questionnaires were approached again; and the areas and the questions they wanted corrected or refined were corrected. The same respondents were given another chance to give their final feedback.

Table 4.52: Test of Multicollinearity

Coefficients

	Collinearity Statistics	
Model	**Tolerance**	**VIF**
Affordability	.959	1.043
Availability	.834	1.199
Acceptability	.869	1.151
Awareness	.910	1.099

4.11.2 Heteroscedasticity Test

According Sazali, Hashida, Jegak and Raduan (2009), heteroscedasticity is a process where the previous error terms influence other error terms and this violates the statistical assumption that the error terms should have a constant variance. This was checked using Breusch-Pagan and Koenker test statistics. A large chi-square, greater than 9.22 indicates the presence of heteroscedasticity. The results in Table 4.53 show a coefficient of 5.152 meaning therefore heteroscedasticity was not present.

Table 4.53: Heteroscedasticity Test

	LM	Significance
BP	5.152	.272
Koenker	7.736	.102

4.11.3 Tests of Normality

According to Farrel and Rogers (2006), normality tests are used to determine if a data set is well modelled by a normal distribution, and to compute how likely it is for a random variable underlying the data set to be normally distributed. Ghasemi and Zahediasl (2012) stated that many of the statistical procedures including correlation, regression, t-tests, and parametric tests are based on the assumption that the data follows a normal distribution.

To test normality, skewness and kurtosis statistics were used. Skewness is the extent to which a distribution of values deviates from symmetry around the mean (Norusis, 2003). A value of zero means that the distribution is symmetric, while a greater number of smaller values show a positive skewness, and a negative value indicates a greater number of larger values. A kurtosis value near zero indicated the shape of data was close to normal. A negative value indicates a distribution, which is more flat than normal, and a positive kurtosis indicates a shape peaked than normal. According to Creswell (2008), statistic values of +/- 2 for Kurtosis and Skewness are adequate for statistical analysis.

The results were, Affordability had a mean of 0.0267, standard deviation of 0.96578, skewness of -0.274 and kurtosis of -0.479. Availability strategy had a mean of 0.0100, standard deviation of 0.81272, skewness statistic of-0.079 and kurtosis of -0.239. The acceptability strategy had a mean of 0.0247 standard deviation of 1.04804, skewness of -0.601 and kurtosis of 0.106. The awareness construct had a mean of -0.0717, standard deviation of 0.97781, skewness of -0.249 and kurtosis of

0.456, while the market performance construct had a mean of- 0.1319, standard deviation of 0.72869, and skewness of 0.190 and finally a kurtosis of 0. 179. Table 4.54 presents the findings.

Table 4.54: Test of Normality

Variable	Mean	Std. Dev	Skewness	Kurtosis
Affordability Strategy	.0267	0.96578	-0.274	-0.479
Availability Strategy	.0100	0.81272	-0.079	-0.239
Acceptability Strategy	.0247	1.04804	-0.601	0.106
Awareness Strategy	-.0717	0.97781	-0.249	.456
Market Performance	-.1319	0.72869	-0.190	0.179

4.12 Correlation Analysis on the 4As Strategies and the FMCG Market Performance

Before testing the four hypotheses for the study correlation analysis was carried out to find out the level of correlation between the four independent variables and the dependent variable, which was FMCG market performance. Correlation analysis among the four independent variables was also carried out. Pearson correlation analysis was used to measure the linear association between the stated variables in this study and the range was a Pearson correlation coefficient (r), from one to one. As Mugenda and Mugenda (2003) stated, the higher the absolute value (r) the stronger the association between the two variables. If the correlation coefficient is positive (+ve), it means that there is a positive (+ve) relationship between the two variables.

A negative (-ve) relationship means that, as one variable decreases, then the other variable increases an indication that there is an inverse relationship. A zero value of r indicates that there is no association between the two variables. The coefficient assumes that there is a linear relationship or correlation between two variables and that the two are casually related as one of the variables is the independent and the other is the dependent variable. The independent variables were affordability strategy (X_1), availability strategy (X_2), acceptability strategy (X_3) and awareness strategy

(X_4) and results showed that they were correlated with the bottom of the pyramid market performance.

4.12.1 Correlation Analysis on 4As Strategies

The findings of the correlation showed that there is a positive correlation between affordability strategies and market performance ($r=0.653$, $p<0.001$). Therefore, an improvement in affordability led to an increase in market performance. Results also showed that there was a significant relationship between affordability and availability strategies, meaning a change in affordability will lead to an improvement of availability of products by 38.9% thus an indicator that FMCG companies need to note as they develop the strategies.

4.12.2 Correlation Analysis of Availability Strategies and FMCG Market Performance

Correlation analysis was carried out between availability and market performance. The results are shown in Table 4.55, which clearly shows that there is a positive relationship between availability and market performance ($r=0.412$, $P<0.001$), implying that an increase in availability led to an increase in market performance. Results also showed that there is a significant relationship between affordability and availability, meaning a change in affordability may lead to an improvement of availability of products by 38.9%, an important result to note for FMCG companies while they want to strengthen their synergy.

4.12.3 Correlation Analysis of Acceptability Strategies on Market pperformance

The results are shown in Table 4.55, which clearly shows that there is a positive relationship between acceptability and market performance ($r=0.370$, $P<0.001$), implying that an increase in acceptability would lead to an increase in market performance. Results also showed that there is a significant relationship between acceptability and awareness, meaning a change in acceptability will lead to an improvement of awareness of products by 38.8% a fact that well packaged and designed products are easy to communicate to potential consumers. This is an

important association to note for FMCG when they are developing BOP strategies and even when they want to improve their synergy among the 4As strategies.

4.12.4 Correlation Analysis of Awareness Strategies on FMCG Market Performance

Correlation analysis was also done between awareness and FMCG market performance. The results are shown in Table 4.55, which clearly shows there is a positive relationship between awareness and BOP market performance ($r=0.374$, $P<0.001$), implying that an increase in awareness led to an increase in market performance. Results also showed that there is a significant relationship between acceptability and awareness, meaning a change in acceptability will lead to an improvement of awareness of products by 38.8%, an important result to note for FMCG companies when they want to improve their synergy.

In summary and as shown by the correlation matrix, Table 4.55, the four main independent variables that is affordability, availability, acceptability and awareness strategies versus FMCG market performance correlations were 0.653, 0.412, 0.370 and 0.374 respectively, meaning all the independent variables were positively related to the FMCG market performance. It was noted that all the correlations coefficients were below the threshold for the presence of multicollinearity ($r< 0.8$) and as stated by Kiriinya (2014), coefficients of less than 0.8 have no multicollinearity and a conclusion that all the variables could be selected for further statistical analysis.

Table 4.55: Correlation Analysis among the Study Variables and FMCG Market Performance

		Affordability	Availability	Acceptability	Awareness	
Affordability	Pearson Correlation	1				
	Sig. (2-tailed)					
Availability	Pearson Correlation	.389**	1			
	Sig. (2-tailed)	0.00				
Acceptability	Pearson Correlation	-0.019	-0.066	1		
	Sig. (2-tailed)	0.864	0.548			
Awareness	Pearson Correlation	0.144	-0.032	.388**	1	
	Sig. (2-tailed)	0.191	0.773	0		
BOP	Pearson Correlation	.653**	.412**	.370**	.374**	1
	Sig. (2-tailed)	0.00	0.000	0.001	0.00	

****. Correlation is significant at the 0.01 level (2-tailed). N=84**

4.13 Regression Analysis on 4As Sub-Variables Strategies and FMCG Market Performance

Prior to testing the four hypotheses of study regression analysis on sub-variables per each independent variable were regressed on the market performance which was the dependable variable. The aim was to find out their individual relationship on the market performance.

4.13.1 Regression Analysis on Affordability Sub-Variable Strategies

The affordability sub- variables that is competitive prices, re-packing large sizes of FMCG products by retailers into smaller affordable units and using single serve FMCG products were regressed against the FMCG market performance.

The correlation coefficient(r) and coefficient of determination (r^2) between affordability strategies and market performance were 0.520 and 0.270 respectively. The coefficient of determination between affordability strategies and market performance was 0.520 indicating a positive effect of affordability strategies on FMCG market performance. The coefficient of determination (R squared) of 0.270 indicated that 27% of market performance could be explained by affordability strategies. This meant that there was moderate and a significant relationship between affordability strategies and FMCG market performance in Kenya. Table 4.56 also revealed the results of analysis of Variance (Anova) as (F=9.993>3.84, P value <0.000).

This meant that there was a significant relation between affordability strategies and FMCG market performance, a conclusion that affordability strategies implemented by the FMCG companies are bearing fruits and are effective in improving the FMCG market per5formance. Tables 4.56, 4.57 and 4.58 also revealed that among the three main strategies in the affordability strategies, competitive pricing tactics on affordability had positive and significant relations with, (β= 0.260, P value 0.001), repacked FMCG products strategies had, (β =0.149, P value 0.017) and single serves products had (β =0.352, P value .000).

The study concludes that single serve units' strategy on affordability is the most effective and significant. Re-packing large FMCG products into smaller units and re-selling them to BOP consumers' strategy was moderately significant. On the strategy of using competitive prices, it was found to be moderately effective and significant. Overall, the three tactics on affordability are quite responsive to the market performance and FMCG companies should utilize them when FMCG companies are targeting the BOP market segment.

Table 4.56: Affordability Strategies Sub- Variables Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.520[a]	.270	.243	.61581

a. Predictors: (Constant), SmallSKUs, RepackFMCG, Competitive prices
b. Dependent Variable: Market Performance

Table 4.57: Affordability Strategies and FMCG Market Performance ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.368	3	3.789	9.993	.000[b]
	Residual	30.717	81	.379		
	Total	42.086	84			

a. Dependent Variable: Market Performance

Table 4.58: Affordability Sub-Variables Strategies and FMCG Market Performance Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.188	.067		-2.807	.006
	Competitive Prices	.260	.072	.397	3.584	.001
	RepackFMCG Goods	.149	.061	.234	2.432	.017
	SmallSKUs/ Single Pack	.352	.075	.516	4.693	.000

4.13.2 Regression Analysis on Availability Sub-Variable Strategies

Availability sub- variables, which were distribution channels, stock outs management and distribution tools were regressed against the FMCG, market performance, which was the dependent variable. The correlation coefficient(r) and coefficient of determination (r^2) between affordability strategies and market performance were 0.537 and 0.288 respectively. The coefficient of determination between availability strategies and market performance was 0.537 indicating a positive effect of affordability strategies on FMCG market performance. The coefficient of determination (R squared) of 0.288 indicated that 28.8% of market performance could be explained by availability strategies. This meant that there was moderate and a significant relationship between availability strategies and FMCG market performance in Kenya. Table 4.60 also revealed the results of analysis of Variance (Anova) as ($F=9.993>3.84$, P value <0.000).

This meant that there was a significant relation between availability strategies and FMCG market performance, a conclusion that availability strategies implemented by the FMCG companies are bearing fruits and are effective in improving the FMCG market performance. Tables 4.59, 4.60 and 4.61 also revealed that among the three main strategies in the availability strategies, stock outs management had positive and significant relations with, ($\beta= 0.242$, P value 0.001), distribution tools strategies had, ($\beta =0.150$, P value 0.038) and single distribution channels had ($\beta =0.260$, P value .000).

The study concluded that distribution channel strategy on availability is the most effective and significant. Stock outs management was moderately significant. On the strategy of distribution tools, it was found also effective and significant. Overall, the three strategies on availability were quite responsive to the market performance and FMCG companies should utilize them when FMCG companies are targeting the BOP market segment or want to improve their overall organization performance.

Table 4.59: Availability Strategies Sub- Variables Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537[a]	.288	.262	.64051

a. Predictors: (Constant), distribution channels, distribution Gaps, distribution tools
b. Dependent Variable: Market Performance

Table 4.60: Availability Sub-Variables Strategies and Market Performance ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.457	3	4.486	10.934	.000[b]
	Residual	33.230	81	.410		
	Total	46.687	84			

a. Dependent Variable: Market Performance

b. Predictors: (Constant), distribution Channels, Stock outs management, Distribution tools

Table 4.61: Availability Sub-Variables Strategies and FMCG Market Performance Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.177	.070		-2.538	.013
	Stocks out management	.242	.069	.329	3.498	.001
	Distribution tools	.150	.071	.202	2.113	.038
	Distribution channels	.260	.070	.356	3.725	.000

a. Dependent Variable: Market Performance

b. Predictors: (Constant),Distribution Channels, Stock outs Gaps, Distribution tools

4.13.3 Regression Analysis of Acceptability Sub-Variable Strategies on FMCG Market Performance

The correlation coefficient and coefficient of determination between acceptability sub-strategies and market performance were 0.664 and 0.441 respectively as shown in Table 4.62. This meant that there was a moderate and a significant relationship amongst the three acceptability strategies and FMCG market performance in Kenya. Table 4.62 also revealed the results of Analysis of Variance (ANOVA) as (F=15.947>3.84, P value <0.001). This meant that there was a significant relation between acceptability strategies and FMCG market performance.

From this, a conclusion that acceptability strategies implemented by the FMCG companies are bearing fruits and are effective in improving the overall market performance of FMCG companies is drawn. Table 4.64 revealed that among the three main strategies on acceptability, packaging design strategies are positive and significant with (β =0. 298, P value 0.000), Packaging material were positive and significant at (0.252, p value 0.001, Automation/investment strategies had (=β 0.292, P value 0.000), packaging & design (=β 0.292, P value 0.001), while product quality strategy had (=β 0.169, P value .011) supporting a conclusion that acceptability strategies are all effective and can be used by FMCG companies to raise the overall market performance of FMCG companies.

Table 4.62: Acceptability Sub-Variables Strategies and FMCG Market Performance Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664[a]	.441	.413	.64192

a. Predictors: (Constant), product quality, Packaging material, investment in innovation, Packaging design
b. Dependent Variable: Market Performance

Table 4.63: Acceptability Sub-Variables Strategies and FMCG Market Regression ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	26.284	4	6.571	15.947	.000[b]
	Residual	33.376	81	.412		
	Total	59.661	85			

a. Dependent Variable: Market Performance

b. Predictors: (Constant), product quality, packaging material, innovation, Packaging design

Table 4.64: Acceptability Sub-Variables Strategies and Market Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.199	.070		-2.843	.006
	Packaging design	.298	.078	.332	3.811	.000
	Packaging material Type	.252	.076	.290	3.320	.001
	Innovation/Automation	.292	.071	.351	4.090	.000
	Product quality	.169	.065	.219	2.603	.011

a. Predictors:(constant), product quality, packaging material, innovation/Automation, packaging design
b. Dependent Variable: Market Performance

4.13.4 Regression Analysis of Awareness Sub-Variables Strategies on FMCG Market Performance

The correlation coefficient and coefficient of determination between awareness strategies and FMCG market performance were 0.645 and 0.417 respectively as shown in Table 4.64. The coefficient of determination (r- squared) of 0.417 indicated that 41.7% of FMCG market performance is explained by awareness strategies while

the other can be explained by other factors. This meant that there was a positive and a significant relationship between awareness strategies and the FMCG market performance in Kenya. Table 4.65 also revealed the results of Analysis of Variance (ANOVA) as (F=11.426>3.84, P value <0.000). This meant there was a significant relation between awareness strategies and FMCG market performance prompting a conclusion that awareness sub-strategies implemented by the FMCG companies are bearing fruits and are effective in improving the organization performance market. Table 4.68 also revealed that among the five strategies used by the FMCG to improve brand awareness all of them are impactful and effective. These findings are based on the t statistics with personal selling having a, (β =0.183, P value 0.034). Social Media (=β 0.198, P value 0.022) and sales promotion at, (β =0.387, P value .0.000), Advertising (β =0.215, P value .010) and CSR at (β =0.211, P value .010). Hence supporting the conclusion that brand awareness strategies are effective and used by FMCG companies to improve their brand image and hence increase sales for BOP products.

Table 4.65: Awareness Strategies and FMCG Market Performance Summary Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645[a]	.417	.380	.68467

a. Predictors: (Constant), Sales promotion, Personal selling, CSR, Social media, Advertising

b. Dependent Variable: BOP

Table 4.66: Awareness Strategies and FMCG Market Performance ANOVA Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.781	5	5.356	11.426	.000[b]
	Residual	37.502	80	.469		
	Total	64.282	85			

a. Dependent Variable: Market performance

b. Predictors: (Constant), Sales promotion, Personal selling, CSR, Social media, Advertising

Table 4.67: Awareness Strategies and FMCG Market Performance Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.177	.075		2.360	.021
	Personal selling	.183	.085	.198	2.157	.034
	Social media	.198	.085	.209	2.342	.022
	Advertising	.215	.081	.241	2.650	.010
	CSR	.211	.081	.231	2.624	.010
	Sales promotion	.387	.079	.443	4.889	.000

a. Predictors: (Constant), Sales promotion, Personal selling, CSR, Social media, Advertising

b.Dependent Variable: Market performance

4.14 Test of Hypotheses and Discussions on the 4As Strategies

The purpose of hypothesis testing is to determine the accuracy of the study because the researcher has collected a sample of data and not a census (Cooper & Schindler, 2010). According to Kiriinya (2014), hypothesis testing entails using the collected

data to check whether the hypothesis is valid or not. The decision rule entailed taking a 5% level of significance. Hence, the null hypothesis is rejected where p value is less than 0.05. However, it is accepted if the p value is more than 0.05. Table 4.68 shows a summary of the 4As study objectives, the four hypotheses and how the hypotheses were tested using the multiple regression model and the t-statistics.

Table 4.68: Tests for Hypothesis

Objective of study	Hypothesis	Type of Tests	Test Results & Interpretations
To examine the effect of affordability strategies on market performance of fast moving consumer goods companies in Kenya	H1:Affordability strategies have no significant effect on the market performance of fast moving consumer goods companies in Kenya	Regression Analysis	If t>1.96 reject the hypothesis ,if t<1.96 fail to reject the null hypothesis
To establish the effect of availability strategies on market performance of fast moving consumer goods companies in Kenya	H2:Availability strategies have no significant effect on the market performance of fast moving consumer goods companies in Kenya	Regression Analysis	If t>1.96 reject the hypothesis ,if t<1.96 fail to reject the null hypothesis
To examine the effect of acceptability strategies on market performance of fast moving consumer goods companies in Kenya	H3:Acceptabilty strategies have no significant effect on the market performance of fast moving consumer goods companies in Kenya	Regression Analysis	If t>1.96 reject the hypothesis ,if t<1.96 fail to reject the null hypothesis
To examine the effect of awareness strategies on market performance of fast moving consumer goods companies in Kenya	H4:Awareness strategies have no significant effect on the market performance of fast moving consumer goods companies in Kenya	Regression Analysis	If t>1.96 reject the hypothesis ,if t<1.96 fail to reject the null hypothesis

4.14.1 Test of Hypothesis One

H_{01}: Affordability strategies have no significant effect on market performance of fast moving consumer goods companies in Kenya.

To test hypothesis one, a linear regression was carried out to determine whether there was a significant relationship between affordability strategies and FMCG market performance in Kenya. The results of the linear regression indicate that r^2 was 0.206 and r was 45.4%. The coefficient of determination between affordability strategies and FMCG market performance was 0.454 indicating a positive effect of affordability strategies on FMCG market performance. The coefficient of determination (R squared) of 0.206 indicated that 20.6% of FMCG market performance could be explained by affordability strategies meaning the difference 79.4% is explained by other factors, this is shown in Table 4.69.

Table 4.69: Affordability Strategies and FMCG Market Performance Overall Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.454[a]	.206	.196	.90176

a. Predictors: (Constant), Affordability
b. Dependent Variable: Market Performance

Table 4.69 shows results of the ANOVA. F-test results of 21.531 and the critical values of F-test (1, 83 degrees of freedom) at 0.05 is 3.84 < 21.531. The null hypothesis was rejected and a conclusion that there is a linear relationship between affordability strategies and bottom of the pyramid market performance in Kenya was made. It was also revealed that affordability strategies have a significant effect on the FMCG market performance in Kenya since P-value is .000, which is less than 5% level of significance.

Table 4.70: Affordability Strategies and FMCG Market Performance Anova Model

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.508	1	17.508	21.531	.000(b)
	Residual	67.493	83	.813		
	Total	85.001	84			

Predictors: (Constant), X_1-Affordability Strategies
Dependent Variable: Y- Market Performance

Further, the beta coefficient was computed and t-test used to test the relationship between affordability strategies and FMCG market performance in Kenya. This was tested at 5% significance level. The t-test results showed the β coefficient was statistically significant since t-value at 5% was 4.350>critical t=1.96. The null hypothesis was rejected since the t-test indicated that β coefficient was different from zero, at 5% significant level. Table 4.71 shows a positive gradient, which reveals that an improvement of affordability through affordability strategies increases the FMCG market performance by a ratio of 0. 409. The findings are in line with Prahalad (2010) who sated that BOP consumers are rational consumers who value quality products. However, they claimed that this must be matched with an affordable price because BOP consumers always pick products which they are convinced are affordable to them and when this happens, FMCG market performance will improve as the study results have shown.

Table 4.71: Affordability Strategies and FMCG Market Performance Regression Weights

Model		Coefficients B	Std Error	T	Sig
1	(Constant)	-0.291	.091	3.198	.002
	Affordability Strategies	.409	.094	4.350	.000
Dependent Variable: Y					

The equation, $\mathbf{y = \beta_o + \beta_1 X_1 + e}$ now becomes $\mathbf{y = -0.291 + 0.409 X_1}$

4.14.1.1 Discussion of Findings on the Effects between Affordability Strategies and FMCG Market Performance

The study hypothesized that affordability strategies have no significant effect on the bottom of the pyramid market in Kenya. However, the results showed that there was a linear relationship between the two. Findings indicated that there was a positive significant relationship between affordability strategies and FMCG market performance in Kenya. One of the key decisions that a customer makes before buying a product is checking the price and deciding whether according to him/her the product is worth the price, which in this case will be affordable to a BOP consumer.

The results of this study lead to a conclusion that affordability strategies have a statistically significant effect on the FMCG market performance in Kenya. The results revealed that the affordability strategies implemented by FMCG companies have a significant effect on FMCG market performance in Kenya. Bottom of the pyramid market is highly influenced by the affordability of the product on offer. As seen by the results, purchase of these goods can even go to negative (-0.291, Y-intercept) if the right strategies are not implemented to make the product affordable. This meant that consumers may switch to other goods from other sources such as goods packed and sold by the informal sector if they feel that the products being offered to them by FMCG companies are not affordable.

The results as supported by ($r^{2)}$ value of 0.206 indicate affordability has a significant influence on the growth of the FMCG market performance in Kenya. Findings from the descriptive analysis also showed that BOP products are highly sensitive to price changes as 95% of the respondents stated that the demand of BOP declines as affordability affected by prices, declines. Findings in the same study show that one way of improving affordability is to reduce profit margins of the products targeted to the BOP market especially on small packaged goods. Respondents who stated that packing small SKUs improved affordability confirmed this.

The percentage of respondents who stated that reducing profit margins improves affordability was 93%. Anderson supports these findings and Ballou (2007) whom postulated that BOP consumers rely on either daily or weekly wages and therefore

companies must sell products that are within the reach of their consumers that is affordable products.

4.14.2 Test of Hypothesis Two

$H_0$2: Availability strategies have no significant effect on market performance of fast moving consumer goods companies in Kenya.

To test hypothesis two, linear regression was carried out to determine whether there was a significant relationship between availability strategies and FMCG market performance in Kenya. The results of the linear regression showed that (r^2) was 0.285and (r) was 53.4 %. This means that 28.5% of the FMCG market performance can be explained by availability strategies while the 71.5% can be explained by other BOP strategies. This is an indication that there is a moderate effect between the availability strategies and the FMCG market performance in Kenya. This relationship is explained in table 4.72.

Table 4.72: Availability Strategies and FMCG Market Performance Model

R	R Square	Adjusted R Square	Std. Error of the Estimate
.534	0.285	0.276	0.85567

a. Dependent Variable: Market Performance

b. Predictors: (Constant), Availability

Table 4.73 shows results of ANOVA. F-test results of 33.094 and the critical values of F-test (1, 83 degrees of freedom) at 0.05 is 3.84 < 33. 094. The null hypothesis that availability strategies have not significant effect on the FMCG market performance was rejected and the alternative hypothesis accepted. The findings also revealed that availability strategies have a significant influence on the FMCG market performance in Kenya since P-value is .000, which is less than 5% level of significance.

Table 4.73: Availability Strategies and FMCG Market Performance ANOVAModel

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.230	1	24.230	33.094	.000(b)
	Residual	60.770	83	.732		
	Total	85.000	84			

a. Predictors: (Constant), X_2-Availability Strategy

Dependent Variable: Y- Market Performance

To test the hypothesis, the beta coefficient was computed and t-test used to test the effects between availability strategies and FMCG market performance. This was tested at 5% significant level. The t-test results showed β coefficient was statistically significant since t-value at 5% was 4.876>critical t=1.96. The null hypothesis was rejected since the t-test indicated that the β coefficient was significantly different from zero, at 5% significant level. Table 4.73 shows a positive gradient, which reveals that an improvement of availability through availability strategies increases FMCG market performance by a ratio of 0.496.

The results confirm the critical role played by availability and as stated by Prahalad (2010), availability is a critical principle for it resolves a number of challenges such as the issue of availing products on time and creating a seamless network for the flow of goods to the BOP markets. Findings in the descriptive analysis also support this reasoning as shown in Table number 4.15. Where all the four main distribution tools show they are both affordable and effective and if properly combined, FMCG companies could improve availability of their BOP products.

Table 4.74: Availability Strategies and FMCG Market Performance Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-0.212	.097		2.186	.032
	Availability	.496	.102	.472	4.876	.000

a. Dependent Variable: Market Performance

The equation, $y = \beta o + \beta_1 X_1 + e$ now becomes $y = -0.212 + 0.496 X_1$

4.14.2.1 Discussion of Findings on the Effects between Availability Strategies and FMCG Market Performance

The results of the study show there is a linear relationship between availability strategies and the FMCG market performance in Kenya. The results also showed that the availability strategies developed by FMCG companies have a significant effect market performance in Kenya.

Bottom of the pyramid market is moderately influenced by the availability of the products on offer and as seen by the results, sale of these goods can even go to a negative (-0.212, Y-intercept) if the right strategies are not implemented to make the product available at the places where the BOP consumers carries his/her shopping. This means that consumers may switch to competitor brands if products of their choice are not available. The results are supported by the (r^2) value of 0.285 indicating availability has a moderate influence on the growth of the FMCG market performance in Kenya.

Findings on the volume of business lost due to lack of products in the retail outlets were approximately 50% as shown in Table 4.16. This was well represented by 63% of the respondents who stated that they lose approximately 30-50% of their business

if the retail outs where consumers carry their shopping regularly run out of products. This therefore shows the critical role availability plays in availing products to the bottom of the pyramid market segment. These findings are supported by Allure and Schoolmans (2002) who found out that BOP product are normally not available, and that a great potential exists on how to reduce this gap as it costs the companies greatly in terms of lost sales revenue.

According to Chikweche and Fletcher (2011); and Anderson and Malkides (2006) there are still BOP consumers in some isolated markets where the current distribution strategies/availability are lacking. This can be resolved by the current availability strategies of using pick-ups, three wheeler vehicles, motor bikes & bicycles; which the findings showed are the most effective in terms of affordability and accessibility as both strategies scored the highest means of 3.65 and 3.55 out of 5 respectively. These findings are supported by Vachani and Smith (2008) who stated that one of the strategies of managing distribution challenges is through re-venting the distribution channel innovations for example use of motorbike enabled -pushcarts to service the slums where vehicles can't pass due to poor road network (Vachani & Smith, 2008).

4.14.3 Tests for Hypothesis Three

$H_0 3$: Acceptability strategies have no significant effect on market performance of fast moving consumer goods companies in Kenya

To test hypothesis three, which had the null hypothesis that acceptability strategies have no significant effect on the FMCG market performance in Kenya, a linear regression was carried out to determine whether there was a significant relationship between acceptability strategies and FMCG market performance in Kenya. The results of the linear regression showed that (r^2) was 0.357and (r) was 59.8 %. This is an indication that indeed there is a moderate relationship between the acceptability strategies and FMCG market performance in Kenya. This relationship is explained in Table 4.75.

Table 4.75: Acceptability Strategies and FMCG Market Performance Model

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.598[a]	.357	.349	.73033

a. Predictors: (Constant), Acceptability

b. Dependent Variable: Market Performance

Table 4.76 shows results of ANOVA. F-test results of 46.650, with critical values of F-test as (1, 84 degrees of freedom) at 0.05 is 3.84<46.650. Results also revealed that acceptability strategies have a significant effect on the FMCG market performance in Kenya since P-value is .000, which is less than 5% level of significance. The critical values of F-test (1, 83 degrees of freedom) at 0.05 is 3.84 < 33. 094. The null hypothesis that acceptability strategies have no significance effect on FMCG market performance was rejected and the alternative hypothesis accepted.

Table 4.76: Acceptability Strategies and FMCG Market Performance ANOVA Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.882	1	24.882	46.650	.000[b]
	Residual	44.804	84	.533		
	Total	69.687	85			

a. Predictors: (Constant), X_3-Acceptabilty strategies

b. Dependent Variable: Market Performance s

Further, on t-test statistics, the beta coefficient was computed and the test used to test the hypothesis between acceptability strategies and FMCG market performance in Kenya. This was tested at 5% significant level. The t-test results showed β coefficient was statistically significant since t-value at 5% was 6.830>critical t=1.96. The null hypothesis was hence rejected since the t-test indicated that β coefficient was

significantly different from zero, at 5% significant level. Table 4.77 shows a positive gradient, which reveals that an improvement of acceptability through acceptability strategies increases FMCG market performance by a ratio of 0.574.

Table 4.77: Acceptability Strategy and FMCG Market Performance Regression weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.173	.079		-2.190	.031
	Acceptability	.574	.084	.598	6.830	.000

a. Dependent Variable: Market performance

The equation, $\mathbf{y = \beta o + \beta_3 X_3 + e}$ now becomes $\mathbf{y = -0.173 + 0.574 X_3}$

4.14.3.1 Discussion of Findings on the Relationship between Acceptability Strategies and FMCG Market Performance

Findings from the study confirmed acceptability strategies have a positive and significant effect on the FMCG market performance in Kenya as acceptability (r^2) value was 0.357 indicating that acceptability strategies affect the bottom of the pyramid market performance. These findings are also supported by descriptive statistics whereby 90% of the companies stated that they invest in new technology specifically to appeal more to BOP consumers and make their products more affordable to BOP consumers through new technology. The trends also show that FMCG companies have consistently increased their investment in product development to cater for BOP market segment as results show their mean investment started from a mean 2.21 in 2012 and consistently grew to 2.53, 3.04 and 3.42 in 2013, 2014 and 2015 respectively. From the findings in thus, it is concluded that investment in BOP market segment has been rising steadily from a mean of 2.21 in 2012 to a high of 3.42 investments in BOP technology by the end of 2015. As stated

by June, Lee and Park (2013) companies must invest in the most recent appropriate technology, which makes the BOP products more appealing and affordable to BOP consumers, and this is only possible through new technology.

4.14.4 Test of Hypothesis Four

H_04: Awareness strategies have no significant effect on the market performance of fast moving consumer goods companies in Kenya.

To test hypothesis four, which had the null hypothesis that awareness strategies have no significant effect on FMCG market performance in Kenya, a linear regression was carried out to determine whether there was a significant relationship between awareness strategies and the FMCG market performance. The results of the linear regression indicate that (r^2) was 0.364 and (r) was 60.3 %. The coefficient of determination (R-squared) 0.364 indicated that 36.4% of BOP market performance could be explained by awareness strategies while the other can be explained by strategies. This is an indication that there is a positive and significant effect between the awareness strategies and the FMCG market performance in Kenya. This relationship is explained in Table 4.78.

Table 4.78: Awareness Strategies and FMCG Market Performance Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.603[a]	.364	.356	.76962

a. Predictors: (Constant), Awareness
b. Dependent Variable: Market Performance

Table 4.79 shows results of ANOVA. F-test results of 48.028 and the critical values of F-test (1, 84 degrees of freedom) at 0.05 is 3.84 < 48.028. The null hypothesis was rejected and a conclusion that there is a linear relationship between awareness strategies and FMCG market performance in Kenya was made. The findings also

revealed that awareness strategies have a significant influence on FMCG market in Kenya since P-value is .000, which is less than 5% level of significance.

Table 4.79: Awareness Strategies and FMCG Market Performance ANOVA Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.448	1	28.448	48.028	.000[b]
	Residual	49.754	84	.592		
	Total	78.202	85			

a. Dependent Variable: Market Performance
b. Predictors: (Constant), Awareness

To confirm these findings on hypothesis, the beta coefficient was computed and t-test used to test the effects between awareness strategies and FMCG market performance in Kenya. This was tested at 5% significant level. The t-test results showed that the β coefficient was statistically significant since t-value at 5% is 6.930>critical t=1.96. The null hypothesis was hence rejected as the t-test indicated that β coefficient was different from zero, at 5% significant level. Table 4.79 shows a positive gradient, which reveals that an improvement of awareness through awareness strategies increases the FMCG market performance by a ratio of 0.579.

The equation, $y = \beta o + \beta_1 X_1 + e$ now becomes $y = -0.237 + 0.579X_1$

Table 4.80: Model Awareness versus FMCG Market Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.237	.083		-2.855	.005
	Awareness	.579	.084	.603	6.930	.000

a. Dependent Variable: Market Performance

4.14.4.1 Discussion on the Effects between Awareness Strategies and FMCG Market Performance

The results lead to a conclusion that awareness strategies have a significant effect on the FMCG market performance in Kenya and that there is a linear relationship between awareness strategies and FMCG market performance in Kenya. The results also show that the awareness strategies developed by FMCG companies have a significant effect on FMCG market performance in Kenya.

Bottom of the Pyramid market share is moderately influenced by the awareness of the product on offer. Sale of these goods can even go below the negative value of -0.237-Y-intercept in sales revenue as shown in Table 4.80. This happens if the right strategies are not developed to ensure that products are well known to both the current and potential BOP consumers who ultimately make the decision to purchase the goods. It also happens if the BOP consumers are not convinced that the product meets their expectations, they can shift to the competitor goods, which they are aware of. A negative number also meant that consumers could shift to buying informal goods if they are not aware that the goods from the FMCG firms are of good quality and affordable an observation already noted in the literature. The results are also supported by the r^2 value of 0.364 indicating awareness has a moderate influence on the growth of the FMCG market performance in Kenya.

Findings also in descriptive statistics showed that all the five awareness strategies used are effective at different times and this is supported by their means, which are above 2.5, which was the threshold for an effective awareness tool. The highest mean was 4.15 on sales promotion out of the maximum of five.

From the literature review, it is evident that these are the same strategies, which are commonly used to promote products in other market segments that is TOP and the middle-level segment. The findings are in line with Ireland's (2008) findings which showed that BOP consumers especially the ones in the urban slums are exposed to modern advertising media, customs and fashion and the best way to promote their products is to use the awareness tools used to promote goods meant for the middle income and TOP products. The basic reasoning for this is that BOP consumers

normally follow the consumption patterns of the middle-income class whose consumption patterns are highly influenced by the awareness strategies, which are sales promotion, corporate social responsibility, personal selling, advertising, and social media strategies.

A key finding to note was the rating of the social media whose results clearly showed that it is a new effective and efficient channel of awareness creation tool to use in this era of information technology. Vachani and Smith (2014) who stated that the traditional tools of promotion have been replaced by internet and the social media through the ICT medium. This has enabled an increase in two-way communication channels such as the social media marketing which has taken the world by storm.

In Kenya for example an estimated 10 million citizens most of whom are the youth with a big proportion coming from the BOP segment are using the internet to connect and even to buy goods and services. A good example is the Jumia inline shopping a relatively new firm is selling many sales in millions of Kenya shillings through the social media platform.

4.15 Overall Inferential Results of 4As Strategies versus FMCG Market Performance

The results of the linear regression indicate that coefficient of correlation (r) for the overall model was 0.734 while coefficient of determination (r^2) was 0.539 as shown in Table 4.81. The coefficient of determination (r^2) of 0.539 meant that the 4As strategies can explain the FMCG market performance by 53.9% and the other performance of 46.1% can be explained by other factors but not the BOP strategies the results of the linear regression indicate that (r^2) was 0.364 and (r) was 60.3 %. This meant that there was a positive and a significant relationship amongst the four BOP strategies and FMCG market performance in Kenya. The regression equation for the overall model was found to be valid and significant as a whole and the results were; F-value=20.531and the critical F =3.84<20.531 at 5% level of significance.

This meant that there was a significant relation between the four BOP strategies and FMCG market performance. From this, a conclusion that the four bottom of the pyramid strategies implemented by the FMCG companies are bearing fruits and are effective in improving the market performance is drawn. Table 4.85 also revealed that among the four main strategies namely affordability, availability, acceptability and awareness strategies their t, statistics were (β =0.419, P value 0.000), (β =0.212, P value 0.010), (β=0.175, P value .031) and (β =0.428, P value 0.000) respectively. From the results a conclusion that all the four strategies are all effective and can be used by FMCG companies to raise the FMCG market performance was drawn.

Table 4.81: Overall Model on the 4As versus the FMCG Market Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	.539	.518	.63893

a. Predictors: (Constant), Availability, Awareness, Acceptability, Affordability

Table 4.82: Overall 4As strategies and FMCG Market Performance Anova

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.743	4	4.936	20.531	.000[b]
	Residual	19.232	80	.240		
	Total	38.975	84			

a. Dependent Variable: BOP

b. Predictors: (Constant), Awareness, Acceptability, Affordability, Availability

Table 4.83: Overall 4As Strategies and FMCG Market Performance Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.106	.053		-2.000	.048
	Affordability	.278	.052	.419	5.312	.000
	Availability	.141	.053	.212	2.632	.010
	Acceptability	.113	.051	.175	2.200	.031
	Awareness	.291	.054	.428	5.363	.000

a. Dependent Variable: BOP

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summaries of the study findings as guided by specific objectives, as well as conclusions and recommendations for action. The conclusions were drawn based on the study findings and discussions. Further the chapter presents the implications of the study along theoretical, managerial and policy lines. The chapter ends with recommendations of the study as well as suggestions for further research based on the stated recommendations.

5.2 Summary

The study had four objectives whose main aim was to establish their effect on the market performance of FMCG companies in Kenya. All the objectives were based on the bottom of the pyramid 4As strategies (affordability, awareness, acceptability and availability) used by FMCG companies in Kenya.

5.2.1 Specific objective 1: To evaluate the effect of affordability strategies on the market performance of fast-moving consumer goods companies in Kenya. The first objective was to establish the effect of affordability strategies on market performance of fast moving consumer goods companies in Kenya. The study established that the products sold by FMCG companies are affordable to the BOP consumers. This study also confirmed the three BOP affordable strategies namely packing BOP goods in small sizes (single serve packs) and re-packing of bulk goods from FMCG companies by retailers into re-sellers' smaller units for BOP consumers and competitive pricing strategies were all found to be effective strategies in making BOP products targeted to the bottom of the pyramid market segment affordable.

The study also established that BOP consumers are highly price sensitive and most of them buy products, which in their view are not expensive relative to the package size. The findings further showed that one of the best strategies to manage price

sensitivity and make products more affordable was to package goods into small sizes of products, which are commonly referred to as single serve products. Findings also indicated that affordability strategy is quite effective in improving the FMCG companies market performance.

Findings from the BOP consumers' responses also confirmed that BOP products sold to them are affordable. The result of regression analysis of BOP affordable strategies and FMCG Company's market performance effect was also positive and significant. This meant proper implementation of BOP affordable strategies increases FMCG Company's market performance by significantly.

5.2.2 Specific objective 2: To assess the effect of availability strategies on the market performance of fast moving consumer goods companies in Kenya. The findings established that the best availability channel for BOP market segment was generals' shops and groceries. Further findings indicated that kiosks, supermarkets and convenient stores are also good distribution channels for the BOP market segment. Further it was also established that the channels that sells a lot of BOP products were generals shop & groceries followed closely by kiosks and supermarkets. Findings also revealed that whereas distribution vehicles are still highly used as a source of distribution to sell the BOP products, three wheelers (Tuk-Tuks) and motor bikes are two new emerging distribution tools which should be given priority as effective tools in BOP market segment.

It was also found out that stock outs that is lack of the product of choice in the retail outlet where BOP consumers carry out their shopping could result to the FMCG companies losing close to half of its BOP sales a new finding that FMCG should critically strategize about. Further results showed that the three wheeler tool commonly known as Tuk-tuks and and motorbikes are the most affordable tools of availability which FMCG companies need to consider as they strategize on availailing affordable goods to the BOP market segment.

The result of regression analysis of BOP availability strategies and FMCG Company's market performance effect was positive and significant. This meant that

improvement BOP availability strategies increases FMCG companies' market performance by significantly.

5.2.3 Specific objective 3: To assess the effect of acceptability strategies on the market performance of fast moving consumer goods companies in Kenya. The study found out that the 0.50 litre/kg packaging is the most popular packaging size among the BOP consumers. Further findings revealed that FMCG companies manufacture products of the same quality parameters despite the fact that BOP market segment goods are more affordable that the products targeted to both the middle and the upper income groups. The study also established from the FMCG questionnaire that there has been a steady growth in the number of innovations and more investment which are geared towards BOP product development and the trend, has been steady and consistent over the last four years.

The study also established from FMCG questionnaire that almost all the FMCG companies had invested in new technology, which was geared towards the production of better quality products for the BOP market segment. The study further revealed that plastic packaging followed by the carton/paper packaging is the mostly preferred, most affordable and most appropriate packaging materials where plastic is the leading packaging, followed by carton/paper packaging. The regression analysis results revealed that acceptability strategies had a positive and significant effect on FMCG market performance in Kenya.

5.2.4 Specific objective 4: To evaluate the effect of awareness strategies on the market performance of fast moving consumer goods companies in Kenya. The study established that sales promotion strategy is the most impactful tool to improve awareness in the BOP consumer segment. Study further revealed that advertising, personal selling and social media are quite impactful tools of creating awareness in the BOP market segment. Their impact strength starting from the most impactiful were advertising, personal selling and social media respectively. This is as per the FMCG questionnaire responses.

The study also established that sales promotion is the most cost effective BOP awareness strategy to use in order improve FMCG market performance. Further

study established that personal selling/word of mouth and social media are the second and third most cost effective awareness strategies as per the FMCG questionnaire results.

The study further revealed that most of the FMCG companies are investing between 20-30% of their total awareness budget to promote BOP products; this is as per the FMCG questionnaire. The result of regression analysis of BOP awareness strategies and FMCG Company's market performance effect was positive and significant. This meant that an improvement on BOP awareness strategies increases FMCG companies' market performance by signficantly.

5.3 Conclusions

The study concludes that the affordability strategies being implemented by the fast moving consumer goods are bearing fruits especially, the single serve products and competitive pricing strategies and therefore FMCG companies should invest in a technology that will manufacture these goods, which are affordable to the BOP consumers.

Based on the results of this study, it is logical to conclude that the 4As strategies that have been implemented by the FMCG are bearing fruits. This is well demonstrated by the steady growth in sales revenue for the BOP products and the steady growth of BOP market share in the last five years from 2012 to 2016. Anderson & Ballou (2007), who posited that leveraging on the 4As strategies could achieve growth in sales and profitability, support these findings. Auclair (2008) supported the same view and stated that the urban BOP consumer, if properly targeted, creates new markets, which increase consumption of goods, and increases market share and this is what the findings in this study revealed.

The result from the multiple regression showed that the four bottom of the pyramid strategies researched which were affordability, availability, acceptability and awareness as a combination are effective in increasing the market performance of fast moving consumer goods companies, with awareness and affordability being the most responsive. These results were confirmed by the steady growth of the BOP

sales and their respective market share for BOP for five years from 2012 to 2016. A conclusion that the 4As BOP strategies are effective in growing the FMCG companies market performance.

Overall, the study confirmed the research question that indeed there is a market at the bottom of the pyramid but only if the FMCG companies devised the right 4As strategies. This is confirmed by the gradual and consistent growth of the annual sales for the last four years and the growth of BOP market share, which was above 40% of the total market by the end of year 2016. This is supported by Guesalaga and Marshal (2008) findings which showed that 50% of the purchasing power in the developing countries like Kenya is with BOP population and a strong case that this BOP segment has the ability to buy goods and services and hence the fortune in this segment. This is also in song with the pioneer of the BOP concept, Prahalad (2010) who stated that there is indeed a fortune at the bottom of the pyramid market due to the ever-growing population of this segment. The findings are also in tune with Chikweche (2013) who noted that BOP is the largest and fastest growing market in the world with 2/3 of the world population already in it and that this has in turn caused a change in demand for the various goods and services for the BOP market. The above findings are also supported by KPMG (2015) study, which showed that the total population of people earning Kes.300 and less in Africa continent contribute approximately 59% of the total consumption, a figure very close to the above 40% consumption of BOP sales in 2016 in this study.

However, the findings contradict Karnani (2007) who claimed that the BOP proposition is a harmless illusion and potentially a dangerous delusion; in other words, this is a very small market and that multinationals and large companies should not invest in it because it is not viable.

These findings do not agree with most BOP studies, which stated that the smallest SKUs are the most preferred by the BOP consumers, but concur with the findings carried out by Chikweche (2013) in Zimbabwe for the urban BOP consumers where the one-kilogram packaging was the fastest moving SKU and this is indeed correct because this study was done in Nairobi County and it covered the Nairobi slums

boasting an urban population with urban BOP consumers. A confirmation that BOP consumers are not necessarily looking for very small sizes of products as the BOP concept suggests. All the 4As strategies are important as a combination. This was shown by the 98% of the FMCG respondents who responded to the questionnaire on the growth in sales revenue and market share of their companies, consequently stating that the growth in the four years was due to the internally developed strategies that have implemented in their companies.

5.4 Recommendations

5.4.1 MNEs and FMCG companies

This study proved that there exists a solid market at the bottom of the pyramid and the findings have shown that by using the 4As strategies, multinationals (MNCs), large companies and private companies can indeed make a fortune as claimed by Prahalad (2010). The study therefore recommends FMCG management to consider implementing the 4As strategies in their broad strategic plans if they indeed want to grow their BOP market segment. Affordability and awareness strategies came out as the strongest strategies to use in BOP market and this concurs with the same thinking espoused in the 4As model by (Anderson& Billou,2007) whiched showed price as a key determinant in the growth of sales of products targeted to the low-income earners who rely on very limited income. Therefore, the study recommends that affordability and awareness strategies be given first priority when companies are planning of how to expand their market share through the bottom of the pyramid market segment. Findings revealed that the Tuk Tuks and the motor bikes are now the emerging most effective and accessible tools of distribution to the BOP market segment and FMCGs should start investing in these two tools of distribution because they are the most effective and efficient as proved by the findings of the study.

Social media came out as an effective and affordable awareness channel and hence a recommendation to the FMCG companies to consider increasing their social media budgets as the young generation are really sharing and using the social media platform like the WhatsApp platform to communicate and share information.

5.4.2 Study Contribution to the Theory

The study has contributed to the existing stock of knowledge in the literature of bottom of the pyramid strategies; the bottom of the pyramid market segment and their relationship in organization performance. The BOP as a concept in strategic management is relatively new being less than 20 years old and the study new insights will therefore be of value to scholars wishing to further this concept that has generated a lot of attention and but with conflicting debate globally.

The study laid its emphasis on the bottom of the pyramid market segment which literature suggests is the next big fortune for MNEs and large organization to grow their market share and profitability after their reduced market performance due to stiff competition in the upper and middle-income segments. The findings should awaken the MNEs, scholars and practitioners that as literature suggest that there is a fortune at the base of the pyramid.

The findings in this study are related to the dynamic capabilities theory. The theory urges that dynamic resources help a firm adjust its resource mix and there by maintain the sustainability of the firm's competitive advantage. The study showed that FMCG are using their resources to invest in the BOP market segment especially on the area of improving product quality and new product development for the BOP market segment. This implies that the theory is applicable among the FMCG companies in the Kenyan and should be applied when Kenya companies are using BOP strategies to influence organizational performance.

5.4.3 Suggestions for Further Research

Further studies can be done to establish the effect of bottom of the pyramid strategies on the entire manufacturing industry rather than Fast moving consumers' goods sector only. This will enlarge the sample size, which will improve reliability and validity of study and hence make it more feasible to generalize results.

Most of the studies in BOP are qualitative in nature with quite of few of them done on surveys and other quantitative studies. The studies indeed most of them have

used small populations and therefore more research is suggested on other research methodologies and use of large populations, which will assist in generalizing the results findings even if it includes mixed research methods.

As a future avenue of research, there is need to carry out similar research to cover other products and services outside the FMCG sector, this is because the literature shows that BOP consumers also buys other products which are not fast moving like mobile phones which have become a must have product for all consumers including the BOP consumers.

My research concentrated on the urban BOP consumer, which research shows they receive low income on a regular basis. It would be important to carry out further research on the rural BOP consumer in Kenya and correlate the findings with BOP studies done on the urban BOP consumers. The findings will then be correlated to show whether the Urban and rural BOP consumers have the same consumption patterns and hence guide the strategies on the best BOP models and strategies to use to grow the BOP market segment.

Most of the studies done so far on BOP strategies do not have either a moderating or an intervening variable. I would therefore suggest further studies to be carried out in future to also include a meditating or an intervening variable and then correlate the current findings the which most of them do not have a moderating or intervening variable.

REFERENCES

Abbott, M. L., & McKinney, J. (2013). *Understanding and applying research design,*. Somerset, NJ: John Wiley & Sons.

Alur & Schoolman (2002). The Fortune at the Bottom of the Pyramid. *Business Strategy Review*, 2(3), 50-54.

Anderson, J., & Billou, N. (2007). Serving the world's poor: innovation at the base of the economic pyramid. *Journal of Business Strategy*, *28*(2), 14-21.

Anderson, J., & Markides, C. (2007). Strategic innovation at the base of the pyramid. *European School of Management and Technology Review*, *49*(1), 83–88.

Angoitia, D. R., & Ramirez, F. (2009). Strategic use of telephony at bop: The case Mexico. *Journal of Information Technology & International Development*, *5*(3), 35-53.

Ansaris, S., Munir, K., & Gregg, T. (2012). Impact at the bop: the role of social capital in capability development & community empowerment. *Journal of management studies*, *49*(4), 813-843.

Arora, S., & Romijn, H. (2011). The empty rhetoric of poverty reduction at the base of the pyramid. *Organization Journal*, *19*(4), 481-505.

Auclair, C. (2008). How can the Bottom of the Pyramid Approach Work for the Slums? *The Habitat Debate*, *14*(2), 346-357.

Azmat, F., & Samaratunger, R. (2013). Exploring customer loyalty at the bottom of the pyramid South Asia. *Social Responsibility Journal*, *9*(3), 397-394.

Babie, E. (2010). *The practice of social research* (11th ed.). California: Thomson Wadsworth.

Barney, J. (2001). Resource-Based Theories of Competitive Advantage: A Ten-Year Retrospective on the Resource-Based View. *Journal of Management, 2*(7), 643–650.

Benevides, G., & Carlos, A. (2015). Product innovation and the market at the bottom of the pyramid: Study at the capital of Sao Paulo. *International journal of Humanities Social Sciences and Education, 2*(4), *29-42.*

Berg, B. (2001). Q*ualitative Research Methods for the Social Science* (4th ed.). Boston: Pearson Education.

Bikram, M. (2013). Exploring branding strategies of fast moving consumer goods services and durable goods: Evidence from India. *Journal of Product and Brand Management, 22(*1), *6-17.*

Bryman, A. (2004). *Social research methods* (2nd ed.). New York: Oxford University Press.

Buttery, E. A., & Buttery, E. M, (1991). Design of a Marketing Information System: Useful Paradigms. *European Journal of Marketing, 25*(1), 26 – 39.

Castillo, N. M., & Wagner, D. A. (2014). Gold standard? The use of randomized controlled trials for 433 international educational policies. *Comparative Education Review, 58*(1), 166–173.

Chattananon, A. (2003). *The impact of societal marketing programs, customer attitudes toward corporate image in Thailand*, Unpublished PhD Thesis, Southern Queensland, Australia: University of Southern Queensland.

Chikweche, T. (2013). Revisiting the business environment at the bottom of the pyramid (BOP): From theoretical considerations to practical realities. *Journal of Global Marketing*, *26*(5), 239-257.

Chikweche, T., & Flecher, R. (2011). Branding at the base of pyramid: A Zimbabwean perspective. *Journal of Marketing Intelligence and Planning*, *29*(3), 247-263.

Chikweche, T., & Flecher, R. (2011). Franchising at the bottom of the pyramid: An alternative distribution approach. *Journal of the International Review of Retail, Distribution and Consumer Research, 24*(4), 343-360

Chikweche, T., & Flecher, R. (2012). Revisiting the business environment at the bottom of the pyramid (BOP): From theoretical considerations to practical realities. *Journal of Consumer Marketing*, *29*(7), 507-520.

Chikweche, T., & Stanton, J., & Flecher, R. (2013). Family purchase decision making at the bottom of the pyramid. *Journal of Consumer Marketing*, *20*(3), 202-213.

Christensen, C.M. (1997). *Innovators dilemma: When technologies cause great firms to fail.* Boston: Library of Congress cataloging.

Clow, K.E., & Back, R. (2002). *Integrated advertising and marketing communication* (2nd ed.). India: Prentice Hall.

Cooper, D. R., & Schindler, P. S. (2008). *Business research methods* (10th ed.). Singapore: McGraw-Hill.

Cooper, D.R., & Emorly, C. W. (2005). *Business research methods*. New York: McGraw Hill International.

Creswell, J.W., (2009). *Research design: Qualitative, quantitative and mixed methods approaches* (3rd ed.). California/USA: Sage publications.

Cunningham F., (2005). Market Economies and Market Societies. *Journal of Social Philosophy*, *36*(2), 129-142.

Davidson, K., (2009). Ethical Concerns At the Bottom of the Pyramid: Where CSR Meets BOP. *Journal of International Business Ethics*, *2*(1), 22–32.

Dey, L.B., Prendergast, R., & Saren, M. (2013). A qualitative enquiry into the appropriation of mobile telephony at the BOP. *International Marketing Review, 30*(3), 297-310.

Dooley, D. (2007). *Social research methods* (4th ed.). New Delhi, India: Prentice Hall.

Eisenhardt, K.M., & Martin, J. (2000). Dynamic capabilities: What arethey? *Strategic Management Journal, 21*(11), 1105-1121.

Farrel, G. & Rogers, L. (2006). Comprehensive study of tests for normality and symmetry: Extending the Spiegel Halter test. *Journal of Statistical Computation and Simulation*, *76*(9), 803-816.

Florea (2014). Strategy That Influences the Adoption of Innovation in the Bottom of the Pyramid Market. *International Journal of Economics, 34*(1), 123-143.

Foster C., & Heeks R., (2013). *Innovation and Scaling of ICT for the Bottom-of-the-Pyramid*. UK: University of Manchester

Frey, L.R., Botan, C.H.,Friedman,P.G.,& Kreps, G.L. (2007). *Investigating communication: An introduction to research methods.* Englewood Cliffs, NJ: PrenticeHall.

Gateru, J. W. (2012). *Strategic response to environmental changes within cooperative societies in Kenya: A case study of Githunguri Dairy Farmers cooperative society Limited,* Unpublished MBA thesis, Nairobi:. United States International University, Kenya.

Gathara, M. (2010, July 2012). *Why SA creams Kenya*. Retrieved from: http://Kenyadairy.com/news/why-SA-Creams-Kenya.

Gathenya, J. (2012). *Entrepreneurial strategic planning practices and firm performance among women led small and medium enterprises in Kenya*

Unpublished PhD Thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Gebauer, R., & Reynoso, J. (2013). An agenda for service management at the base of the pyramid. *Journal of Service Management*, *24*(5), 482-501.

Ghasemi, A & Zahedias l,S. (2012). Normality tests for statistical analysis: A guide for non-statisticians. *International Journal Endocrinol Metab*., *10*(2), 486-9.

Gikenye, W. (2012). *The diffusion of information and communication technology in the informal sector in Kenya*, Unpublished PhD dissertation, South Africa: University of Zululand.

Githunguri Dairy Farmers Cooperative Society Ltd. (2011). *Company documents.*

Guesalaga, R. & Marshal, P. (2008). Purchasing power at the bottom of the pyramid: differences across geoghraphical regions and income tiers. *Journal of Consumer Marketing*, *25*(7), 413-418.

Gujarati, D. N. (2004). *Basic econometrics*, (4thed.). Front matter: McGraw-Hill.

Gupta, S., & Pirch, J. (2014). Consumer evaluation of target marketing to the bottom ofthe pyramid. *Journal of International Consumer Marketing*, *26*(14), 58-74.

Hahn, R., (2009). "The Ethical Rational of Business for the Poor - Integrating the Concepts Bottom of the Pyramid, Sustainable Development, and Corporate Citizenship." *Journal of Business Ethics, 84,* 313–324.

Hair, J. F., Black, W. C., & Babin, B. J. (2010). *Multivariate data analysis: A global perspective*. Upper Saddle River, NJ: Pearson Prentice-Hall.

Hammon, T. (2009). The ethical rational of business for the poor: Integrating the concepts bottom of the pyramid, sustainable development and corporate citizenship. *Journal of Business*, *8*(4), 313-324.

Hitt, M.A. (2011). Relevance of strategic management theory and research for supply Chain management. *Journal of SupplyChain Management, 47*(1), 9-13.

Hoetker, G. (2007*). The use of logit and probit models in strategic management research: Critical issues.* Illinois, U.S.A: John Wileys & Son, Ltd.

Ireland, D.R. (2008). Lessons for successful BOP marketing from Caracas slums. *Journal of Consumer Marketing*, *25*(7), 430-438.

Jaiswal, A. K., (2007). Fortune at the Bottom of the Pyramid: An Alternative Perspective," *IIMA Working Papers* WP2007-07-13 Indian Institute of Management Ahmedabad, Research and Publication Department.

Jose, S., & Buchanan, R.F. (2013). Marketing at the bottom of the pyramid: Service quality sensitivity of captive microfinance borrowers. *Journal of Consumer Marketing*, *30*(7), 573-582.

Jun, S., Lee, D., & J. (2013). Determining business models in the bottom of the pyramid markets. *Industrial Management and Data Systems Journal*, *113*(7), 1064-1082.

Kamala, G., Bork, K. (2010). Reaching customers at the base of the pyramid: A two stage business strategy. *Thunderbird International Business Review*, *52*(5), 355-367.

Karamchandani, A., Kubzansky, M., & Lalwani, N. (2011). Is the bottom of the pyramid really for you? *Havard business review*, *8*(24), 107-112.

Karnani, A. (2007). The mirage of marketing to the bottom of the pyramid: How the private sector can help alleviate poverty. *California management review*, *49*(4), 90-111.

Kenya Association of Manufacturers (2014). *Kenya Association of Manufacturers Directory 2014*. Nairobi: Kenya Association of Manufacturers.

Kenya Dairy Board (2009). *Facts and figures*. Retrieved from http://www.kdb.co.ke/facts.htm.

Kenya Dairy Board (2010). *Dairy Industry in Kenya*. Retrieved form http://www.kdb.co.ke

Kenya Dairy Board (2011). *Facts and figures*. Retrieved from http://www.kdb.co.ke/facts.htm

Kenya Dairy Board (2014). *Status of the dairy industry*. Retrieved from http://www.kdb.co.ke/

Kenya-Vision 2030 (2007). *Globally Competitive and Prosperous Kenya*. Nairobi: Government Printers

Kihara, N.S.A (2016). *Influence of strategic contingency factors on performance oflarge manufacturing firms in Kenya,* Unpublished PhD Thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Kim, C.W & Mauborgne, R. (2005). Blue Ocean Strategy: From theory to practice. *California Management Review, 47*(3), 106-121.

Kiriinya, S. N. (2014). *Influence of Children on Family Purchase Decisions of Households in Kenya*, Unpublished PhD Thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Kistruck, G.M., Webb, W., Sutter, C.J., & Ireland, D.R. (2011). Micro franchising in base of the pyramid markets: Institutional challenges and Adaptations to the franchise model. *Enterprise Theory and Practice*, 2(3), 503-531.

Kolk, A., Rivera, M., & Riffin, C. (2013). Reviewing a decade of research on the "base/bottom of the pyramid" BOP concept. *Business and Society*, *20*(10), 1-40.

Kombo, D. K., & Tromp, D.A. (2009). *Proposal and thesis writing: An introduction*. Nairobi: Paulines Publications Africa.

Kothari, C. R. (2004). *Research methodology: Methods and techniques* (2nd ed.). Nairobi, Kenya: New Age International Publishers.

Kotler, P. (1997). *Marketing management: Analysis, planning, implementation & control* (9th ed.). U.S.A: Prentice Hall.

Kotler, P. (2008). *Marketing Management*, (13th Edition), India: Prentice Hall.

KPMG (2015). *Fast moving consumer goods in Africa*. Retrieved from https://www.kpmg.com/Africa/en/IssuesAndInsights/Article.Publications/General.Industries.Publications/Documents/FastMoving%20Consumer%20Goods%20sector%20report%20 2015.pdf.

Kvale, K. (2007). *Doing interviews.* California: Sage publishing.

Lanrum, N. E. (2007). Advancing the Base of the pyramid. *Strategic Management Review*, *1*(11), 322-327.

Lee, N. & Lings, I. (2008). *Doing business research: A guide to theory & practice* (8th ed.). London: Sage publications Ltd

Majunder, M. (2012). A Critical Approach in understanding bottom of the pyramid proposition. *Journal of Management & Public Policy*, *3*(2), 18-25.

Mardal, P., & Coreja, T. (2013). *Marketing Mix strategies towards the bottom of the pyramid*. A study of the Brazilian market, Brazilian, Uppsala: Uppsala University.

Martha.R. (2013). Microfinance and mobile banking for the bottom of the pyramid. *Journal of Enterprise Communities*, *7*(2), 155-166.

Martin, D.K. & Hill, P.R. (2012). Life satisfaction, self-determination and consumption adequacy at the bottom of the pyramid. *Journal of Consumer Research*, *38*, 78-91.

Martinez, J.L. (2007). Value at the bottom of the pyramid. *Business Strategy Review, 2*(1), 50-54.

Mason, K., Chakrabarti, R., & Singh, A. (2013). Markets and marketing at the bottom of the pyramid. *Journal of marketing theory*, *13*(3), 405-407.

McMilan, J.H. & Schumacher, S. (2006). *Research in education: Evidence based inquiry (6th ed.).* Boston, United States of America: Pearson Education

Mintzberg, H. Ahlstrand, B. & Lampel, J. (1998). *Strategy Safari: A guided tour through the wilds of Strategic Management.* New York: Prentice Hall.

Mouborgne, R. & Kim, W.K. (2005). Blue Ocean Strategy: From theory practice. *California Management Review, 47*(3), 105-121.

Mugenda, O., & Mugenda, A. (2003). *Research methods: Quantitative and qualitative approaches* (2nd Ed.). Nairobi: Acts Press.

Murray, C.E., (2009). Diffusion of innovation theory: A bridge for the research practice gap in counseling. *Journal of Counseling and Development*, *87*, 108-116.

Muthoka, K.M.M. (2016). *Influence of employee relations practices on organisationalperformance of public healthcare sector in Kenya*, Unpublished PhD Thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Nakata, C., & Weider, K. (2012). Enhancing New Products Adoption at the Bottom of the pyramid: A contextualized model. *Journal of Production and Innovation Management*, *29*(1), 21-32

Ngamkroeckjoti, C. S. (2007). Technology turbulence and environment scanning in Thailand: New product development. *Asia Pacific Journal of Marketing and Logistics, 3*(16), 413-342.

Ngugi, J. K. (2012). *Challenges hindering sustainability of Small and Medium Family Enterprises after the exit of the founders in Kenya*, Unpublished PhD Thesis, Juja: Jomo Kenyatta University of Agriculture and Technology.

Nguyen, H. N., & Mohamed, S. (2011). Leadership behaviours, organizational culture and knowledge management practices: An empirical investigation. *Journal of Management and Development*, *30*(2), 206-221.

Njuru, S.G., Ombuki, C., Wawire, N. & Okeri, S. (2013). Taxation and private investment: Evidence for Kenya. *International Journal of Economics and Management Sciences, 2* (11) 78-93.

Norusis, M. J. (2003). *SPSS 12.0 Statistical Procedures Companion*. Upper Saddle River, NJ: Prentice-Hall.

Nyaga, J. (2014). Factors affecting distribution of fast moving consumer goods in Kenya. *International Journal of Social Sciences and Entrepreneurship, 1*(12), 290-312.

Olsen, B.K., Cudmore, A. & Hill, R. (2006). The impact of perceived corporate social responsibility on consumer behavoiur. *Journal of Business Research*, *59*(1), 46-53.

Olsen, M., & Boxenbaum, M. (2009). Bottom of the pyramid: Organizational barriers to implementation. *California Management Review*, *51*(4), 100-125.

Osroff, C., & Schmitt, N. (1993). Configurations of Organizational Effectiveness and Efficiency. *Academy of Management Journal*, *36* (6), 1345-1361.

Pallant, J. (2005). *SPSS Survival manual: A step to guide to data analysis using SPSS for Windows*. Maidenhead: Open University Press.

Payaud, M. (2014). Marketing strategies at the bottom of the pyramid: Examples from Nestle, Danone, and Proctor & Gamble. *Journal Global Business and Organization Excellence, 29*(10), 51-63.

Petrescu, M., & Bhatli.D. (2013). Consumer behavior in flea markets and marketing to bottom of the pyramid. *Journal of Management Research*, *13*(1), 55-63.

Pitta, A. D, Guesalaga, R. & Marshal, P.. (2006). The quest for the fortune at the bottom of the pyramid. *Journal of Marketing*, 25(7), 393-401

Polit, D. F. & Beck, C.T. (2003). *In Nursing Research: Principles and Methods.* (7thEd.) . Philadelphia: Lippincott Williams & Wilkins.

Prahalad, C.K. (2010). *The fortune at the bottom of the pyramid: Eradicating poverty through profit* (5th ed.). New Jersey: Pearson Education Ltd.

Rangan, V. K., Michael, C.M., & Petkoski, D. (2011). Segmenting the Base of the Pyramid. *Harvard Business Review*, *5*(2), 629-635.

Rangnerkar, S. (2010). Nano strategy: Focusing on the bottom of the pyramid. *Journal of Management*, *6*(2), 55-58.

Republic of Kenya (ROK) (2008). *Kenya Vision 2030.* Nairobi: Government Printer.

Republic of Kenya (ROK) (2014). *The Economic Survey 2014.* Kenya National Bureau of Statistics, Nairobi: Government Printer.

Robinson, R., Pearce, J., & Mital, A. (2008). *Strategic Management: Formulation, implementation and control.* New Delhi: McGraw Hill.

Rogers, E.M. (2003). *Diffusion of Innovations*, (5th ed.), New York, NY: Free Press.

Saunders, M., Lewis, P., & Thorn hill, A. (2008). *Research methods for business students.* London: Pearson Education.

Schrader, C., Freimann, J., & Seuring, S. (2012). Business Strategy at the base of the pyramid. *Business Strategy and Environmental Journal, 21*(5), 281-298.

Seidman, I. (2006). *Interviewing in qualitative research: A guide for researchers in education and social sciences* (3rd ed.). New York: Teachers College Press.

Sekaran, U. & Bougie, R. (2010). *Research Methods for Business: A skill building approach.* UK: John Wiley & Sons.

Shafayet, G. M., & Rozario, P. (2012). Factors influencing the Bangladeshi consumers' purchase decision regarding Fast Moving Consumer Goods: An exploratory study. *The IUP Journal of Brands Management*. *9*(4), 451-478.

Simanis, E. (2012). Reality check at the bottom of the pyramid. *Harvard Business Review*, *6*(2), 323-331.

Stephani, S. (2006). *Housing the poor by engaging the private sector and citizen sectors: social innovations and 'Hybrid Value Chain.'* Paper submitted by Ashoka: Innovators for the Public. Vancouver: World Urban Forum.

Stile, J. (2003). A philosophical Justification for a Realist Approach to Strategic

Alliance Research: Qualitative Market Research. *An International Journal*, *6*(4), 263 – 271

Strickland, T.A.A., & Gamble, J.E. (2008). *Crafting and executing strategy: The quest for competitive advantage, concepts & cases* (7th ed.). New York: McGraw-Hill.

Tarafdar, M., Anekal, P. & Sing, R. (2012). Market development at the bottom of the pyramid: examining the role of information and communication. *Information Technology for Development, 18*(4), 311-331.

Tashman.P. & Marano, T. (2013). Dynamics Capabilities and Base of the Pyramid Business Strategies. *Journal of Business Ethics*, *89*(4), 495-514.

Teece, D.J. (2007). Explicating dynamic capabilities: The nature and micro-foundations of (sustainable) enterprise performance. *Strategic ManagementJou rnal*, 28(13), 1319- 1350.

Teece, D.J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, *18* (7), 509-533.

Tetra Pak (2013). *Internal research: Tetra pack bottom of the pyramid in the developing Markets*, Unpublished MSC Thesis, New York: Cornell University.

Thoenig, J., & Waldman, C. (2006). *Embedding firms*: *To make an impact on business and society.* Basingstoke, England: Palgrave Macmillan.

Tykesso, D., & Mikael, A. (2011). *The Uppersala Model: Applicability on internationalization processes of the European SME*. Lunds: Lunds University.

Vachani, S., & Smith, N. C. (2014). Social responsible distribution: Distribution strategies for reaching the bottom of the pyramid. *California Management Review*, *50*(2), 52-84.

Varman, S., Skalen, P & Belk, W. R. (2012). Conflicts at the Bottom of the Pyramid: Profitability, Poverty Alleviation, and Neoliberal Governmentality. *Journal of Public Policy and Government*, *31*(1), 19-35.

Waburi, N. (2013). Facing the African Consumer. Retrieved from https://www.rms.com/industries/retail/our-insights/facing the African consumer

Waiganjo, E. W., (2013). *Effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya's*

corporate organizations, Unpublished PhD Thesis, Juja Jomo Kenyatta University of Agriculture and Technology.

Whittaker, D.H., Fall, B.P. & Fiedler, A. (2016). Assembling capabilities for innovation: evidence from New Zealand SMEs. *International Journal of Small Business, 34*(1), 123-143.

Williams, R.L., Omra, M., & Ensor, J. (2010). Sourcing or selling: The value flame at the base of the pyramid. *Marketing Intelligence & Planning*, *29*(3), 233-246.

World Bank, (2013). *Mobile usage at the base of the pyramid: Research findings from Kenya and South Africa.* New York: World Bank.

Yang, L., Guohui, S., & Eppler, M. (2008). *Making strategy work: A literature review on the factors influencing strategy implementation*. ICA Working Paper 2/2008. Lugano, Switzerland Institute of Communication.

Zikmund, W. G., Babin, B.J., Carr. C. J., & Griffin, M. (2010). *Business research methods* (8^{thnb}ed.). Mason: Cengage Learning.

APPENDICES

Appendix I: Letter of Introduction

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
NAIROBI CBD CAMPUS
Department of Commerce and Economics Studies

P.O. Box 62000
NAIROBI - 00200
KENYA

TEL: 020-221306
Email: cesnchd@jkuat.ac.ke

Ref: JKUAT/06/2/38

11th May 2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: LETTER OF INTRODUCTION- JAMES GATERU- HD433-C004-0190/2013

This is to confirm that the above named is a student pursuing PhD in Business Administration Programme at Jomo Kenyatta University of Agriculture and Technology, NCBD Campus.

He has completed his coursework and is now working on his research thesis titled **"Effect of Fast Moving Consumer Goods Company Strategies on the Bottom of the Pyramid Market in Nairobi Kenya'** as partial fulfilment of the requirements of the Programme. As such, he will be contacting you for data collection for his research study.

Any assistance accorded to him will be highly appreciated. Please do not hesitate to contact the undersigned for any more information.

Your sincerely,

Gladys Rotich (PhD)
Associate Chair –CES

JKUAT is ISO 9001:2008 & 14001:2004 Certified.
Setting Trends in Higher Education, Research and Innovation

Appendix II: Senior Management FMCG Questionnaire

I am James Gateru, a PhD Student of JKUAT carrying out a research on **"Effect of Bottom of the pyramid Strategies on fast moving consumer goods market performance in Kenya".** Bottom of the pyramid simply means providing goods and services to the low-income group of the consumers. You have been selected together with others to participate in this research. Please be assured that whatever information will be collected using this questionnaire will be treated in Confidence and will only be used only for the sole purpose of this academic research. This questionnaire is structured in seven sections of A, B, C, D, E, F and G.

SECTION A: BACKGROUND INFORMATION

Please tick the appropriate box or fill in the blank space provided.

Company Name……

Participants Name…… (Optional) Position title…….

1. How long have you served in your current position?

<3 years [ ] 3-5 years [ ] 6-10 years [ ] More than 10 years [ ]

2. How many years has this company been in operation?

1-5 years [ ] 6-10 years [ ] 11-15 years [ ] Over 15 years [ ]

3. Please indicate the consumer income bracket that your company targets

Low income [ ] Middle Income [ ] High Income [ ]

All the three categories [ ]

4. In case your target (in 3 above) is more than one income bracket, please indicate the company's specific focus

Low income [ ] Middle Income [ ] High Income [ ]

5. What is the turnover/sales revenue of this company per year in Kes?

0-200 million [ ] >200-500 million [ ] 0.5-1billion [ ] >1 -5 billion [ ] > 5-10billion [ ]>10 billion [ ]

SECTION B. AFFORDABILTY STRATEGY

Please tick the appropriate box or fill in the blank space provided.

1. From your experiences on the products you sell to low income consumers, would you say your products are affordable?

Yes [ ] No [ ]

Explain your answer. _____

_____

2. FMCG companies carry out a number of strategies in order to improve affordability of its products. How effective are the folloing strategies in ensuring the products you sell are affordable to the BOP consumer? Rate the approaches using the scale from 5-1 as given, 5=Very effective [ ], 4= Effective [ ], 3= moderately effective [ ], 2=Slighlty effective [ ] 1= Not effective [ ]

	Strategies	5	4	3	2	1
A	Maintain competitive prices					
B	Pack small packages which sells at low prices(single serve units)					
C	Encourage retailers to repack FMCG products into smaller sizes					

3. Price point is a key tactic used while setting prices for low-income consumers (Kadogo market) what is your most preferred price point for your fastest moving size/package to the low-income consumers in Ksh.

a) 0-10/- [ ] b) 11-20/- [ ] c) 21-30/- [ ] d) 31-40/- [ ] e) 41-50/- [ ] f) Over 50/- [ ]

4. Price sensitivity: is a key tactic to consider while setting prices to low income consumes

To what extent would you say the products you sell to low income consumers are sensitive to price changes? Please rate the statements using the scale from 5-1 as given; where: 5=very sensitive [ ], 4= sensitive [ ], 3 = moderately sensitive [ ]; 2= slightly sensitive [ ] and 1= not sensitive [ ],

5.0 Companies use the following strategies to reduce price sensitivity. Which Strategies does your company use frequently? Where 5=most used [ ], 4=used quite often [ ], 3= moderately used [ ], 2=slightly used [ ], 1=Hardly used [ ]

	Tactic	5	4	3	2	1
A	Carry out trade promotion 10% extra volume					
B	Carry out pricing gimmicks 9.99, 99.90.					
C	Carry out product banding like buy 3 get 1 free					
D	Give price discounts like 10% off					
F	Pack single serve packages/ small sizes with low prices per unit					

SECTION C: AVAILABILITY STRATEGY

1.0 Companies to improve availability of its products use the following types of distribution channels. In your view which is the most effective channel to use for BOP products. Please rate the factors in the table below using ranking from 5-1 where:5= Very effective [ ],4 =effective [ ], 3=moderately effective [ ], 2= slightly effective [ ], 1= Not effective [ ]

	Effectiveness	5	4	3	2	1
a	Supermarkets					
b	General shops and groceries					
c	Convenient stores					
d	Kiosks					
f	Multi-level direct –(distribution to consumer)					

2.0 What % of BOP market goes through this channel?

	% of sales volumes	>40%	>30-40%	>20-30%	>10-20%	0-10%
a	Supermarkets					
b	General shops and groceries					
c	Convenient stores and groceries					
d	Kiosks					
e	Multi-level; direct distribution-consumer					

3. The following tools of distribution are normally used in the distribution of products to the low-income consumers. What percentage of total volume of goods goes through this channel for BOP products?

	What % of BOP is carried through the following tools?	>40%	30-40%	>20-30%	>10-20%	0-10%
a	Three wheeler(Tuk tuks) & pick ups					
b	Vehicles-2-3 tones					
c	Vehicles >3-5 tones					
d	Motor bikes & bicycles					

e	Others tools such as human assisted tools likes trolleys, etc.					

4. Which channel is the most effective in terms of cost per unit and accessibility to the BOP consumer? Where 5= Very effective 4=Effective 3- Moderately effective 2-Slightly effective 1-Not effective.

	Effectiveness in terms of cost per unit and accessibility	5	4	3	2	1
a	Threewheeler (Tuk tuk) (< 2 tones)					
b	Vehicles (>1-3 tones)					
c	Vehicles (>3-5 tones)					
d	Motor bikes					
e	Human pulled tools likes trolleys, human labor, etc.					

4.0 What percentage (percentage) of business do you lose due to lack of products in the retail outlets who sell to final consumers?

a) 0-20% [ ] b) >20-30 [ ] c)>30-40 [ ] d) >50% [ ]

SECTION D: ACCEPTABILITY STRATEGY

1) FMCG companies normally target the following sizes of products to the BOP consumers. Kindly tick the sizes that you normally have in the space provided in the table below marked as **B-**in the column and please **Rank** the movement of the fastest three sizes, where1-indictates the fastest and 3-the slowest size. **N.B gm/ml means grams and mililitres**.

	Size description =A	**Available sizes=B**	**Movement from fastest to slowest**		
	Size of units		**3**	**2**	**1**
a	0-250 gm/ml				
b	251-500 gm/ml				
c	501-1kg/litre				

d	>1-2kg/litre				
e	>2-5kglitre/kg				

Please specify any other(s) ----------

2. Approximately what percentage of investment do you allocate in automation specifically to low-income consumer's product development?

	Less than 10%	10-20%	21-30%	31-40%	More than 40%
2012					
2013					
2014					
2015					

3. Do you maintain uniformity in product quality to all the three market segments?

Yes ( ) No ( )

Please explain your answer to (3) above----------

----------4. Have you invested in innovation meant to produce new designs, which are targeted to the low-income consumers?

Yes [ ] No [ ]

4b). If your answer in (4) is No. Please explain/justify.

_____

____

5. The following material are used by FMCG firms in packaging their products. Kindly tick the ones that your company uses especially for low-income consumers.

a	**Packaging material**	**Yes, we have**	**No, we Don't**
b	Carton/paper		
c	Plastic/pouch		
d	Carton & plastic combined		
e	Tin /metallic		
f	Plastics & metallic combination		
g	Carton & metallic combination		
h	Glass Material		

6. Considering product quality and long-term sustainability of your company, which packaging material would say is most appropriate to the low-income consumers and which one is the most affordable? Please answer the question using the rating shown from 5-1, where 5=Most appropriate ( )/Most-affordable ( ),4=Appropriate ( ),Affordable ( ) 3=moderately appropriate ( ) Affordable ( ), 2=slightly appropriate ( ), slightly affordable ( ) and 1=Not appropriate( )/ Not Affordable( ).tick as appropriate in the space provided.

		Appropriateness					**Affordability**				
	Size of units	5	4	3	2	1	5	4	3	2	1
a	Carton /paper										
b	Plastic/Pouch										
c	Tin/Metallic										
d	Carton & Tin combination										
e	Plastic & Tin combination										
f	Glass Material										

SECTION E: AWARENESS STRATEGY

1. The following are the channels used by companies to promote their products to low income consumers. Which channel has the highest brand influence hence most effective? Please rate using the scale provided from where: five=Very big impact /Very effective, four= Quite Impactful/Effective. Three = moderately impactful/ moderately effective, two= Slightly Impactful/Slightly effective, 1=Very low impact/Hardly effective.

		Brand Awareness Impact				
	Awareness atrategies	5	4	3	2	1
1	Personal selling/Word of mouth					
2	Sales promotions					
3	Philanthropy (CSR)					
4	Advertising					
4	Social media platform like mobile phones					

2.0 From (1) above please name the top 3 channels that your company uses starting from the mostly used as (3),number (2) and number in the space provided;

3_____2_____1_____
____

3.0. Approximately what proportion of the total promotion budget do you allocate to the low-income market? Tick as appropriate.

1=0-10% [ ] 4= >10-20% [ ] 3= 20-30% [ ] 2= 30-40% [ ] 5= More than 50% [ ]

SECTION G: FAST MOVING CONSUMER GOODS MARKET PERFORMANCE INFORMATION

1. Please indicate the average growth your business has recorded in sales revenue in the last four years? Tick as appropriate (a) 0% -10% ( ) b)>10-20% ( ) c) 20-30% ( ) d) > 30-40% ( ) and e) > 40% ( )

2. Was this growth mainly due to the strategies you have developed or due to external factors? 1= Yes, is due to the strategies developed internally [ ] 2= No it was due to external factors [ ]

3. If your answer is yes in (2 above), to what extent would you say the growth is due to the specific strategies listed below? Please rate the effect of the strategies from 5-1, 5= To a great extent, 4= largely, 3= To some extent, 2=Minimum extent.1=very minimal extent.

	BOP Strategies used by FMCG companies and their relative strength	5	4	3	2	1
1	Affordability					
2	Availability					
3	Acceptability					
4	Awareness					

4.0. Please show your Company Sales for the last 4 years in millions (000,000) of ksh.N.B. The sales can also be given in volumes like litres or kgs, if the revenue is restricted or exclusive.

	2012	2013	2014	2015
Total sales				
% of Sales sold to BOP				
% of Sales sold to middle class & upper income				

5. What percentage growth in market share would you associate with the low income/BOP market segment for the last four years?

Year	**GROWTH OF MARKET SHARE (%)**				
	Less than 10	10-20	20-30	30-40	More than 40
2012					
2013					
2014					
2015					

6. Year 2016 market share of low income consumers.

1=0-10% [ ] 4= 31-40% [ ]

2= 11-20% [ ] 5=Above 40% [ ]

3= 21-30% [ ]

THANK YOU SO MUCH FOR YOUR TIME AND RESPONSE

Appendix III: Bottom of the Pyramid Consumers Questionnaire

I am James Gateru, a PhD Student of JKUAT carrying out a research on **"Effects of Fast Moving Consumer Goods (FMCG) company strategies on the Bottom of the Pyramid (BOP) market in Kenya".** Bottom of the pyramid simply means proving goods and services to the low-income group of the consumers. You have been selected together with others to participate in this research. Please be assured that whatever information will be collected using this questionnaire will be treated in Confidence and will only be used only for the sole purpose of this academic research. This questionnaire is structured in two sections, A and B.

SECTION A: BACKGROUND INFORMATION

Please tick the appropriate box or fill in the blank space provided.

1. Name: ---------- (Optional)
2. Place of residence.

Kibera [ ] Sinai [ ] Kwanjenga/Pipe line [ ] Mathare [ ] Soweto [ ]

3. Who earns the money in your family? Me [ ] My Partner [ ]

4. Do you receive your wages/salary per month or daily?

Weekly [ ] Monthly [ ]

5. If monthly kindly ticks the income groups you fall in (amount expressed in Kshs.)

6,000-10,000 [ ] 15,001-20,000 [ ] Over 24,000 [ ]

10,001-15,000 [ ] 20,001-24,000 [ ]

6. If Daily kindly tick the group you fall in (amount expressed in Kshs.)

200-300 [ ] 501-700 [ ] Over 800 [ ]

301-500 [ ] 701-800 [ ]

7. Do you save any money in whichever way? Please tick in the space provided.

Yes [ ] No [ ]

8. If you answer in (7 above) is yes, what percentage of your income do you save?
(i) I save nothing (0%) ( ) (ii) 0-10% ( ) >10-20% ( ) > 20-30% ( ) more than 30% extent ( )

SECTION B.

A.) Affordability Information

9. Bread/cakes, maize/baking flour, sugar, milk, tea leaves/cocoa, toilet paper, detergents and tissue paper are some of the products sold by FMCGs (companies) or otherwise are the most frequently bought goods in the retail outlets. Please rate them in the scale provided from 5-1, where: five=Very affordable four=, Affordable= three=slightly affordable 2= Am not sure 1=Not affordable.

	Description	1	2	3	4	5
1	Company packed goods					
3	Company manufactured but re-packed by retailers					
3	Informal packed goods not manufactured					

10. On average how much money do you spend in any of the three categories of goods mentioned in below per day? (State in Kshs.)

i) For manufactured packaged goods ----------
ii) For re-packed manufactured goods----------
iii) Jua kali/informally packed goods ----------

b.) Availability information

11. Where do get buy the goods you use every day?

In the kiosks [ ] In the Dukas/Shops [ ]
In the open market (sokoni) [ ] in the main supermarkets [ ]

12. If your answer in (5 above) is yes to all the categories, please list the first two outlets where you do shopping----------, and ----------

13. Do you always get the manufactured goods in the right sizes and in all the varieties; you need from the nearest outlets you do shop in? Yes [ ] No [ ]

14. If you miss the products you need at your nearest shop, do you get them elsewhere?

Not at all [ ] sometimes [ ] yes, all the time [ ]

15. What would you recommend manufacturers /retailers to do in order to get all the products you need?

Deliver the products more often [ ] Avail the products to you directly [ ]

C.) **Acceptability Information**

16. Please rate the quality and safety of the goods you buy in the following table. Please rate them in the scale provided from 5-1, where: five=High quality 4=Good quality 3=Okay 2=Am not sure one=Not fit for human consumption/usage.

	Description	**1**	**2**	**3**	**4**	**5**
1	Company packed goods(formal goods)					
3	Company manufactured but re-packed by retailers					
3	Informal packed goods, not manufactured					

17. Are you satisfied with the current sizes, styles and quality of products you buy from the manufacturing firms?

Not satisfied [ ] Not sure [ ] slightly satisfied [ ] satisfied [ ] Very satisfied [ ]

18. Are you satisfied with the current sizes, styles and quality of Re-packed products you buy from the manufacturing firms?

Not satisfied [ ] Not sure [ ] slightly satisfied [ ] satisfied [ ] Very satisfied [ ]

19. Are you satisfied with the locally/Jua kali product sizes, styles and quality currently being sold to you by the retailers?

Not satisfied [ ] Not sure [ ] slightly satisfied [ ] satisfied [ ] Very satisfied [ ]

20. Do you enjoy the current plastic/pouch products currently being sold by the manufacturing firms? No [ ] Not sure [ ] slightly enjoy [ ] enjoy [ ] Enjoy very much [ ]

D.) **Awareness Information**

21. How did you learn about the current products you buy from the FMCGs? If more

Word of mouth [ ] Radio [ ] Road shows/activations [ ] T.V [ ] Posters (P.O.S.M) [ ]

Thank You So Much for Your Time and Response

Appendix IV: Fast Moving Consumer Goods Manufacturers

LISTING	COMPANY NAME	LOCATION
1	Del Monte Kenya Ltd	Nairobi
2	Africa Spirits Limited	Nairobi
3	African Cotton Industries Ltd	Nairobi
4	Africote Ltd	Nairobi
5	Agri Pro-Pak Ltd	Nairobi
6	Alanic industries	Nairobi
7	Alisan industries	Nairobi
8	Alliance One Tobacco Kenya Ltd	Nairobi
9	Al-Mahra Industries Ltd	Nairobi
10	Alpha Medical Manufacturers	Nairobi
11	Alpine Coolers Limited	Nairobi
12	Anfi Kenya Ltd	Nairobi
13	Aquamist Limited	Nairobi
14	Bakers Corner Ltd	Nairobi
15	Beiersdorf East Africa Ltd	Nairobi
16	Belat Enterprises	Nairobi
17	Beverage Services (K) Ltd	Nairobi
18	Biodeal Laboratories Ltd	Nairobi
19	Blue Ring Products Ltd	Nairobi
20	British American Tobacco Kenya	Nairobi
21	Buyline Industries Limited	Nairobi
22	C.Czarnikow Sugar E.A	Nairobi
23	C.Dormans Ltd	Nairobi
24	Cadbrury Kenya Limited	Nairobi
25	Candy Kenya Ltd	Nairobi
26	Canon Chemicals Limited	Nairobi
27	Chandaria Industries Ltd	Nairobi
28	Chirag Kenya Limited	Nairobi
29	Danone Baby Nutrition Africa	Nairobi

30.	Desbro Kenya Limited	Nairobi
31.	Diversy Eastern & Central Africa	Nairobi
32.	East African Breweries Ltd	Nairobi
33.	Edible Oil Products	Nairobi
34.	Elex Products Ltd	Nairobi
35.	Ennsvalley Bakery Ltd	Nairobi
36.	Europack Industries Limited	Nairobi
37.	Excel Chemicals Ltd	Nairobi
38.	Farmers Choice Ltd	Nairobi
39.	Flame tree ltd	Nairobi
40.	Frigoken Ltd	Nairobi
41.	Giloil Company Limited	Nairobi
42.	Glaciers Products	Nairobi
43.	Glaxo Smithkline Kenya Ltd	Nairobi
44.	Global Merchants Ltd	Nairobi
45.	Gons foods ltd	Nairobi
46.	Green Forest Foods Ltd	Nairobi
47.	Haco Tiger Brands (E.A) Limited	Nairobi
48.	Highlands Canners Ltd	Nairobi
49.	Honey Care ltd	Nairobi
50.	Interconsumer Products Ltd	Nairobi
51.	International Paper & Board	Nairobi
52.	Jambo Biscuits (K) Ltd	Nairobi
53.	Johnson Diversey East Africa	Nairobi
54.	Kamili Packers Ltd	Nairobi
55.	Kapa Oil Refineries Limited	Nairobi
56.	Kenafric Industries Ltd	Nairobi
57.	Kenya Breweries Ltd	Nairobi
58.	Kenya Meat Commission	Nairobi
59	Kenya Nut Company Ltd	Nairobi
60.	Kenya Sweets Ltd	Nairobi

61.	Kenya Tea Development	Nairobi
62.	Kenya Wine Agencies Limited	Nairobi
63.	Kevian Kenya Ltd	Nairobi
64.	Kim-Fay East Africa Ltd	Nairobi
65.	Kinangop Dairy Limited	Nairobi
66.	Kip Melamine Co.Ltd	Nairobi
67.	Koba Waters Ltd	Nairobi
68.	Kwality Candies & Sweets Ltd	Nairobi
69	L'Oreal East AfricaLtd	Nairobi
70.	London Distilers	Nairobi
71.	Manji Food Industries Limited	Nairobi
72.	Mastermind Tobacco (K) Ltd	Nairobi
73.	Mayfeeds Kenya Limited	Nairobi
74.	Medivet Products Ltd	Nairobi
75.	Melvin Marsh International	Nairobi
76.	Mini Bakeries (NbI) Ltd	Nairobi
77.	Miritini Kenya Ltd	Nairobi
78.	Nairobi Bottlers Ltd	Nairobi
79.	Nairobi Flour Mills	Nairobi
80.	Nestle Foods Kenya Ltd	Nairobi
81.	Nestle Foods Kenya Ltd	Nairobi
82.	New KCC	Nairobi
83.	Nutro Manufactures EPZ Ltd	Nairobi
84.	Odex Chemicals Ltd	Nairobi
85.	Orbit Chemicals Industries	Nairobi
86.	Patco Industries Limited	Nairobi
87.	Pearl Industries Ltd	Nairobi
88.	Pembe Flour Mills	Nairobi
89.	Premier Flour Mills Ltd	Nairobi
90.	Premier Food Industries Limited	Nairobi
91.	Pristine International Ltd	Nairobi

92.	Procter & Gamble East Africa	Nairobi
93.	Proctor &Allan (E.A.) Ltd	Nairobi
94.	Promasidor Kenya Ltd	Nairobi
95.	Propak ltd	Nairobi
96.	PZ Cussons EA Ltd	Nairobi
97.	Rafiki Millers Ltd	Nairobi
98	Razco Ltd	Nairobi
99	Reckitt Benckiser (E.A.) Ltd	Nairobi
100.	Revolution Stores Ltd	Nairobi
101.	Rosakind ltd	Nairobi
102.	Sameer Agriculture & Livestock	Nairobi
103	Sanpac Africa Ltd	Nairobi
104	Seperleek k ltd	Nairobi
105	Soilex Prosolve Limited	Nairobi
106	Spices world	Nairobi
107.	Strategic Industries Limited	Nairobi
108.	The Breakfast Cereal	Nairobi
109	Tri-Clover Industries (K) Ltd	Nairobi
110.	Tropical Brand (Afrika) Ltd	Nairobi
111.	Unga Group Ltd	Nairobi
112.	Unilever East and Southern	Nairobi
113.	United Distillers And UDV	Nairobi
114.	Usafi ltd	Nairobi
115.	Wanji Food Industries Limited	Nairobi
116.	Wrigley Company (E.A.) Ltd	Nairobi
117.	K –foods ltd	Nairobi
118.	Kinale foods	Nairobi
119	Eldoret Grains Ltd	Eldoret
120.	Arkay Industries Ltd	Eldoret
121.	Rift Valley Bottlers Ltd	Eldoret
122.	Butali Sugar Mills Ltd	Kakamega

123.	West Kenya Sugar Company	Kakamega
124.	James Finlay Kenya Ltd	Kericho
125.	Kenya Tea Packers Ltd (KETEPA)	Kericho
126.	Munyiri Special Honey Ltd	Kerugoya
127.	Karirana Estate Ltd	Kiambu
128.	Githunguri Dairy Fresha	Kiambu
129.	Kisii Bottlers Ltd	Kisii
130.	Agro Chemical and Food	Kisumu
131.	Chemilil Sugar Company Ltd	Kisumu
132.	Equator Bottlers Ltd	Kisumu
133.	Kabianga Dairy Ltd	Kisumu
134.	Kambu Distillers Limited	Kisumu
135.	Kibos Sugar and Allied Industies	Kisumu
136.	Spectre International Ltd	Kisumu
137.	United Millers Ltd	Kisumu
138.	Darfords Enterprises Ltd	Machakos
139.	Mafuko Industries Limited	Meru
140.	Bunge East Africa Ltd	Mombasa
141.	Buzeki Dairy Limited	Mombasa
142.	Chai Trading Company Limited	Mombasa
143.	Coastal Bottlers Limited	Mombasa
144.	Coffee &Tea Agencies	Mombasa
145.	Diamond Industries Ltd	Mombasa
146.	Global Tea & Commodities	Mombasa
147	Gold Crown Beverages (K) LTD	Mombasa
148.	Gold Crown Foods (EPZ) Ltd	Mombasa
149.	Juja Cofffe Exporters	Mombasa
150.	Milly Fruit Processors Ltd	Mombasa
151.	Mombasa Maize Millers	Mombasa
152.	Mzuri Sweets Ltd	Mombasa
153.	NesFoods Industries Ltd	Mombasa

154.	Pride Industries Lmited	Mombasa
155.	Sweet Rus Limited	Mombasa
156.	Mumias Sugar Company Limited	Kakamega
157.	Keroche Industries Ltd	Nakuru
158.	Happy Cow Ltd	Nakuru
159.	Menengai Oil Refineries Ltd	Nakuru
160.	Valley Confectionery Ltd	Nakuru
161.	Xpressions Flora Ltd	Nakuru
162.	Highlands Mineral Water	Nyeri
163.	Mount Kenya Bottlers Ltd	Nyeri
164.	Brookside Dairy Ltd	Kiambu
165.	Jetlak Foods Ltd	Kiambu
166.	Sunny Processors Ltd	Kiambu
167.	Bidco Oil Refineries Ltd	Kiambu
168.	Broadway Bakery Ltd	Kiambu
169.	Capwell Industries Limited	Kiambu
170.	Centrofood Industries Limiited	Kiambu
171.	Eastern Produce (K) Kakuzi	Kiambu
172.	Kenblest Limited	Kiambu
173.	Mama Millers Limited	Kiambu
174.	Mjengo limited	Kiambu
175.	Umoja Maintenance Centre (K)	Kiambu
176.	Vinepack Ltd	Kiambu

The above list of fast moving consumer goods companies (FMCG) was gotten from the directory of Kenya Association of Manafactureres (KAM) of 2014