

# Influence of Capacity and Fit Specification Strategy on Customer Buying Behavior with a Case Study of Unilever Limited

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**Abstract:** *Specification shows product requirements as the ground work of the first need in any business. This study was conducted to find out the influence of capacity and fit Strategies on the customer buying behavior with a case study of Unilever Kenya Limited. The Specific objectives of the study were to establish the influence of cost specification strategy on customer buying behavior at Unilever Limited, to establish the influence of quantity specification strategy on customer buying behavior at Unilever Limited and to establish the influence of quality specification strategy on customer buying behavior at Unilever Limited. The target population of this study were all 476 employees of Unilever Kenya Limited. And the sample size comprised of 48 respondents from the population. Primary data was gathered using semi- structured questionnaires issued to each of the respondents which was then self-administered. Secondary data was gathered from published articles reviewed theoretically and empirical information relevant to the study. Analysis of data, was done with the aid of Statistical Package for Social Science (SPSS version 21.0), the use of weighted means, standard deviation, relative frequencies and percentages were applied in analyzing the data that was then gathered using open end questions. The findings was presented using Tables and charts as indicated in chapter four, the suggestion for further study was that further study should be conducted that cuts across all the line of product and should not be limited to the household products only the study should also be extended to service providers industries.*

**Keywords:** Capacity and fit strategies. Cost specification strategy, quality specification strategy, quantity specification strategy, Customer buying behavior, Unilever Kenya limited.

## 1. Introduction

In this era of competition every organization wants to increase or at least maintain their products sale in the market. Every organization wants to know how the purchase decision of Customers can be evaluated. Purchase decision can be defined as individual's decision to buy a specific brand; or individuals who want to buy a specific brand which they have chosen for themselves after certain evaluation and before making any decision to buy the product human behavior will be the major issue to look into . There are variables by which one can measure purchase decisions. For instance considering the brand that influences the purchasing and the future purchases (Laroche & Sadokierski, 1994). Purchase decision for a specific brand requires assessment of all brands available in market and how people receive the product in the market place (Teng, Laroche & Huihuang, 2007).

It is shown that approaches toward a specific brand have great effect on brand purchase decision (Brown & Stayman, 1992), and brand attitude has positive relation with purchase decision. It is also found that a customer's behavior to choose a product over the other is settled by attitude toward the same and other brands which are present in his consideration set (Laroche et. al. 1996). Purchase decision is composed of customer's feelings, thoughts, experience and external factors that he considered before making any purchase. Purchase decision of the customers depicts and expresses their behavior and the way they making decisions about their buying process (Fishbein & Ajzen, 1975).

Purchase decisions describe and determine the customer response to purchase the offering. The higher decision leads

to elevated purchase of that offering. Customers purchase decision can be determine through their responses, feedback and their involvement. Highly involved customers shows high rate of purchase (Dodds, Monroe and Grewal, 1991; Schiffman and Kanuk, 2000).

Growing customer consciousness has made customers choose to purchase their familiar and favorable brand. Therefore, if businesses want to defeat their competitors, they have to make customers love to buy their products and brands. Macdonald and Sharp (2000) mention that even though customers are familiar and are willing to purchase a product, brand awareness is still an important factor to influence purchase decision. When customers want to buy a product, and a brand name comes to their minds at once, it reflects that product has higher brand awareness. Customers purchase decision can be influenced if a product has higher brand awareness (Dodds, Monroe, and Grewal, 1991; Grewal, Monroe and Krishnan, 1998). This explains why a product with higher brand awareness will have higher market share and better quality evaluation. In addition, while customers select a product, they care about perceived quality and brand awareness. Perceived quality can help customers to have a subjective judgment on overall product quality that make a product hold a salient differentiation and become a selective brand in customers' minds (Aaker, 1991). Besides, businesses have to build up brand loyalty. Some studies suggest that the cost to attract a new customer is more than five times of maintaining a loyalty customer (Reichheld and Sasser, 1990; Barsky, 1994). That is, the higher the brand loyalty, the less cost businesses to pay.

Again, now, brands are known for their corporate social responsibility and not merely on the basis of product only.

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Researchers have noted that it is imperative to take a closer look at how customers develop relationship or interaction with brands and be able to form communities of brand in their own personal lives (Esch, Langner, Schmitt and Geus, 2006). For the purchase decisions a customer may consider environmental issues. So the question arises how to achieve acceptance of the customer on brand through environmental issues? Follows and Jobber (2000) has addressed this issue of environmental impact upon brand in context of public and corporate policy.

Purchase decision refers to a plan to purchase an exacting good or service in the future (Business Dictionary.com 2010). In any such decision to purchase product and services, manufacturers or dealers must first find out some way to transmit product information to the latent customers. Fitzsimons and Morwitz (1996) confirmed that measuring decisions influence which brands customer purchase. Purchase decision may be classified as one of the mechanism of customer cognitive behavior on how particular customer intends to purchase a particular product. Laroche Zhou (1996) argues that variables such as customer deliberation in purchasing a brand and hope to purchase a product may be used to determine customer purchase decision. These deliberation factors can consist of the customer's involved, information and assessment as a part of the whole procedure in influential purchase intent. The present study thinks that purchase decision does not only come about as a result of monetary deliberations but also the interaction among buyers' behavioral variables on brand.

Developing an implementation plan is critical, for the success of the strategies to achieve the business strategy (Naylor, 1999), as it lays a road map on how to realize the stated objectives. Executing supply chain strategies, involves closely following the implementation plan and applying good project governance. Tracking performance allows organization to measure how successful it is in realizing the goals of the strategy. Executing a supply chain strategy means dealing with many different entities, both internally and externally and different stakeholders need to be informed.

Unilever Kenya Ltd. fabricates and showcases sustenance, home, and individual care items. The organization's items incorporate washing powder, clothing bars, texture conditioners, margarine, soups, sauces, toppings, toothpastes, toothbrush, body moisturizers, infant mind jam, confront creams, magnificence cleansers. The brands incorporate Blue band, Royco, Knorr, OMO, Geisha, Lux, Sunlight, Vaseline, Lady gay, Fair and Lovely, and Close up. Unilever Kenya was some time ago known as East Africa Industries Ltd. The organization was established in 1949 and is headquartered in Nairobi, Kenya right now Unilever Kenya Ltd..

## 2. Statement the problem

Specification of products has become itself a sales promotion tool for the organizations. The customer's buying behavior also stimulated by the specification features of the product and they are not limited to packaging quality, color, wrapper, and other characteristics of specification.

Specification is a whole package that becomes an ultimate selling proposition, which stimulates impulse buying behavior. Product specification increases sales and market share and reduces market and promotional costs. Darvell, Newton, Newton, & Kirk-Brown (2009) determined the effect of packaging on the parental purchase intentions of snack food. The purpose was to apply the theory of planned behavior and norm activation model to check the effect of packaging on the parental purchase intentions.

Based on the findings from several studies that have been conducted over the years most of the conclusion were in agreement that specialization is one of the major issue to be tackled to entice people to buy product, no research had been conducted in Kenya on influence of product specification strategies on customer buying behavior and for the company to perform well in a competitive market, they should understand the customer buying behavior of which this research paper intend to address. The purpose of this research is constructed on hypothetical analysis of product specification components and their influence on customer's buying behavior decision. This empirical study uncovers the features, which are having the eventual influence on customer's choice, when multiple and different choices are available and this is what prompt the researcher to conduct the research on influence of Capacity and fit specification strategies on customer buying behavior at Unilever Kenya limited..

## 3. General objective of the Study

To establish the influence of capacity and fit specification Strategy on customer buying behavior of household products of Unilever Limited.

## 4. Specific objectives of the Study

- 1) To establish the influence of cost specification Strategy on customer buying at Unilever Limited
- 2) To establish the influence of quantity specification Strategy on customer buying behavior at Unilever Limited
- 3) To establish the influence of quality specification Strategy on customer buying behavior at Unilever Limited

## 5. Theoretical Framework

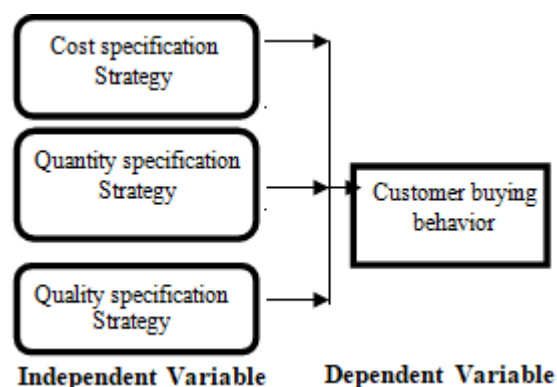
### Rational choice theory

The theory was developed by Becker (1992). It is also known as choice theory or rational action theory, is a framework for understanding and often formally modeling social and economic behavior. The basic premise of rational choice theory is that aggregate social behavior results from the behavior of individual actors, each of whom is making their individual decisions. The theory also focuses on the determinants of the individual choices methodological individualism. Rational choice theory then assumes that an individual has preferences among the available choice alternatives that allow them to state which option they prefer. These preferences are assumed to be complete (the person can always say which of two alternatives they

consider preferable or that neither is preferred to the other) and transitive (if option A is preferred over option B and option B is preferred over option C, then A is preferred over C). The rational agent is assumed to take account of available information, probabilities of events, and potential costs and benefits in determining preferences, and to act consistently in choosing the self-determined best choice of action. Rationality is widely used as an assumption of the behavior of individuals in microeconomic models and analyses and appears in almost all economics treatments of human decision-making.

## 6. Conceptual Framework

The study adopted the following conceptual framework:



Source: Author 2018

### 6.1 Capacity and Fit Specifications

The market introduction under a brand might enhance the economic success of the product innovation. The brand could even make all the difference (Aaker, 2007). This might be due to the fact that a brand generates attention to the product innovation, adds reputation and credibility, and helps to appropriate the returns from the innovation and this is done through product differentiation. Independently of how well a product innovation might meet the needs of customers, they have to be aware of it and to make this to be possible capacity and fit specification must be considered and this will lead to the development of positive attitude toward the product by the esteem customers to purchase it (Srinivasan et al., 2005). An established brand will out do the other products in the market and make it distinctive from a new brand since it already established reputation among the target audience. Building a new brand takes time and is associated with considerably costs, quality and quantity. The use of a new specialization strategy to introduce new products into the market might therefore be of great powerful and positive concepts might occur not immediately but only in the medium and long term. The use of an established capacity and fit to introduce a new product has advantages, since its reputation and awareness can be attached to a new product immediately, the chances of success are higher and marketing costs are lower might occurs, regardless of the advantages of an established brand, decide to use a new brand. Apart from the possibility that the product does not have an established brand, there are two main reasons to use a new brand. First, an established brand can fail to help a new product. This might be the case if the

new product does not fit to the perceptions of the consumers about the established brand. Second, a new product can damage the original brand by adding undesired associations (Srinivasan et al., 2011). The essential reason most makers brand their items is to acquire rehash deals. Shoppers build up an inclination for brands. Along these lines, marked items can for the most part be sold at higher costs than unbranded results of comparative quality. A brand speaks to the maker's vow that the nature of the item will be predictable starting with one buy then onto the next. A supply supervisor can be sure that a respectable maker will endeavor to keep this vow (Srinivasan et al., 2011).

Mark name items are among the least difficult to depict on a buy arrange. Along these lines, they spare time and diminish supply administration cost. Assessment cost is additionally low for marked items. The main assessment required is sight check of the brand labels. The brand is the quality requested. The higher costs generally paid for name marks consequently are balanced to some degree by lessened depiction planning and examination costs. A provider's accomplishment in keeping up a steady quality level is most prominent in those circumstances in which generation and quality control are under the provider's own supervision. In the event that a provider purchases a thing from a few makers, the quality variety without a doubt will be bigger than if the provider made the thing or got it from a solitary their ce. Therefore, it is vital for supply chiefs to know who is in charge of the generation and quality control of every single marked item they purchase. In circumstances in which tight quality control is basic, numerous they springs of generation ought to be stayed away from if conceivable. In a few circumstances, acquiring by brand name can be made more successful by including extra references or impediments in the buying portrayal. For instance, if the supply chief presumes that different materials can play out the coveted capacity, reference in the depiction ought to give forthcoming providers the chance to offer such different materials for thought. At the point when restrictions concerning physical, practical, and different qualities of the materials to be bought are fundamental to the purchasing organization's needs, they ought to be put forward obviously in the brand name depiction. For instance, in many buys of hardware, compatibility of repair parts is basic. At the point when this is the situation, the above restriction ought to be spelled out in the brand name depiction.

### 6.2 Research Methodology

A research design is the general plan of how one goes about answering the research questions Saunders, Lewis and Thornhill, (2007). Descriptive research designs was used in preliminary and exploratory studies that allow the researchers to gather information, summarize, present and interpret data for the purpose of clarification (Orodho, 2009). According to Mugenda and Mugenda (2003) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. The design was chosen for this study due to its ability to ensure minimization of bias and maximization of reliability of evidence collected. A case design of Unilever Kenya limited was embraced in this study and questionnaires were used to collect data. It was

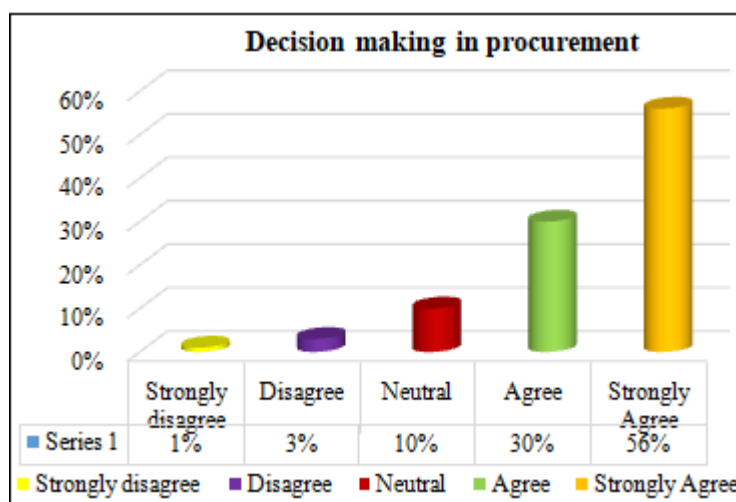
largely rely on a quantitative approach by seeking to capture detailed information about Capacity and fit strategy on customer buying behavior. This method was preferred because it allows for an in depth study of the case. The research used questionnaire to gather information (Mugenda & Mugenda, 1999). The study target population was 476 employees and Stratified sampling was used where 48 respondents were picked and this enabled the population to be divided into three segments called strata comprising the three job description of management in Unilever Kenya Limited. The researcher applied simple random sampling to draw subsamples from each stratum. Those sub-samples was then added together to form complete stratified samples. The reason for using this was to enable the researcher to source information from different personnel within their respective

department in the organization and this was of great help for the study and then the Qualitative analysis was done on the information collected from the results of the questionnaires; quantitative analysis used both descriptive and inferential statistical techniques. The findings were presented using tables, graphs and pie charts.

## 7. Results and discussions of the findings

### Capacity and Fit Specification Strategy

The study sought to find how capacity strategy affect the performance of the organization and the findings were as follows;



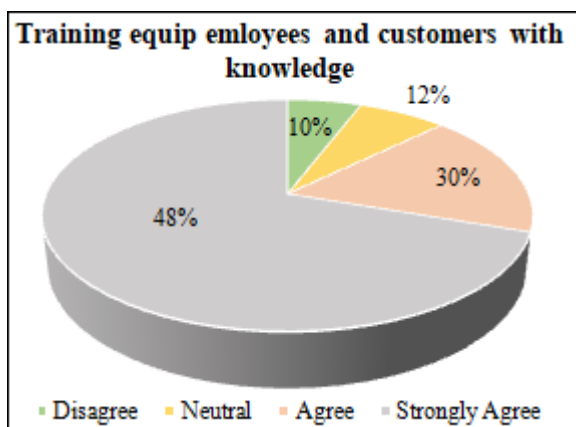
**Figure:** Decision making in procurement

In seeking to find out if only Supply Chain Management officers are responsible for making decisions on which company to buy from and how much to spend on procuring a product, 1% of the respondents strongly disagree, 3% disagreed, 10% were neutral, 30% agreed and a majority of 56% strongly agreed with the statement on question. This is summarized in the chart above.

30% just agreed, 12% were neutral and 10% disagreed that training equip both employees and Customer with knowledge of improving the quality of the product being produced as in the chart above.

**Table 4.1:** Providing awareness on product would raise demand of the product and this may lead increased volume of the product being produced and sold

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	2	4.5	4.5	4.5
Disagree	4	9.1	9.1	13.6
Neutral	4	9.1	9.1	22.7
Agree	16	36.4	36.4	59.1
Strongly agree	18	40.9	40.9	100.0
Total	44	100.0	100.0	



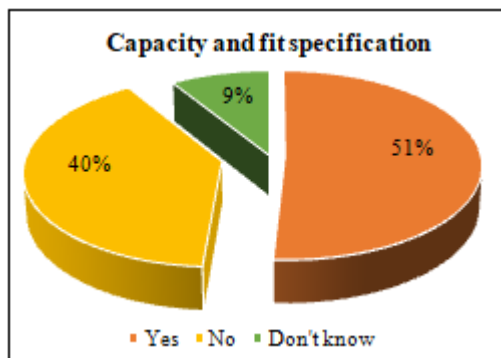
**Figure:** Training employees and customers with knowledge

It is believed that training equip both employees and Customer with knowledge of improving the quality of the product being produced. While seeking to find out if this was the case as per the respondents, 48% strongly agreed,

### Providing awareness on product would raise demand of the product and this may lead increased volume of the product being produced and sold.

While seeking to find out if providing awareness on product would raise demand of the product which will lead to increased volume of the product being produced and sold, the study established that 40.9% of the respondents strongly agreed with the statement, 36.4% agreed, 9.1% of the respondents were both neutral and in disagreement and a further 4.5% strongly disagreed with the statement. This is demonstrated in the table above.





**Figure:** Capacity and fit specification

Finally on capacity and fit specification strategy, as the study sought to find out if the management develops a capacity and fit specification that enable the organization to set up a better way of changing customer behavior. It was established that 51% agreed, 40% disagreed while 9% indicated that they don't know if the management develop a capacity and fit specification that enable the organization to set up a better way of changing customer behavior. This is indicated in the chart above

## 8. Conclusions

Capacity and fit specification strategy entails the ways of improving the product and lowering the cost of acquiring it this will attract more customer to buy since the product will be affordable to many and from the respondents, majority were in the opinion that product cost quality and quantity is what the buyer usually check before coming up with the decision to buy or not.

## 9. Recommendations

Capacity and fit specification strategy entails the ways of improving the product and lowering the cost of acquiring it this will attract more customer to buy since the product will be affordable to many and from the respondents, majority were in the opinion that product cost quality and quantity is what the buyer usually check before coming up with the decision to buy or not.

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