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**INFLUENCE OF PRODUCT DIFFERENTIATION STRATEGIES ON THE
INTERNATIONALIZATION OF THE BREWING FIRMS I N KENYA**

GEORGINA AKINYI ODUOL

**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTER OF COMMERCE AT STRATHMORE
UNIVERSITY**



JUNE, 2023

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GEORGINA AKINYI ODUOL

The thesis of **Georgina Akinyi Oduol** was approved by the following:

Prof. Joseph O. Onyango PhD

Strathmore University Business School, MCOM.

Dr. Anjela Ndunge

Ag. Executive Dean

Strathmore University Business School.

Dr. Bernard Shibwabo

Director, Office of Graduate Studies



ABSTRACT

Product differentiation is one of the best strategies used to go global. It is an approach being developed by most businesses by providing customers with something unique, different, and distinct from the items their competitors within the same industry may offer in the marketplace. Most companies in the breweries industry in Kenya are not utilizing the differentiation strategy effectively which is why getting Kenya breweries brands are seldom found in developed countries, hence prompted the researcher to conduct research on assessing the influence of product differentiation strategies on the internationalization of the brewing industry in Kenya, with emphasis on establishing the influence of capacity differentiation strategy, design differentiation strategy and writing differentiation strategy on the internationalization of brewing industry in Kenya. The research design was the correlational research design which aided in establishing the relationship that exists between the variables. The scope of the study was EABL, 254 Brewing Co, The Big Five Breweries Ltd, Wananchi Breweries, Kwal Factory, Danish Brewing Company, Bateleur Brewery, Mashara Breweries, and Bilashaka Breweries with a target population of 1078 Managers and a sample size of 107 respondents, the data collection instrument was a questionnaire, and the analysis model was multiple linear regression model. Data were coded and processed with the aid of SPSS version 22.0. The study found that the capacity differentiation strategy is statistically significant to the internationalization of the brewing industry in Kenya. Design differentiation strategy is statistically significant to the internationalization of the brewing industry in Kenya. From the findings, the study, therefore, concluded that increasing the capacity differentiation strategy and design differentiation strategy by a single unit would lead to increased chances for local breweries to access the global market. The study found that the writing differentiation strategy is not statistically significant to the internationalization of the brewing industry in Kenya despite its relevance. Therefore, the study concludes that while writing differentiation strategy is important in product differentiation it is slightly important in internationalizing a firm. To enable companies to access the international market, policymakers should consider policies that address product design, language, and content. Such policies should ensure that product information is available in multiple languages to cater to non-English speaking consumers, and that product design is visually appealing to global consumers. The study thus suggests, while the study highlights the importance of product differentiation, further research can explore the effectiveness of different product differentiation strategies, including taste, quality, packaging, branding, and cultural relevance, in different international markets.

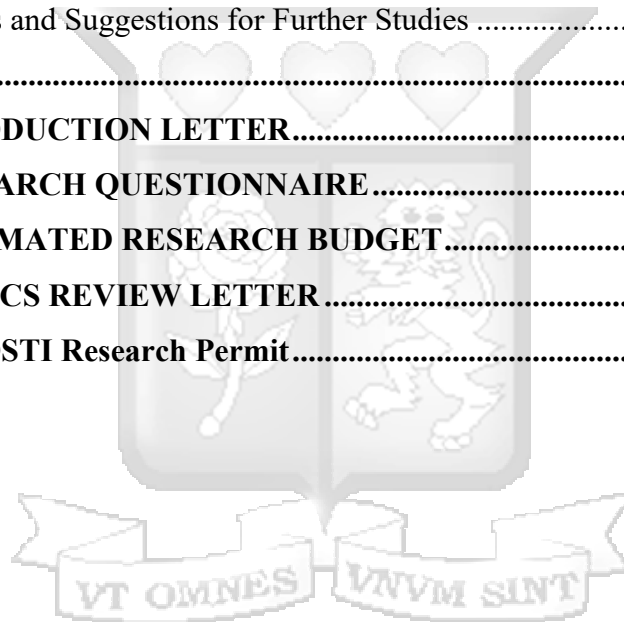
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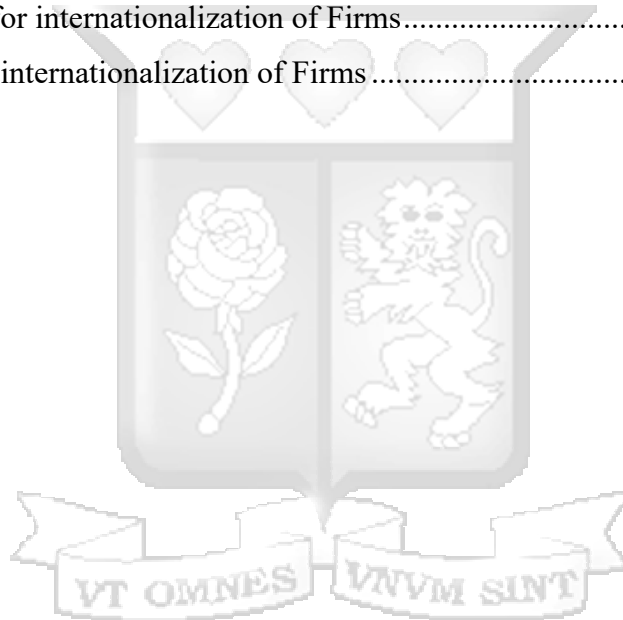
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LIST OF ABBREVIATIONS AND ACRONYMS

AC: Awareness of Consequences

AR: Ascribed Responsibility

PN: Personal Norm

KAM: Kenya Association of Manufacturers

AP: Associated Press

COMESA: Common Market for Eastern and Southern Africa

GDP: Gross Domestic Product

IoT: Internet of Things

EABL: East Africa Breweries Limited

LTD: Limited

Co: Company



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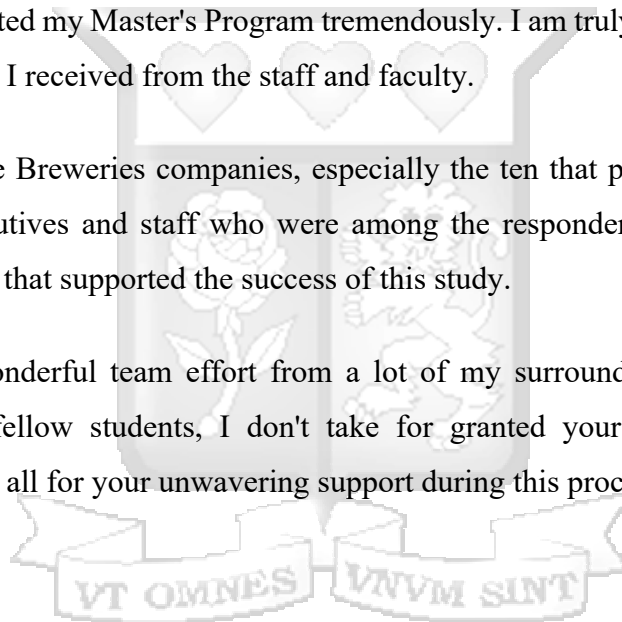
I would love to express my heartfelt gratitude to God for the provision of guidance, protection, and good health throughout this research process. May all Glory and Honor be to His Mighty name.

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DEDICATION

To my dearest parents, *Christine Oduol and William Oduol* for supporting me with the resources to ensure that I achieved my education. For their unconditional love and prayers throughout this master's academic journey, they are my sole role models and always challenge me to be a better person and aim higher. I am glad to report that the journey is now over. Glory and Honor be to God.



CHAPTER ONE

INTRODUCTION

1.0 Introduction

Internationalization is a chapter of debate for every business. Firms are trying out strategies that would enable them to access wider markets for their products. For this reason, this paper intended to explore this field of internationalization with a keen look at how product differentiation strategy can influence the process. Therefore, this chapter introduces the background of the study. It describes how global, regional, and Kenyan perspectives view the influence of product differentiation and how it leads to the globalization of products. The chapter also sheds light on the problem and articulates what prompted the researcher in conducting the study, as the problem statement, both the general and specific objectives were clearly stated, the justification of doing the study is provided, and the scope of the study.

1.1 Background of the study

Competition existing between industries normally leads to an exploration of permanent solutions through the adoption of best strategies including product differentiation strategies by most companies in the world, every company wants to go global, or at the very least expand or retain their product sales in the worldwide market and to go global needs a careful consideration into the aspect of product differentiation strategies and how the products can be improved and made different with what the other countries offer in the global market (Bailey, Pitelis, & Tomlinson, 2020). Differentiation strategies make products depict unique features that distinguish them from the other products that other companies offer to the global market (Karagiannis, Kellermann, Pröll & Salhofer, 2018). Due to fierce competition in both local and international markets, more demanding, assertive clients, and swift technology improvements brought on by the internationalization of business, companies are under greater pressure than ever to develop innovative strategies (differentiation strategies) to preserve a competitive edge in their sector.

Competitive edge is primarily concerned with a firm's relative position within an industry and can only be achieved by introducing a unique product with diverse differentiation features in the market and exposing whether its profitability is higher or lower than the industry average. Gaining a competitive edge and enhancing performance with competitors are two important aims that

organizations should strive towards and the only way to achieve this is through product analysis and through developing a unique product using unique differentiation strategies like capacity differentiation strategy, design differentiation strategy, and writing differentiation strategy (Ngek & Peter, 2020). To achieve an edge that matches or exceeds that of their international business rivals, companies must first understand the relationship between product differentiation strategies and internationalization through the aid of SWOT analysis where internal strengths and weaknesses are investigated and the potential effects on their quest to compete globally also focused (Shrotriya, 2019).

Porter (2009) has created three general methods that, in his opinion, may be employed separately or together to forge a defensible advantage and outperform rivals but put very little emphasis on the product differentiation strategies and how they can subsequently lead to internationalization, whether they are located within a single sector or across international borders. Porter (2009) claims that the methods are general since they may be used in a wide range of contexts and circumstances but shed no light on the differentiation strategies. The assertion was on Low-cost leadership, differentiation, and a concentration on a certain market niche being Porter's major tactics for globalization. Most businesses that have developed products consider uniqueness as a major factor and shun away from imitating what other companies have come up with, making this research a vital contribution, most so product differentiation strategies that need to be adopted that make a product to have access to wider markets and are likely to be more successful than their rivals. Several other elements, including strategic choices, embracing new technology, and producing high-quality goods as differentiation strategies should also be considered, this will make the brewing industry have a significant impact on their ability to access wider markets and take the lead in market share (Sandberg, 2010).

One of the techniques a company may successfully use to enter the global market is product differentiation. Edward Chamberlin initially introduced the idea of differentiation in his 1933 theory of monopolistic competition (Kamau, 2013). According to Kotler (2003), differentiation is the process of introducing a group of significant and valued distinctions to set the company's product apart from that of rivals. Porter (1998) asserts that differentiation results in better performance if the price premium obtained outweighs any additional expenses associated with

being distinctive. Market share may be used to summarize the firm's financial performance and economic profit (Farshid & Amir, 2012).

According to Discua Cruz, Centeno Caffarena, & Vega Solano (2020), product differentiation is crucial globally. For instance, considering the brand that influences current and future purchases, the decision to purchase a specific brand involves a review of all brands already on the market and how consumers respond to the product in the marketplace (Ahmed, 2013). Companies deciding to expand their boundaries to overseas markets need to consider this factor as it is evident that attitude towards a certain brand significantly influences brand purchase decisions, and that choice to purchase is positively correlated with brand perception (Chang & Huang, 2010). Additionally, it has been found that a customer's attitude toward the product and the other brands in his consideration set affects his choice of one product over another. The decision to buy is based on the customer's feelings, thoughts, experiences, and other factors that he considers before making any purchases. Their assets represent and express consumer behavior and decision-making (Tookanlou & Wong, 2020).

Product differentiation explains and specifies the customer's duty to acquire a particular providing, and the proper decision results in more purchasing of that offering, as Kostovetsky and Warner (2020) noted. Product differentiation generally encourages more innovation and globalization. Customers' responses, opinions, and engagement may have an impact on the purchases they make. Customers that play a significant role in the differentiation of a product purchase that product at a high rate internally and externally (Chen, Wang, & Chu, 2020).

In recent times, consumers purchase goods from companies they are familiar with and enjoy. Therefore, businesses must persuade customers to love their products and brands if they want to outperform their competitors. Adopting a product differentiation strategy would require absolute product awareness as explained by He and Deng (2020), that brand awareness significantly influences consumers' purchasing decisions even when they are familiar with and ready to purchase a product. Additionally, Chen, Xie, Liu, & Liu, (2020) state that a product's brand awareness may influence customers' purchase decisions. This explains why a product with a stronger brand would command a more significant market share and score better on the quality scale. Instead of merely being known for the product they stand for, brands are also known for

their corporate social responsibility. Researchers contend that it is crucial to look at how consumers connect with brands and build brand communities in their own lives (Mandal & Jain, 2021). A customer may take the surroundings into account when choosing a product. As a result, the question of how to increase brand acceptance among consumers by posing environmental concerns comes up. The issue of a brand's environmental impact was examined by Wang & Wang (2021) in the context of governmental and corporate policy.

A way to acquire goods or services in the global market by employing a differentiation approach is known as the "internationalization of a corporation through product differentiation" (Chen, Zhang, & Zhou, 2021). Before potential customers decide whether to make a purchase, manufacturers or dealers must devise a way to send them product information. Chocholouek, Hlouková, mová, and Huml (2021) found that measurement choices affect which brands consumers purchase. The purchasing decision is one of the processes of consumer cognitive behavior that determines how a particular customer wishes to buy a specific product. Chang & Huang (2010) claim that it is possible to anticipate a customer's purchasing behavior by using variables such as the customer's consideration of a brand and intention to purchase a product. The customer's involvement, knowledge, and appraisal as a step in affecting purchase intent may be included in these consideration components. According to recent research, consumer behavior on a brand based on unique product characteristics interacts with financial aspects to impact overseas purchasing decisions (Bonelli, Buyalskaya, & Yao, 2021).



1.1.1 Product Differentiation

Product differentiation is a marketing tactic used by businesses to differentiate their products or services from those of their market competitors. It entails developing distinct qualities, features, or properties that distinguish a product and make it more enticing to consumers. The goal is to establish perceived value for buyers to choose one product over another in the same category (Endres-Fröhlich et al., 2022). Many businesses have considered product differentiation as a sales promotion strategy for gaining market share muscles. Consequently, customers get encouraged to make purchases when a product has distinguishing features, such as packaging quality, color, wrapping, and other differentiation qualities. Differentiation is a comprehensive concept developed into an essential selling point promoting impulsive purchases (Shrotriya, 2019).

According to Conlon and Gortmaker (2020), product differentiation can be achieved in various ways, including: Offering higher quality products compared to competitors. This can include superior materials, craftsmanship, durability, or reliability. The aim is to position the product as a premium choice. The other is creating aesthetically pleasing or innovative designs that make the product visually appealing and stand out from competitors. Unique packaging or product appearance can also contribute to differentiation. Equally, Tookanlou, and Wong, (2020) add that incorporating unique features or improved performance capabilities that provide added value to customers. This can involve advanced technology, additional functionalities, or enhanced user experience. Conlon and Gortmaker (2020) maintain that building a strong brand image and reputation that conveys a sense of trust, reliability, and superiority. A positive brand association can differentiate a product in the minds of consumers. Product differentiation also entails offering products at different price points to cater to different segments of the market. Price differentiation can be based on perceived value, quality, exclusivity, or unique features. Providing exceptional customer service, warranties, or after-sales support can differentiate a product by enhancing the overall customer experience.

Product differentiation allows companies to target specific market segments that align with the unique features or characteristics of their product. This focused approach can lead to better market penetration and customer engagement (Chen, et al., 2021). When buyers believe a product is superior or distinctive, they are more likely to develop brand loyalty, which makes it more difficult for rivals to influence their purchase decisions. Companies that use product differentiation may

benefit from benefits such as brand loyalty. Consequently, with a well-differentiated product a firm can create barriers to entry for new competitors. It becomes more challenging for newcomers to replicate the unique attributes or gain customer acceptance in the market. However, it is essential for companies to continuously innovate and adapt their differentiation strategies to remain relevant in a dynamic marketplace. Consumer preferences, technology advancements, and market trends can change over time, requiring companies to evolve their products to maintain their competitive edge (Conlon & Gortmaker, 2020).

According to Mwangi (2020), to attain product differentiation, this paper will specifically concentrate on three previously mentioned aspects: differentiation in capacity, differentiation in design, and differentiation in writing. Differentiation in capacity means providing distinguishing characteristics or functionalities that distinguish the product from rivals. These features might offer value or address unique client demands (Chen, et al., 2021). It also means providing varying degrees of resources, performance, or features to meet varying expectations and requirements. Organizations can efficiently target different market segments thanks to capacity differences. Companies may cater to a greater variety of consumers' wants and budgets by offering choices with varied capacity or service levels. It also allows them to maximize income by providing premium services to consumers willing to pay for increased capacity or greater features (Shen, Cao & Xu, 2020).

Wang, Chou, and Lan (2010), Design differentiation on the other hand refers to the practice of creating unique and distinctive designs for products or services to set them apart from competitors in the market. It involves incorporating innovative and appealing elements into the visual and aesthetic aspects of a product or service, making it visually distinctive and appealing to customers (Latifah et al., 2021). Design differentiation helps companies establish a unique brand identity, stand out from competitors, and attract customers. According to Tookanlou, and Wong, (2020) a well-executed and appealing design can create an emotional connection with consumers and contribute to brand loyalty. It also allows companies to command premium prices and drive customer preference based on the aesthetics and visual appeal of their products or services (Shen, Cao & Xu, 2020).

In writing, differentiation refers to the act of developing unique and distinctive material that distinguishes it from other written works. Differentiation in writing originates from giving readers unique value. A corporation may stand out as a writer and grab the interest and allegiance of the audience by establishing its style, presenting original viewpoints, and delivering high-quality material (Shen, Cao & Xu, 2020).

Product differentiation could elevate a firm's position in the market, but it necessitates a comprehensive focus on developing a product that effectively addresses consumer needs. Numerous studies have highlighted the significance of dedicating effort to product development to its uniqueness. For instance, Alda, Muoz, and Vargas (2022) examined the variables influencing international customers' purchases of foreign goods and discovered that choices are made based on the distinctive qualities of the goods. The findings further indicated that most participants concluded that packaging characteristics, including color, shape, and size, were the most crucial when buying household goods. On the other hand, Traiyarach and Banjongprasert (2022) claim that a product's packaging attracts customers' attention to a particular brand, improves its reputation, and piques their interest in the products.

1.1.2 The Concept of Internationalization

For today's firms, internationalization has become an essential business strategy and is measured by looking at the international production capacity, a product innovation that results in global acceptance and product recognition, and brand awareness. As defined by Wang, Zhang, Zhao, Lu, and Peng (2020) internationalization of firms, refers to the process of expanding operations through fulfillment of the global product demand capacity, or services beyond domestic markets and entering international markets after the brand recognition and awareness. It involves establishing a presence in foreign countries to tap into new customer bases, increase market share, and pursue growth opportunities. Internationalization is driven by the desire to explore untapped markets, gain a competitive advantage, and achieve economies of scale.

According to Anderson and Pinilla (2022), globalization occurs when the share of global wine production crosses the national, and the expansion is realized through the increase of the production capacity that surpasses local consumption. The study focuses on the question of why wine globalization was so belated? where the study considers differentiation strategies to make the

brand go global. The study also considered asking why it took so long for wine exports to take off and established that brand acceptance and recognition is a process that needs a little bit of time. Nave, Duarte, Rodrigues, Paço, Alves, and Oliveira (2022) asserts that economic growth through product expansion capacity and globalization leads to changes in beer consumption patterns since the product already gained recognition and acceptance the study further reveals that internationalization is based on motivation to buy and subsequently leads to market expansion and the increasing demand of the product capacity, to access larger customer bases, new market segments, and opportunities for growth beyond the limitations of the domestic market, diversification, and risk reduction, since operating in multiple markets reduces dependence on a single market, reducing the risk of market-specific fluctuations, economic downturns, or regulatory changes. Global branding and reputation are other reasons that may motivate a company to go global where establishing an international presence can enhance brand recognition, reputation, and credibility, both domestically and internationally. Lastly, enhanced profitability motivates firms to salivate for the international market.

Successful internationalization requires careful planning, market research, adaptation to local cultures and regulations, and effective management of risks and challenges which are part and parcel of product differentiation strategies. Companies must consider factors such as market potential, competition, political stability, legal and regulatory frameworks, logistics, cultural differences, and customer preferences when formulating their internationalization strategies.

According to Kathure (2018), Product differentiation plays a crucial role in the internationalization process as it enables companies to stand out in foreign markets and attract customers. By offering unique features, superior quality, innovative designs, or tailored solutions, companies can differentiate their products from competitors and appeal to diverse consumer preferences in different countries. Product differentiation is essential for successful internationalization as it helps companies overcome market entry barriers, gain customer acceptance, and compete effectively in new markets. Relevant literature on internationalization provides insights into the relationship between international expansion and product differentiation.

Smith (2016) conducted a study on Product Differentiation and Market Segmentation as Alternative Marketing Strategies." This study explored the significance of product differentiation and market segmentation in international marketing. It noted that product differentiation is crucial for companies seeking to enter foreign markets and compete effectively. The authors emphasize

that companies should understand the needs and preferences of the target market to tailor their products accordingly and differentiate them from competitors.

Consequently, Aysen et al. (2013) Product Differentiation and International Competitiveness." The study investigated the relationship between product differentiation and international competitiveness in the automotive industry. It revealed that effective product differentiation is a key driver of a company's international competitiveness. The research highlights the importance of understanding consumer needs, technological advancements, and market dynamics to create differentiated products that can succeed in international markets. These studies, among others, emphasize the significance of product differentiation in the context of internationalization. They underline the need for companies to develop unique and tailored products that meet the demands of international consumers and enable successful market entry and expansion.

As defined by Wang, Zhang, Zhao, Lu, and Peng (2020), the capacity differentiation strategy is accomplished by establishing a branch office in a different country, purchasing shares in a different country, or creating a joint venture. This phrase highlights how critical global connections are becoming to enterprises. Humans frequently must make decisions tied to how those people behave when purchasing a particular good and the choice of demands typically results in internationalization. Other factors that affect consumers' purchasing behaviors include color, printed information, material, wrapper design, printed information, brand image, innovation, and practicality (Du & Jiang, 2019). These factors are all related to product differentiation.

Using color to set your products apart from the competition may help you increase your market share, according to Bokunow (2019). The product's color is important because businesses utilize it to differentiate their product design from those of competitors. Colors are, therefore, essential in influencing a potential customer's decision. Companies use specific colors to highlight emotions. For instance, the colors black and blue represent strength, red for vigor, green for harmony, and organic and fresh convey freshness. Color is essential to product differentiation since consumers expect a particular color for specific goods (Keller, 2009).

Additionally, customers associate varied meanings with various colors. For instance, the colors orange, yellow, and purple have multiple meanings based on the culture and perspective of the client. All cultures perceive color differently, and most religions are claimed to have their sacred colors, according to Singh (2006).

In their book "Essentials of Marketing," Lamb et al. (2011) state that there are four main marketing functions that product differentiation fulfills. It contains and protects the product. It promotes development. Finally, product differentiation promotes recycling and reduces the environmental effect by supporting users in using the product. Therefore, efforts to differentiate products go beyond defending the company's products. Additionally, it helps the buyer form an image of the goods in their head. Because of this, neglecting the product's design distinctiveness may lessen the possibility that it will be recognized and appealing, which will result in sales. The label discloses the product categorization, contents, and usage guidelines. Along with taste, customers consider several outside factors before making a purchasing decision. Brand recognition, labeling, pricing, and place of origin are some of these external influences.

According to Morris (1997), product labels make it simpler for customers to discern between different products. By using tags, buyers can spend less time looking for the products they wish to buy. When consumers are pressed for time, their decisions may be affected by a product's distinctive appearance and basic information (Silayoi and Speece, 2004). Some customers pay closer attention to label information because health and nutrition concerns are more common today (Coulson, 2000).

The material employed in the product differentiation strategy is a critical element that protects the goods from any loss or damage. Products of higher quality are more likely to attract customers than those of lower grade. As a result, the product differentiation strategy of the material dramatically impacts consumer behavior. According to Smith and Taylor (2004), how a product's materials are designed affects how a consumer perceives the fundamental ideas behind the product. Additionally, how well a product is viewed as having high quality by consumers may change (Smith and Taylor, 2004).

Hollywood et al.'s (2013) study on milk drawings aimed to compare the impacts of glass, plastic, and cardboard. According to the results, most respondents believed plastic containers were superior to cardboard and mirror for drawing containers. This demonstrates the significance of packaging when a product is first brought to the market because customers are initially drawn to the most attractive packaging. As children are likely more sensitive to wrapper design, businesses must also build wrappers that appeal to them.

Well-considered and appealing writing designs can attract shoppers by making things stand out on the shelf. As a result, the distinctive signs, symbols, and combinations of different materials that

make up our product's eye-catching design, graphics, colors, and printed lines urge buyers to notice and touch them before trying and ultimately purchasing them.

Printed materials contain all the information regarding a product's features, price, and description required to distinguish a brand. According to Shah et al. (2013), labeling is one of the product's most observable characteristics and an essential marketing mix component. Knowledge of differentiation tactics is necessary since it can strengthen business marketing communication strategies and develop a unique brand identity.

The importance of brand image concerning products is well-acknowledged among academics and business professionals, claim Chakraborty, Chauhan, and Ouhimmou (2019). Images have significance for consumers because they help people understand information, identify their favorite brands, simplify purchases, evoke positive feelings, and lay the groundwork for product expansions (Aaker, 1991). A brand's image can also be considered a specific set of associations that potential customers have. According to Goldberg (1999), a product's image is essential because it increases consumer awareness of and familiarity with that product. The backdrop image helps to distinguish the goods from competing brands by acting as the customer's mental image of the item. Customers' ties to brands can be viewed as a collection of brand images (Mowen & Minor, 2001). Brand image is how consumers frame their memories of a firm and how they perceive the product's messages, traits, benefits, and features (Wijaya, 2013). A brand's image embodies what consumers think and feel about its identity. As a result, a brand's perception may be based on objective or subjective reality. According to Aaker (1991), consumers commonly buy products from well-known brands because they feel more comfortable doing so. Customers are more inclined to select a famous brand over a lesser-known one because they believe it is more reliable, always available, simple to find, and maintains quality. The perceived value of a product in the eyes of the consumer increases because of product design innovation. Usability is just as crucial as innovative packaging in attracting buyers. Innovative packaging may boost the product's value if it meets consumer desires.

1.1.3 Brewing Industry in Kenya

Two English brothers, George, and Charles Hurst founded a brewery in Nairobi in 1922, which marked the start of the Kenyan beer industry. Kenya Breweries Ltd was established after the two formally incorporated their business as a private entity (AP News, 2019). In 1929, the New Stanley

Hotel served the first batch of malted barley beer, greeted with mixed reviews. The first lager beer was created and shipped in 1930 (AP News, 2019). After the company won the first brewing award in an international competition in 1938, it became well-known for its beer. Bottled beer was only available to white people before 1947, when Africans were allowed to drink beer in the official sector. East Africa Breweries was one of the breweries in Kenya, and Keroche Brewery was another notable one (AP News, 2019) all these brewing companies still not producing capacity that can be sustainably sold in the diverse global market.

The brewing industry in Kenya has experienced significant growth and development over the years. Kenya has a vibrant beer market, with several local and international breweries competing for market share. The brewing industry in Kenya is dominated by a few major players. East African Breweries Limited (EABL) is the leading brewery in the country and has a strong presence with brands such as Tusker, Guinness, White Cap Lager, and Pilsner. Other notable players include 254 Brewing Co, Wananchi Breweries, Kwal Factory, Danish Brewing Company, Bateleur Brewery, Mashara Breweries, and Bilashaka Breweries, and local craft breweries like Brew Bistro and Big Five Breweries Ltd (AP News, 2019).

Beer is the most popular alcoholic beverage in Kenya, and its consumption has been steadily growing. The demand for beer is driven by factors such as changing consumer preferences, urbanization, a growing middle class, and a vibrant nightlife culture. However, per capita beer consumption in Kenya is relatively low compared to more developed beer markets. The beer market in Kenya is segmented into various categories to cater to different consumer preferences. This includes mainstream lagers, malt beers, light beers, craft beers, and specialty beers. Mainstream lagers, such as Tusker and Pilsner, have traditionally been the most popular segment, but there is a growing interest in craft beers and unique flavors among younger consumers (AP News, 2019) Though these industries sell their products outside Kenya, it will be great to meet the product in the other continents of the world (World Bank, 2022).

The brewing industry in Kenya has been observed to have limited utilization of product differentiation strategies, which hinders its potential for growth and competitiveness hence not able to achieve sufficient market globally. Despite the presence of several breweries in the country, the market is characterized by a lack of significant differentiation among the products offered. This

situation can be attributed to various factors, including a focus on price competition rather than value creation, limited innovation in product offerings, and a tendency to follow established norms rather than embracing unique characteristics.

Literature on the brewing industry emphasizes the importance of product differentiation as a key driver for success in the highly competitive market. By offering unique and differentiated products, breweries can create a distinct brand identity, attract a loyal customer base, and increase market share. However, the Kenyan brewing industry seems to fall short of effectively implementing these strategies. A study conducted by Muthaura and Waithaka (2018) "Competitive Strategies in the Brewing Industry in Kenya" explored the challenges faced by breweries in the country. The research highlighted that breweries often focus on price competition to gain market share, rather than investing in product differentiation. The study further emphasized the need for breweries to develop unique product attributes, such as flavor profiles, brewing techniques, and packaging, to stand out in the market and meet consumer demands. Another study by Wambua and Mugo (2016) titled "Factors Influencing Growth of the Brewing Industry in Kenya" discussed the growth potential of the industry. The research pointed out that limited product differentiation hinders the industry's ability to tap into niche markets and attract a wider consumer base.

The authors suggested that breweries should invest in research and development to create differentiated products that cater to the evolving preferences of consumers. To remain competitive, the brewing industry in Kenya would benefit from adopting product differentiation strategies. This could involve developing unique flavors, introducing innovative brewing techniques, leveraging local ingredients, and designing eye-catching packaging. By embracing product differentiation, breweries can create a competitive advantage, attract new customers, and foster brand loyalty in the dynamic Kenyan market.

1.2 Statement of the Problem

The brewing industry in Kenya is facing increasing competition and the need for expansion into international markets to sustain growth. However, there is a lack of comprehensive understanding regarding the influence of product differentiation strategies on the successful internationalization of Kenyan breweries (Kathure, 2018). While product differentiation strategies are recognized as crucial for gaining a competitive edge and appealing to consumers in foreign markets, there is a

need to investigate their specific influence on the internationalization efforts of Kenyan breweries. It is important to determine whether effective product differentiation strategies enable breweries to successfully penetrate foreign markets, increase market share, and achieve sustainable growth.

Relevantly, Hermans, and Borda Reyes, (2020) conducted a study on the value creation perspective on international business in Latin America: directions for differentiation between emerging market multinationals. The study's goal was to address market penetration through a differentiation approach. According to the findings of the study, differentiation strategy has a major impact on worldwide market penetration. Additionally, the paper showed how product qualities impact the notion of value and corporate strategies to capture value in international marketplaces, and it includes case studies from companies in various industries.

Agyapong and Sakyi (2020) studied "Product Differentiation and Export Performance Evidence from Manufacturing Firms in Ghana" The study focused on the manufacturing sector in Ghana and investigates the effects of product differentiation on export performance. The study demonstrated that product differentiation positively influences the export performance of firms, highlighting the relevance of product differentiation strategies in achieving foreign markets for a positive performance in export. In Nigeria, Onwujekwe and Eneh (2017) conducted a study on "Product Differentiation and International Market Expansion a case study of Nigerian Software Firms" They explored how product differentiation strategies influence the international market expansion of software firms in Nigeria. The findings emphasized the role of product differentiation in enabling firms to penetrate new markets, gain a competitive advantage, and achieve successful internationalization.

In Kenya, Nyokabi, (2018) studied the Influence of Product Differentiation Strategies on the Market Share of Selected Bakeries in Meru County. The study's findings demonstrated a favorable significant association between product diversification methods and bakeries' market share in Meru County. According to the study, bakeries are likely to improve their market share performance by improving customer service delivery, developing brands that are difficult to imitate, establishing pricing tactics to stimulate more sales, and rebranding their products to gain a competitive advantage in the market. In a study by Nyangosi and Kimani (2016), on "Product Differentiation and Competitive Advantage: A Case of Manufacturing Firms in Kenya." The study examined the relationship between product differentiation and competitive advantage in the

context of manufacturing firms in Kenya. The study found that product differentiation is significant in achieving competitive advantage but fails to shed light on how the product differentiation strategy can aid in the internationalization of the products and gain acceptance and recognition abroad (Nyangosi & Kimani 2016). Though reviewed studies including the study conducted by Murray and O'Neill (2012) on Craft beer: Penetrating a niche market have tried to initiate knowledge on the significance of differentiation strategy in accessing various markets both locally and globally a lot still needs to be done on the influence of product differentiation strategies on the internationalization of brewery companies in Kenya an area that has been ignored by the industry to make their product trade in most of the world's countries if not all. Moreover, the industry needs to focus on capacity differentiation strategy, design differentiation strategy, and writing differentiation strategy among other strategies vital for internationalization of the brewing products. These factors were thoroughly examined to provide breweries in Kenya with actionable insights on how to develop and implement successful product differentiation strategies for international expansion. The researcher investigated the effects of product differentiation strategies on the internationalization of the Brewing Industry in Kenya after this study revealed the characteristics that eventually influence the choices of global or international customers when numerous and distinctive options are offered.

1.3 Objectives of Study

1.3.1 General Objectives

The general objective of this study was to determine the influence of product differentiation strategies on the internationalization of the brewing industry in Kenya.

1.3.2 Specific Objectives

- i. To establish the influence of Capacity differentiation strategy on the internationalization of the brewing industry in Kenya
- ii. To determine the influence of Design differentiation strategy on the internationalization of the brewing industry in Kenya
- iii. To establish the influence of Writing differentiation strategy on the internationalization of the brewing industry in Kenya

1.4 Research Questions

- i. What was the influence of the Capacity differentiation strategy on the internationalization of the brewing industry in Kenya?
- ii. How did the Design differentiation strategy influence the internationalization of the brewing industry in Kenya?
- iii. What was the influence of the Writing differentiation strategy on the internationalization of the brewing industry in Kenya?

1.5 Scope of the Study

With EABL, 254 Brewing Co, The Big Five Breweries Ltd, Wananchi Breweries, Kwal Factory, Danish Brewing Company, Bateleur Brewery, Mashara Breweries, and Bilashaka Breweries as the unit of analysis, the study was focused on evaluating the impact of product differentiation strategies on the internationalization of the brewing industry in Kenya. The study's target respondents were the senior personnel from many important departments who hold supervisory roles and have access to crucial and pertinent information about potential product differentiation strategies in their departments. Due to the classification of the various breweries in Kenya, which have 107 respondents from the study's chosen 10 enterprises, the sample sizes for the study's aim varied. The Uppsala Model of Internationalization and the Market Power Theory were included in the theoretical scope, which was limited to prepositions that are deduced, supported by facts or evidence, and that describes a phenomenon related to the product differentiation strategy on internationalization of the brewing industry in Kenya. The time scope covered the period from January 2023 to June 2023.

1.6 Significance of the Study

The study would be of benefit to the following groups.

1.6.1 Government and Policy Makers

The study would be crucial for policymakers because they can pinpoint which environmental factors are more likely to affect how their operations are set up and how performance is concerned, as well as which supply chain strategies to employ to boost performance and enable the firm to go global.

1.6.2 Scholars and Academicians

Since this study's findings would provide the foundation for additional research, academicians, and scholars would find great value in its findings. Using the study's findings, the experts would talk about the internationalization of Kenya's industries, especially the country's beer business. The study would aid other academics working on a relevant subject and provide references for upcoming scholars.

1.6.3 Managers and Practitioners

The study would be necessary for managers and practitioners of brewing firms as they will be able to understand the impact of differentiating their products in the market space and, more so, as they expand to different market territories. The study would go further to be a source of reference to other firms in the manufacturing industry to assist with how they can also diversify their products to enhance their supply chain management.

1.7 Limitations

In any research study, constraints and challenges occur. The researcher may be faced with limitations in obtaining data. Businesspeople are very secretive; thus, convincing them to complete the questionnaires might be very challenging. However, the introductory letter from the university will play a critical role in convincing the respondents to fill out the questionnaires.

1.8 Chapter Summary

This thesis is structured as follows: Chapter One is divided into six sections. Section 1.1 discusses the background of the study, which includes a critical examination of both the independent and dependent variables and their selection is justified; Section 1.2 provides a critical assessment of the statement of the problem, stating clearly why this study should be carried out; Section 1.3 presented the objectives of the study, which includes both the general purpose and specific goals; Section 1.4 offers the research questions; Section 1.5 presents the scope of the study, and finally, Section 1.6 presents the significance of the study, which included how the study helped various stakeholders and the anticipated limitations that a researcher might encounter while conducting the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The Uppsala Model of Internationalization and Market Power Theory is related to the topic discussed in this chapter, along with how the researcher relates them to the study, conceptual framework, empirical review, critique of prior literature, research gaps, and summary.

2.2 Theoretical Framework

According to Mathooko (2011), a theoretical framework is a logically produced collection of propositions that explain a phenomenon and are supported by data or evidence. In this study, the research examines the Uppsala Model of Internationalization and the Market Power Theory shedding light on how they affect the internationalization of Kenya's brewing business, specifically the Kenyan Breweries firms, through influencing product diversification. Whereas, as discussed below, each model and theory often address one variable.

2.2.1 Uppsala Model of Internationalization

The model was created in 1977 by Johanson and Vahlne. The model attempts to explain a firm's internationalization process by considering the capacities of the industries and the goods they are producing, the commitment process to go abroad, the commitment performance of the industry at large, and the process of knowledge development to facilitate international trade. A company's standing, the market, and market competence are considered the models that separate penetration of the global market into four distinct phases. Step 1: Kenyan beer, in this case, is not frequently (just sometimes) exported. Step 2: Choosing the export channel with the aid of an impartial beer product representative. Step 3: Establish a foreign sales subsidiary outside the country where production is carried out. Step 4: Direct establishing a subsidiary for foreign production or manufacture in the host country.

According to Hult, Gonzalez-Perez, and Lagerström (2020), businesses frequently start their expansion in a market that is nearby in terms of its proximity to them psychically and culturally. They are more likely used to the commerce and culture of the host country there. After gaining expertise and more significant resources, the company eventually extends to more distant markets. By distance, they mean the cultural space, the different languages, politics, and geography, and the

diverse knowledge and information that will be obtained from the market. In addition, businesses frequently start selling their products abroad before setting up a local manufacturing facility or a foreign sales division in the target country.

The relationship between market knowledge and market commitment, according to Vahlne (2020), typically demonstrates the favorable relationship between market knowledge and commitment choices through product differentiation strategies and emphasizes the sequential growth of market activities and their profitable relationship to the market commitment of the product. The core principle of the concept holds that more market comprehension will lead to higher market commitment and vice versa (Vahlne & Johanson, 2020). The Uppsala model was created assuming that, as a component of a larger globalization strategy, it was essential to understand how managerial commitment decisions, market knowledge, and the outcomes of initial activities related to future commitment.

Two change tactics are also part of the theory. First, businesses adapt by taking lessons from their past operations, those of others who have been abroad, and the present consumer behavior in other markets. Second, the theory applies to addressing the product differentiation strategies supported by knowledge, commitments, and performance of the industry, in this case, the brewing industry in Kenya. These strategies are geared towards change through the commitment decisions made to strengthen the market position in the foreign market.

2.2.2 The Market Power Theory

Market Power theory was developed by Bain (1950) and made significant contributions to the study of market power and its impact on competition. His work on market structure and market power laid the foundation for subsequent theories in industrial organization. Additionally, Porter (1980) explored the role of market power in the global competitiveness of firms and nations and made significant contributions to Market power. Market power theory, also known as the theory of market structure, examines the relationship between market conditions and the behavior and performance of firms. It focuses on how firms with varying degrees of market power interact with competitors, customers, and suppliers, and how their market position influences their strategies and outcomes (Perloff, Karp, & Golan, 2007). The theory suggests that market power, which refers to a firm's ability to control prices, output, or market conditions, plays a crucial role in shaping

firm behavior and market dynamics. According to this theory, firms seek to expand their operations into foreign markets to capture new customers, gain economies of scale, reduce competition, and increase their overall market share and profitability. Market power theory, in the context of the internationalization of firms, explores how firms utilize their market power to expand their operations and establish a presence in foreign markets (Sun, et al., 2021). It suggests that firms with a dominant market position in their home market are more likely to internationalize successfully due to the advantages derived from their existing market power. Consequently, by adopting a product differentiation strategy, firms aim to create a perceived uniqueness and value in the minds of consumers, which can lead to increased market power (Morlacco, 2019).

It is important to note that while market power theory highlights the advantages enjoyed by dominant firms, it does not guarantee automatic success in internationalization. Factors such as cultural differences, regulatory challenges, local competition, and changing market dynamics can still pose significant obstacles. However, firms with substantial market power are generally better positioned to address these challenges and compete successfully in international markets (Morlacco, 2019).

2.3 Empirical Review

This section offers a critical analysis of the empirical research on the influence of product differentiation on the internationalization of Kenyan breweries. Additionally, it provides more specifics to demonstrate the research gaps found throughout the critical literature assessment.

2.3.1 Capacity Differentiation Strategy and Internationalization of Firms

Capacity differentiation strategy means providing distinguishing characteristics or functionalities that distinguish the product from rivals. These features might offer value or address unique client demands (Chen, et al., 2021). It also means providing varying degrees of resources, performance, or features to meet varying expectations and requirements. Organizations can efficiently target different market segments thanks to capacity differences. Companies may cater to a greater variety of consumers' wants and budgets by offering choices with varied capacity or service levels. It also allows them to maximize income by providing premium services to consumers willing to pay for increased capacity or greater features (Shen, Cao & Xu, 2020).

Boehe & Barin Cruz, (2010) found out that product fitness helps to make innovation apparent by raising awareness and attention. In this sense, product differentiation could help a product become more well-known and easier to remember. Significant product diversity, by definition, requires new features. If the target market is unfamiliar with product innovation, the product may face resistance to its unique features. Due to their excellent past experiences with brand purchases, customers are likely to transfer their confidence in the production capabilities to the brand. As a result, trusted brands with fair prices, good quality standards, and tempting quantity may enhance their credibility.

Mwanzia (2015) investigated the effect of differentiation strategy on the market share of tea export firms in Kenya. The target population for the study, which used a descriptive cross-sectional survey methodology, was made up of the 72 active Kenyan tea export companies that were registered with the Tea Directorate in 2014. The study discovered that the adoption of differentiation strategies spans from 66.6% to 77.8%, with the value-added goods approach having the greatest adoption and the price having the lowest adoption. Product features (quality) are the most often used value-added technique, whilst certification is the least used. The enterprises' market share was only little affected by differentiation measures, at 11.6%. This study was interested in establishing the relevance of differentiation strategy with respect to product acceptance, but little knowledge is shared on how best this differentiation can be put in place to enhance market expansion.

Hermans, and Borda Reyes, (2020) conducted a study on the value creation perspective on international business in Latin America: directions for differentiation between emerging market multinationals. The study's goal was to address market penetration through a differentiation approach. According to the findings of the study, differentiation strategy has a major impact on worldwide market penetration. Additionally, the paper showed how product qualities impact the notion of value and corporate strategies to capture value in international marketplaces, and it includes case studies from companies in various industries. The study was more focused on Latin America, where which factors in question may differ from that of Kenya.

Van Beers, Berghäll, and Poot (2008) assert that increasing the number of references or obstacles in the buying representation can boost the effectiveness of brand-name purchases. For instance, the contact in the example should give upcoming suppliers a chance to suggest such diverse materials for consideration if the supply manager considers that various materials can satisfy the

intended purpose. Limitations on the physical, usable, and other characteristics of the goods to be acquired should be made apparent in the brand name portrayal when they are essential to the requirements of the purchasing organization. For many hardware purchases, compatibility of repair parts is crucial. As mentioned earlier, the brand description must make the restriction apparent when this is the case.

2.3.2 Design Differentiation Strategy and Internationalization of Firms

According to Ulrich and Eppinger (2011), design differentiation strategy is the process of imagining, developing, and iterating solutions that address market demands or distinctively address customer problems. Ulrich and Eppinger (2011) state that effective product design depends on knowing the end-user customer or the individual for whom the product is being created. According to Salahshoor and Mojarrad (2012), the goal was to ascertain how green product packaging affected consumers' attention in the Tehran, Iran context. Purchase intention is a dependent variable, while the customer's demographics and the packaging of the green product are independent variables. Consumers of the Refah chain of stores in Tehran, Iran, made up the population. The sample was chosen from 400 customers of the Refah chain of businesses in Tehran, Iran. The data analysis revealed that neither the consumer's age nor gender had any bearing on the package choice. Consumer attention to purchase is greatly influenced by green product packaging centered on color, aesthetics, flavor, and texture.

There is some empirical evidence that distinguishing goods might lead to enhanced corporate advantages. For example, three-year research by Design Innovation Grouzin Great Britain of 221 items indicated that firms that differed via design increased their sales by 41% (Kotler, 2012). At the same time, Levitt (2010) confirms that the list of highly differentiated consumer products that were previously sold as undifferentiated or minimally differentiated commodities is long, and includes coffee, soap, flour, beer, and salt. In Kenya, the Mumias Sugar Company has re-entered the market with a branding strategy for its sugar.

Product strategies deal with fundamental product decisions and product planning, such as how the firm's products or services compare to the competitors (Kotler, 2013). This approach considers product standardization against product adaptation, as well as product positioning, market segmentation, product uptake, branding, and packaging. Marketers are continually looking for better or more superior items to sell to the consumer with the product in mind (Kotler, 2003).

MBAH, (2020) studied on does product differentiation strategy influence output: an assessment of food, beverage, and tobacco manufacturing firms in southeast, Nigeria. The results showed that the product differentiation approach had a beneficial influence on the number of purchases made by manufacturing businesses, the number of goods produced, and the firms' enhanced level of output. It so proposes that organizations emphasize their goods' distinctive traits, features, and value propositions to separate themselves from rivals for the benefit of their clients.

Ulrich and Eppinger (2011) identified the elements influencing customers' buying intention. The goal was to determine how packaging affected consumers' inclinations to buy. One hundred ice cream consumers, both male, and female, provided the data. Regarding the ice cream's packaging, questions were posed to the participants. The study's findings showed that consumers were initially more interested in the ice cream's box design before turning to the calorie information that was put there. Another element that affected ice cream purchasing was the trademark. Finally, the color of the ice cream package affects consumers' intentions to purchase ice cream.

Silayoi and Speece (2004) examined the elements influencing customers' buying choices. The goal was to investigate how packaging affected consumers' purchasing behavior in the context of Bangkok. The observations used the components of product packaging as the independent variables, including graphics and color, packaging size and shape, product information, and packaging technology. The dependent variable chosen by Origin is the consumer's buying decisions. The findings indicated that most participants concluded that packaging characteristics, including color, shape, and size, were the most crucial when buying household goods.

In Taiwan, Chang & Huang (2010) investigated the initiating variables of consumer purchasing behavior concerning genetically modified food products. The goal was to ascertain how Taiwanese consumers of genetically modified food behaved concerning product packaging. The goal was to determine the impact of various elements, including product packaging, on consumers' buying intentions within the framework of the Toimoi store. Additionally, the findings demonstrated that characteristics including in-store service, accessibility, strategic placement, and advertising substantially impact consumers' purchase intentions more than other factors. The consumer's purchase intentions are moderately influenced by additional elements such as brand name, packaging, delivery service, and payment method. Product quality, product design, and price are the criteria that have the most negligible impact on the consumer's buying intentions.

2.3.3 Writing Differentiation Strategy and Internationalization of Firms

A writing differentiation strategy is a graphic writing strategy, according to Becker, Tebes, Peppino, and Olsina Santos (2019), which is an approach that organizations establish by providing clients with something unique from what their competitors may provide in the market. Several businesses adopt diverse writing styles to distinguish their products from the competition. According to Romero, Lara, and Villalobos, (2021), all the elements mentioned earlier increase interest in the topic of writing distinction, such as green buying ("green" buying means that buyers buy and consume "green" products, which are this ecologically friendly products). The writing differentiation technique can be evaluated by examining how distinctive the taste, smoothness, and texture of product ingredients are. The product is widely accepted because it is described in various languages, including English, French, and German. Product certification is proof that a product complies with all requirements or specifications established in a contract or by a local, national, or international agency. Demonstrating that a product complies with international standards may lead to its acceptance globally since consumers are drawn to ISO-approved goods because they are considered safe and healthy.

It was fascinating to see how product certification influences consumer purchase behavior. The Swedish market was chosen because, behind Switzerland, Austria, and Denmark, it is Europe's fourth-largest market for eco-friendly products (Marknadsrapport, 2010). The bakery industry has been picked as the investigation's target, albeit it has been narrowed down to the freshly baked bread industry because it has received the least attention, could have utilized more research, and has multilingual product labels. During the information search stage, a consumer looks for as much information about a product as possible. As written information is what buyers require to decide whether to buy, this information can only be found in written form. The degree to which a client is motivated to search, the amount of preliminary information he has, the chance that he will obtain and the value of the information, and the degree to which the person is satisfied with the search are all factors that influence how frequently customer investigations (Kotler, Armstrong, 2008). Utilizing the knowledge, he has learned from the articles, the consumer evaluates different brands in the same product category to consider alternatives. Consumers sometimes conduct thorough analyses, such as when purchasing expensive items. Other times they pay little attention to this writing and make awful purchases, such as when they engage in habitual shopping (Kotler, Armstrong, 2008).

After comparing their options based on writing differentiation, which is achieved by writing distinctively, consumers choose a brand that meets their needs. Unexpected situational factors and other people's attitudes might also affect consumers' decisions (Kotler & Armstrong, 2008). The consumer evaluates whether his expectations of the product match the performance of the items during the stage of the purchasing process, known as outcomes or post-purchase behavior.

2.4 Research Gap

Bołkunow (2019) conducted a study on the Internationalization of European small and medium-sized companies. The study's conclusions showed that improving the internationalization of small and medium-sized businesses has moved from being a function of the respective small and medium-sized businesses. The gap is conceptual and contextual since this study aims at determining the influence of product differentiation strategies on the internationalization of the brewing industry in Kenya; being entirely the organization's responsibility to operate internationally.

Mwanzia (2015) investigated the effect of differentiation strategy on the market share of tea export firms in Kenya. The target population for the study, which used a descriptive cross-sectional survey methodology, was made up of the 72 active Kenyan tea export companies that were registered with the Tea Directorate in 2014. The study discovered that the adoption of differentiation strategies spans from 66.6% to 77.8%, with the value-added goods approach having the greatest adoption and price having the lowest adoption. Product features (quality) are the most often used value-added technique, whilst certification is the least used. The enterprises' market share was only little affected by differentiation measures, at 11.6%. The primary focus of this study was to examine the significance of differentiation strategy in relation to product acceptance. However, there is limited existing knowledge on the effective implementation of differentiation strategies to facilitate market expansion. Therefore, the present study aims to address this gap by specifically investigating the role of product differentiation in accessing the international market. The current study particular focus is on breweries firms and their potential to utilize product differentiation as a means of expanding their presence in the international market.

Hermans, and Borda Reyes, (2020) conducted a study on the value creation perspective on international business in Latin America: directions for differentiation between emerging market multinationals. The study's goal was to address market penetration through a differentiation

approach. According to the findings of the study, differentiation strategy has a major impact on worldwide market penetration. Additionally, the paper showed how product qualities impact the notion of value and corporate strategies to capture value in international marketplaces, and it includes case studies from companies in various industries. While the previous study primarily focused on Latin America, it is important to note that the factors examined in that context may differ from those in Kenya. Therefore, there exists a gap in the literature concerning firms in Africa, particularly in Kenya. Hence, the current study aims to address this gap by specifically focusing on breweries firms in Kenya, providing valuable insights into the unique factors and dynamics at play in the African context.

MBAH, (2020) studied on does product differentiation strategy influence output: an assessment of food, beverage, and tobacco manufacturing firms in southeast, Nigeria. The results showed that the product differentiation approach had a beneficial influence on the number of purchases made by manufacturing businesses, the number of goods produced, and the firms' enhanced level of output. It so proposes that organizations emphasize their goods' distinctive traits, features, and value propositions to separate themselves from rivals for the benefit of their clients. This study's focus was on the output of the product but not on how the differentiation can help a firm access a wider market.

Table 2.1 Literature and Research Gap

The Key studies, the Research Gaps, and how the study will fill the Research Gaps.

Summarized in the table below:

Author	Title	Findings	Research Gap and how the study will fill them
Bolkunow (2019)	Internationalization of European small and medium-sized companies	The study’s findings revealed that enhancing the internationalization of small and medium-sized enterprises has become a priority of the institutions of the European	The gap is conceptual and contextual since this study aims to determine the influence of product differentiation strategies on the internationalization of the

		Union and of the brewing industry in Kenya governments of the EU being entirely the Member States and not the organization's responsibility function of the respective to operate international small and medium-sized enterprises	
Boehe and Barin Cruz, (2010)	Corporate social responsibility, product differentiation strategy and export performance	The finding reveals that CSR product predicts export performance better than product quality differentiation and almost as well as product innovation differentiation. The multi-group analysis further revealed that the positive and significant effect of CSR product differentiation on export performance is likely to be contingent on the number and type (developing vs. developed) of countries that are targeted.	It is evident that through determining the product differentiation strategy there could be a significant contribution to internationalization that the study contradicts leading to topic gap at the same time this study was not conducted in Kenya making the study relevant since there is geographical gap
Ulrich, and Eppinger, (2011)	<i>Product Design and Development.</i> McGraw Hill	The findings from the book indicates that for organization to expand its scope to foreign countries the product should possess five characteristics including product quality, product cost, development	The study put emphasis on product quality, product cost, development time, development cost and development capacity while this study determines the influence of capacity, Design differentiation strategy,

		time, development cost and development capacity	writing differentiation strategy leading to variable gaps
Ulrich, and Eppinger, (2011)	Design for environment. Product Design and Development	The study was on improving the design of office chairs with an aim of going international, In June 2009, Herman Miller, Inc., a US-based office furniture manufacturer, launched the Setu multipurpose chair. The Setu (named after the Hindi word for bridge) aims to set new standards of simplicity, adaptability, and comfort for multipurpose seating while being environmentally friendly. the chairs were made of two polypropylene materials and engineered to achieve comfort for nearly everybody	The study only covers one variable which is design strategy to go international leaving out capacity, Design differentiation strategy, writing differentiation strategy that all constitute a wholesome aspect of product differentiation.
Karagiannis, Kellerman, Pröll and Salhofer (2018)	Markups and product differentiation in the German brewing sector.	The study provide a method applied in separating the product differentiation markup from other sources of market power with emphasis on collusive behavior including lack of market transparency the process for	The study focusses on product differentiation markup from other sources of market power with emphasis on collusive behavior including lack of market transparency and no other differentiation strategies like the design differentiation

estimation was on a single strategies, writing
reduced form equation the differentiation strategies
study sampled 200 breweries among others leading to
companies in Germany, the contextual gap,
study asserts that beer is a
differentiated product and
sector repeatedly shows
collusive behavior as far as
the internationalization is
concern and that there is a
significant part of the
estimated markup of product
differentiation most so for
beers produced in Bavaria
and very little sources of
imperfect

**Niederhut-
Bollmann,
Niederhut-
Bollmann
and
Theuvsen
(2008)** Strategic management in turbulent markets: The case of the German and Croatian brewing industries

The study tends to focus on the Michael Porters Forces to mitigate brewing products from the turbulent markets and the findings had it that through the adoption of the Michael Porters strategies is when the beer industry can trade a broad

The study was based on the Michael Porters forces and not the product differentiation strategies leading to conceptual gap

**Murray
and O'Neill
(2012)** Craft beer: Penetrating a niche market

The study was about exploring the underexplored niche market potential of craft beer, most so how it relates to independent food and

The study focused on exploring the underexplored niche market potential of craft beer, and how it relates to independent food and

beverage operations, as a means of gaining competitive advantage and the study reveals that the craft beer and micro brew pub success is driven by the home brew movement and continues to gain market share at the expense of broad line food service and macro beer producers. The high satisfaction and likelihood to recommend scores support this assessment.

Ngek, and Peter, (2020) Differentiation as a business competitiveness strategy in the brewery industry in Cameroon

This study evaluate differentiation as a business competitiveness strategy for improving business performance in the industry the case of Les Brasseries Du Cameroun Bamenda, the findings thus reveals that there is a need by management to continue to maintain and upholding product differentiation variable factors like quality and assortment while at the

The study focused on differentiation as a business strategy not product differentiation strategy and narrows it down to quality and assortment and never focus on design, writings among others on internationalization leading to contextual gap to be filled be this study

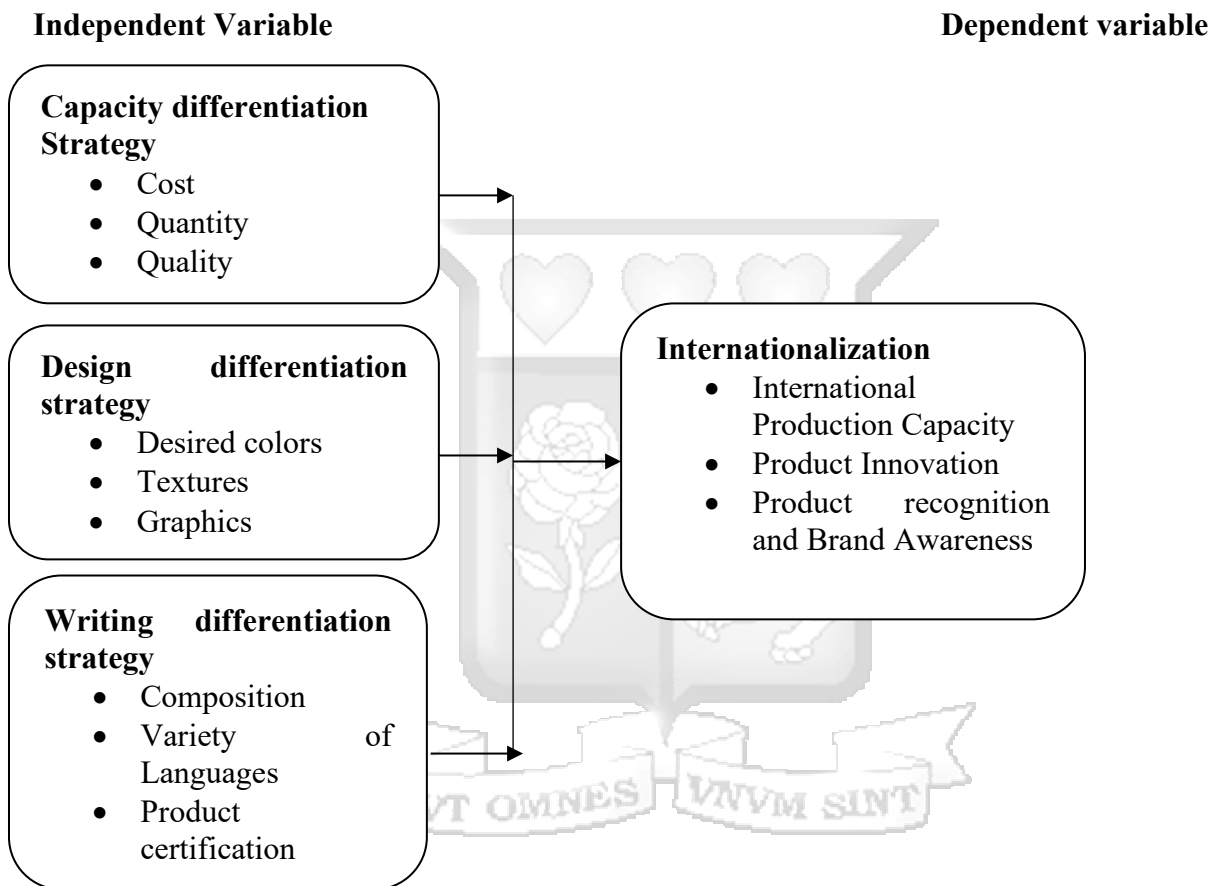
same step-up service
differentiation activities.



2.5 Conceptual Framework

According to Mugenda and Mugenda (2003), a conceptual framework entails formulating concepts regarding connections between the study variables and diagramming these connections in the study. Figure 2.1 below, created for this study, shows how the independent factors affect the dependent variable.

Figure 2.1: Conceptual framework



Source: Researcher (2023)

2.6 Operationalization of Variables

Operationalization expedites the conversion of abstract ideas into traits that can be seen and assessed using indicators. A rating scale from 1 (strongly disagree) to 5 (strongly agree) was used to measure the dependent and independent variables. Table 2.2 provides an overview of the indicators that were utilized in the research.

Table 2.2 Operationalization of Variables

Variables	Measures	Definition of Operation	Likert Scale
<p><u>Dependent Variable:</u> Internationalization of BREWING firms BOLKUNOW, (2019)</p>	<ul style="list-style-type: none"> • International Production Capacity • Product Innovation • Product recognition and Brand Awareness • International workforce & Subsidiary establishment 	<p>Process of expanding a company's operations across national borders, either by exporting products to other countries or by establishing production facilities in other countries. That is the expansion of breweries into international markets, taking their beer brands and products to consumers in different countries.</p>	<p>A five-point Likert scale on the implementation level and the believed usefulness</p>
<p><u>Independent Variable:</u> Capacity differentiation Strategy BOEHE ET AL. (2010)</p>	<p>Capacity Differentiation is measured by three elements including.</p> <ul style="list-style-type: none"> • Cost • Quantity • Quality 	<p>Capacity differentiation strategy is a business approach that focuses on distinguishing a company's products or services by emphasizing its ability to handle larger volumes, higher quality, or faster turnaround times compared to competitors. This strategy is particularly effective in industries where economies of scale play a significant role and customers value suppliers that can meet their capacity requirements effectively.</p>	<p>A five-point Likert scale on the implementation level and the believed usefulness</p>

<u>Independent Variable:</u>	Design Differentiation is measured by three elements, including:	Design differentiation strategy is a business approach that focuses on creating unique and appealing product designs to distinguish a company's offerings from those of competitors. By emphasizing aesthetics, functionality, and innovative design elements, companies can attract customers who value visually appealing and well-designed products.	A five-point Likert scale on the implementation level and the believed usefulness
Design Differentiation Strategy	<ul style="list-style-type: none"> • Desired Colors • Products Textures • Graphics Design 		
ULRICH AND EPPINGER (2011)			
<u>Independent Variable:</u>	The Influence of Product Differentiation Strategies on the Market Share of Selected Bakeries in Meru County	Writing differentiation strategy is an approach that focuses on developing unique and compelling written content to distinguish a company, brand, or individual from competitors. Effective writing can help convey a distinct voice, communicate key messages, and engage target audiences.	A five-point Likert scale on the implementation level and the believed usefulness
Writing Differentiation Strategy			
BECKER ET AL. (2019)			

2.7 Chapter Summary

This chapter discussed the theories on which the study was anchored, and the empirical studies scholars have carried out on product differentiation strategies and the internationalization of firms in the brewing industry. The research gaps arising from previous studies are summarized. The conceptual framework shows the interrelationships between variables, and the operationalization table summarizes the variables' descriptions and their measures. This chapter discusses the Uppsala Model of Internationalization and the Rational Choice Theory, both pertinent to this study, and how they affect product differentiation and the internationalization of the brewing business in Kenya. It outlines the research that was done and is relevant to the study's goals. The similarities and contrasts based on past research findings in the same field are skillfully given through thorough

empirical examination. Additionally, the methodologies employed in the earlier investigations are described. The chapter made it clear that a limited study will be carried out from a Kenyan viewpoint to examine the impact of product differentiation on the globalization of the brewing business.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The methodology for conducting the investigation is described in this chapter. It outlined and clarified the study's data collection and analysis methodology. As a result, the chapter is divided into sections that address the study design, target population, sample size, sampling methodologies, the data collecting process, data analysis, and presentation.

3.2. Research Philosophy

Research philosophy refers to a researcher's beliefs, assumptions, and values about the nature of reality, knowledge, and inquiry. It guides the design and conduct of the research, influencing decisions about research methods, data collection, analysis, and interpretation. Conversely, several research philosophies include positivism, interpretivism, critical theory, and pragmatism. Each perspective has assumptions and beliefs about the research process and what constitutes a valid knowledge field on the subject matter (Kuwornu-Adjaottor, 2020). This study adopted the Positivism paradigm because it emphasizes the importance of objective facts and empirical evidence in understanding the variables at large. Through systematic observation and interviews that can be measured, observed, and validated, this philosophy is appropriate as it better defines the relationship between the study's variables quantitatively. The paradigm is the most reliable for this study as it increases the practical significance and is determined by the analysis to be the most successful in conducting the survey.

3.3 Research Design

According to Silverman (2016), the research design is the overall strategy employed in the study to address the research questions. It offers a framework for data collection and analysis, and the selection reflects the weight assigned to the various aspects of the research process (Bryman, 2016). A design is used to organize the study and demonstrate how all the critical components of the project—the samples or groups, measurements, treatments or programs, and methods of assignment—work together to try to answer the main research questions (Kabir, 2016). A research design is a broad strategy for addressing the study questions, according to Saunders, Lewis, and

Thornhill (2007). A research problem is presented in its entirety in the research design. It refers to your general approach to combining the various study components logically and cogently.

This investigation used a correlational design. The results of a correlational Analysis show if two variables are connected. This entails determining if an increase or reduction in one variable causes an equivalent rise or fall in the other. The fact that correlation does not indicate causality must be emphasized (Kabir, 2016). In a correlational design, variables are only measured (without being altered), and the data are then analyzed to see whether the variables are connected. The strength of the link between the variables is measured by correlation and association metrics.

3.4 Target Population

According to Mugenda and Mugenda (2003), a target population is a large group of people, things, or events with a shared observable trait that a researcher seeks to generalize the findings of a study to (Kombo & Tromp, 2006). According to Kenya Investment Authority (2022), there are 10 active players in the brewing industry. Therefore, the target population for this study was managers of 10 respective active Brewery Firms in Kenya, with a total of 1078 top, middle and low-level managers as presented in table 3.1.

Table 3.1 Target Population

Brewery Companies	Managers	Sample Size
Keroche Breweries	152	15
EABL	164	16
254 Brewing Co	142	14
The Big Five Breweries Ltd	102	10
Wananchi Breweries	84	8
Kwal Factory	96	10
Danish Brewing Company	97	10
Bateleur Brewery	82	8
Mashara Breweries	76	8
Bilashaka Breweries	83	8
Total	1078	107

Source: respective company website (2023).

3.5. Sampling Design and Technique

The study employed both Purposive/Judgemental and stratified sampling techniques. The approaches were deemed appropriate because they gave the researcher access to a sample that accurately reflects the total population under study. The Purposive/Judgemental was used in picking managers from Top, middle and Low-level managers while the stratified sampling technique was adopted to narrow the number to 107 as suggested by Mugenda and Mugenda (2013). There was a formation of the strata which was based on the shared qualities or traits of the managers. The strata included the strategy managers, quality managers, head of operations, sales and marketing managers, and site and territorial managers in Nairobi, Kenya because of the respective roles they held in the company.

According to Mugenda and Mugenda (2013), sampling is a statistical technique that involves choosing people or observations to learn about a population of interest. If the sample size is greater than 30, they propose that a researcher sample size of 10% is suitable ($n > 30$). According to Table 3.1, the sample size (10% of 1078) equaled 107 respondents.

3.6. Data Collection Method

The study used semi-structured questionnaires in obtaining primary data for analysis. The choice of this instrument was viewed in line with the fact that they were easily administered and analysis too was relatively economical. Questionnaires are instruments that ask individuals to answer a set of questions or respond to a set of statements (Rowley, 2014).

A self-administered semi-structured questionnaire of a 5-point Likert scale was developed for the various variables (Capacity differentiation strategy, Design differentiation strategy, and writing differentiation strategy) in the study as it enabled the collection of well-thought responses and provided confidentiality compared to an interview. The questionnaire was structured based on each of the three independent variables (Capacity differentiation strategy, Design differentiation strategy, and writing differentiation strategy) of the study as well as the dependent variable which is internationalization.

The questionnaire was used because it is a tool deemed in reaching out to many respondents quickly, give them enough time to respond to the questions, provide respondents with a sense of security, and was an objective approach free of bias based on the respondents' personal

characteristics (Creswell, 2013). The questionnaire was created based on the study's objectives and was broken down into three sections: the first section asked for the respondents' demographic information; the second section includes statements on each of the independent variables, including capacity, design, and writing differentiation strategy and the third section, addressed internationalization of brewery firms in Kenya. Closed-ended inquiries were employed to elicit organized replies that enabled the formulation of more specific recommendations. To score the various traits, closed-ended questions were employed, which reduced the number of identical replies and allowed for a wider range of answers. The distribution of questionnaires to respondents was done by specially trained research assistants to boost response rates.

The researcher recruited some research assistants to assist in data collection from 10 brewing companies in Kenya and in the data entry and other logistical assignments. The enumerators were equipped with sufficient training for competency enhancement and minimization of possible errors as far as data collection and data entry are concerned. The data collection team comprised ten research assistants each gathering data from the assigned company and the researcher as the leader. The roles of the research assistants were to visit the company, seek permission to collect data, identify subjects and ensure that subjects understand their function in the study

3.7 Research Quality

The research quality refers to a small-scale replication and trial of a significant study that evaluates the reliability and validity of the research instruments used and practical issues related to administering questionnaires (Bhattacharjee, 2012). Research quality is also known as a pilot test. Creswell (2014) describes a pilot test as a replica and rehearsal of the central survey, which establishes the reliability and validity of the instruments. To verify the reliability of the questionnaire, the researcher conducted a pilot or pretest using a test-re-test. Mugenda and Mugenda (2013) recommend a 1-10% pretest sample, depending on the sample size. Since the sample size included 107 respondents, the researcher piloted 10% of 107, leading to 11 (eleven) respondents being picked from different managerial departments of Breweries Firms for the pretest. The respondents' sample size for the pretest was entirely from a non-sampled target population that will not be reused in the entire study but was perceived to have experienced the topic under the research. Their response significantly improved the quality of questions under the questionnaires; after two weeks, the same questions were given to them again, and the scores were

recorded in each case. This was a test for both validity and reliability. The researcher then corrected the ambiguity of the questions.

3.7.1 Validity Test

Validity is the extent to which findings from data analysis accurately reflect the issue being researched (Franklin, 2012). The time to which research instruments assess the variables they claim to (Riazi, 2017). The usage of content validity was implemented in the study.

According to Creswell & Creswell (2017), measuring and reporting an instrument's content validity is crucial. The variables of interest were calculated using the concept of content validity. It is used to gauge how well a questionnaire's items' topic domains were sampled. According to Biesta (2017), there are two criteria for guaranteeing content validity: first, the technique used to test the things, and second, the method used to create the items.

According to DePoy and Gitlin (2019), the three sources of content validity are literature, people from the relevant demographics, and specialists. Choosing "what domain of construct" to be measured is the first stage in the instrument creation process. This may be discovered through literature studies, interviews, and focus groups. An accurate specification of the qualities of interest helped to provide a clearer image of the subject's constraints, dimensions, and constituent parts. The domain and construct ideas that are important in this case can be identified using the qualitative technique. As a result, the researcher relied primarily on creating the structures from the literature review.

Content validity was conducted to measure how appropriately the data collection instrument captured the theoretical construct. The measure was established by quantifying the viewpoints of experts. The key concepts captured in the data collection tool entailed institution, capacity, design, writing, and internationalization. A content validity test was administered to the experts from which the clarity and relevancy of the tool were measured. A rating on the five concepts (capacity, design, writing, and internationalization) was conducted and the results are as shown below.

Table 3.2 Validity Test

Item	Concept	Content Validity Index	Interpretation
1	Capacity	1	Appropriate
2	Design	0.857	Appropriate
3	Writing	0.928	Appropriate
4	Internationalization	0.85	Appropriate

From the above findings, the content of the questionnaire under the four concepts were found to be appropriate.

3.7.2 Reliability Test

Reliability is the degree to which a research instrument delivers consistent results after repeated trials (Cooper et al., 2014). Cronbach's alpha was employed in this study to determine the questionnaire's internal consistency—legitimacy and consistency of findings from the instruments being used (Creswell, 2013). A more excellent value indicates that the data items examined have a strong association, while a lower value means that the items tested have a weaker relationship. Cronbach's alpha was employed in this study to determine consistency in the range of 0 to 1. Where closer values to 1 indicate that the variables under investigation are easily quantifiable. The reliability analysis was conducted to check for the internal consistency of the tool.

Reliability and dependability were checked for measurement instruments on a rating scale (Tavakol & Dennick, 2011). A value of Cronbach's alpha is generated during analysis and explains the degree of consistency. The technique was essential in this study since the tool used for data collection was the Linkert scale. The study contained four variables: capacity, design, writing, and internationalization. The four variables had sub-variables which were in a Linkert scale. The reliability analysis produced a Cronbach alpha value for each variable. The analysis showed that the capacity differentiation strategy recorded a Cronbach of 0.714 (N=3). The value suggests that the variable had the required internal consistency. The Cronbach alpha value generated under design differentiation was 0.727(N=3). The value attains the required threshold of being considered reliable and consistent.

Similarly, writing differentiation had a Cronbach alpha of 0.741(N=3). Finally, the Cronbach alpha of internationalization of the firms was 0.872(N=3), which suggests that internal consistency was attained. Overall, all the variables attained the required level of internal consistency. Therefore, the data collection instruments were considered fit to address the research objectives.

Table 3.3 Reliability test

Variable	Cronbach's Alpha	N of Items
Capacity Differentiation Strategy	0.714	3
Design differentiation	0.727	3
Writing differentiation.	0.741	3
Internationalization of the firms	0.872	3

For all the constructs tested the threshold was found to be above 0.7 leading to the acceptance of all the constructs to be reliable.

3.8. Data Analysis and Presentation

For the study survey, a questionnaire instrument was constructed. It included descriptive where, Descriptive results were presented from findings with the generation of quantitative reports in the form of tables, percentages, mean score, standard deviation as well as the measures of central tendency. In addition, a descriptive analysis table was done that showed records of mean, standard deviations, and standard errors. The analysis provided a framework for the generalization of the findings on the influences of capacity differentiation strategy, design differentiation strategy, and writing differentiation strategy on the internationalization of the brewing firms in Kenya.

Explanatory investigations and questionnaires were frequently used to collect information from respondents about a certain topic (Saunders et al., 2014). Data cleaning and explanation were part of the data analysis process. The data were coded and examined for mistakes and omissions (Kothari, 2012). Examining, classifying, and tabulating data are all parts of data analysis, which was done to answer the research question(s).

To aid in outlining and establishing the relationship between the variables being investigated (inferential statistics). The following multiple regression model was used in the investigation.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu$$

Where Y = Internationalization of Brewing industries

X_1 = Capacity Differentiation Strategy

X_2 = Design differentiation Strategy

X_3 = Writing Differentiations Strategy

The regression coefficients or changes in Y brought forth by each independent variable are β_1 – β_3 .

The random error term μ accounts for all other factors impacting performance but is not included in the model.

3.9 Ethical Considerations

The researcher applied and obtained letters from the Strathmore Business School to conduct research, National Commission for Science, Technology, and Innovation (NACOSTI). In addition, and 10 Respective companies where the researcher proceeded to write to all the targeted institutions and respondents, requesting permission to use the subjects as respondents in the study. Once approval is obtained, the researcher administered the questionnaire and conduct some interviews using the same questions with key informants like the Managing directors of the 10 respective companies. Each questionnaire contained a cover letter informing the potential responder of the study's goal. A primary contact person was designated for each subset of respondents. The primary contact person consistently nagged respondents to finish the survey and regularly gather it. No personal information was obtained, and the researcher and research assistants ensured the study's quality and integrity. To avoid plagiarism, all published and unpublished material was fully acknowledged.

3.10 Chapter Summary

This section covered the research philosophy, Research design, the study's target population, the sampling methodology, data collection technique, Research quality showing how the validity and reliability were tested, Data analysis, and presentation. It has also provided how ethical consideration was achieved and data collected.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the findings using both descriptive statistics and inferential statistics. Descriptive statistics were displayed using frequency tables, mean, standard deviation, and graphs. In addition, inferential statistics were conducted using linear regression analysis to understand the relationship between the internationalization of firms and different chosen product differentiation strategies.

4.2 Response rate

The researcher collected data from 107 respondents from the sampled brewery obtained from companies in Kenya. 101 duly filled questionnaires and only 6 surveys went unanswered. From the findings, most of the companies had a 100% response rate, that is, Keroche Breweries, The big five, Wananchi, Kwal, Mashara, and Bilashaka. While a response rate of 75% was reported by Bateleur Company Limited. In general, the data collection response rate was 94.39%, which surpassed the 75% response rate considered a threshold by many researchers. According to Harrison, Reilly, and Creswell (2020), a response rate of more than 50% is adequate for analysis and reporting, and a response rate of more than 70% is exceptional. In this case, the study's response rate was excellent, making it suitable for analysis and drawing conclusions.

Table 0:1 Response rate

Brewery Companies	Sample Size	Response	Response rate
Keroche Breweries	15	15	100%
EABL	16	15	94%
254 Brewing Co	14	12	86%
The Big Five Breweries Ltd	10	10	100%
Wananchi Breweries	8	8	100%
Kwal Factory	10	10	100%
Danish Brewing Company	10	9	90%
Bateleur Company Limited	8	6	75%
Mashara Breweries	8	8	100%

Bilashaka Breweries	8	8	100%
	107	101	94.39%

4.3 Demographic Information

The demographic information of the respondents was displayed using graphs to show the frequencies of the respondents in terms of the organization, gender, position at the company, years of experience, and level of education.

4.3.1 Name of the Organization

The findings showed most of the respondents were from Keroche Breweries and EABL with 14.85% representation in each, followed by 254 Brewing (11.88%). The big five breweries Ltd (9.90%) and Kwal factory (9.90%). The minority of respondents were from Bateleur Brewery (5.94%).

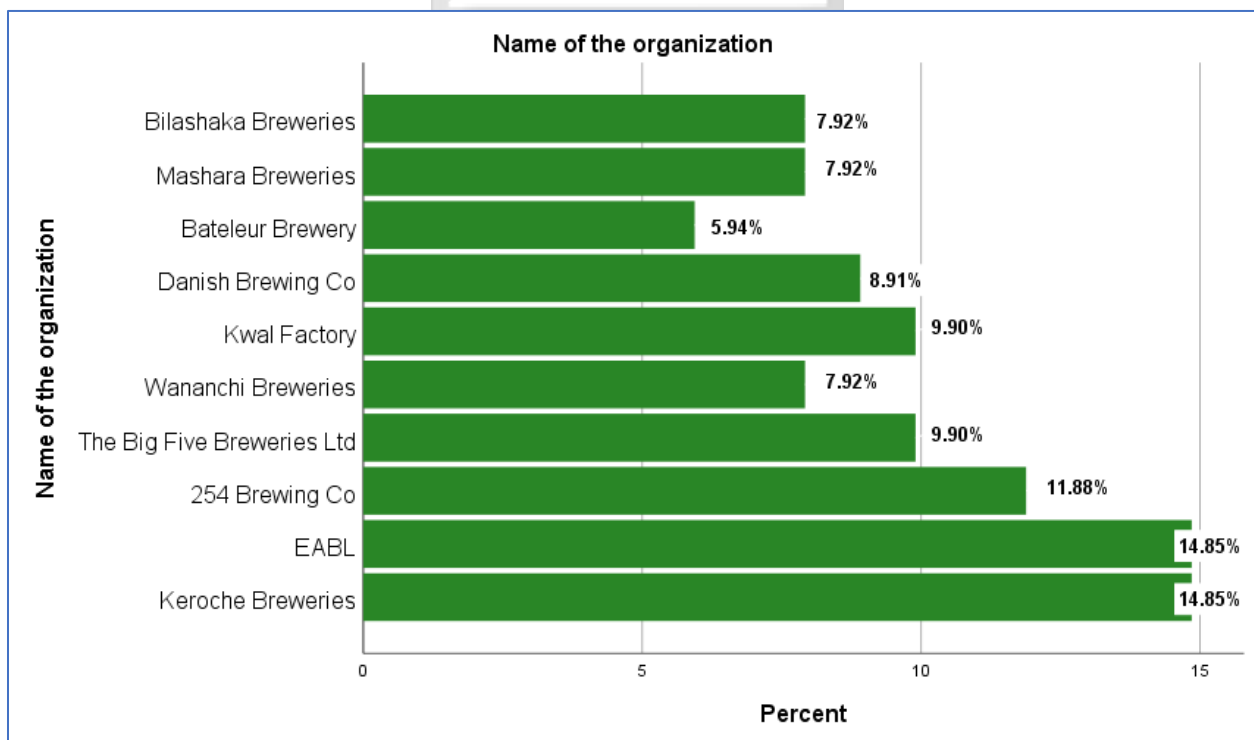


Figure 4.1 Name of the organization

4.3.2 Gender Distribution

The distribution of respondents in terms of gender shows that the majority were male 57.43%, while 42.57% were female. This showed that most of the people with knowledge of product differentiation strategies on internationalization are of the male gender.

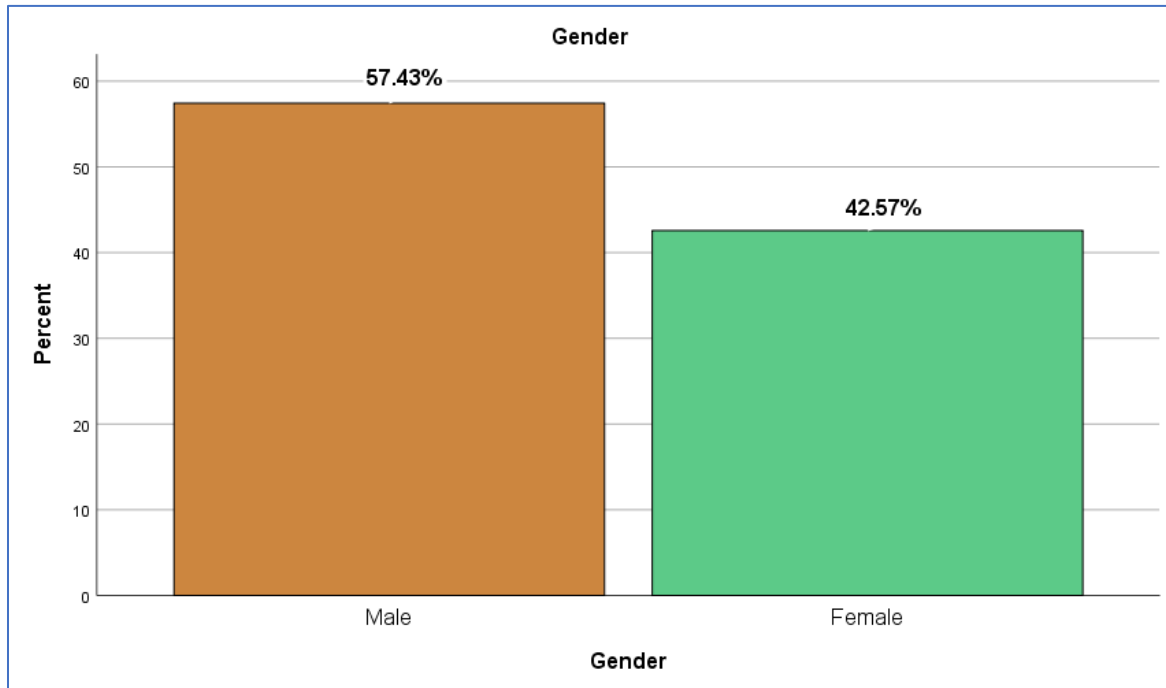


Figure 4.2 Gender

4.3.3 Position held in the Organization.

Most of the respondents were sales agents (18.81%), followed by 12.87% of the respondents who were finance officers. 11.88% of the respondents were supervisors and plant operators. The minority of the respondents were managing directors (4.95%). This meant that most of those with the knowledge were sales agents or sales representatives.

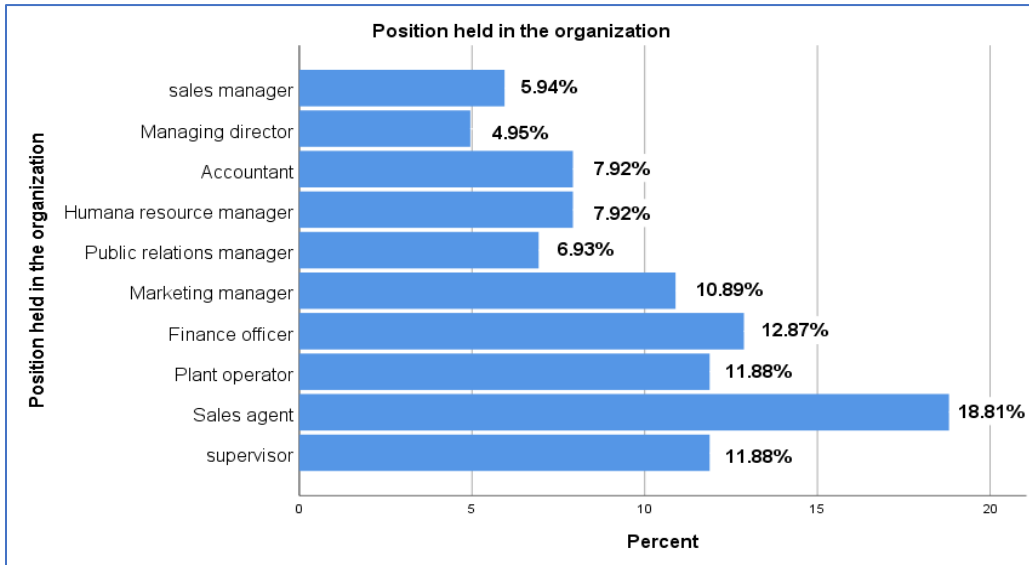


Figure 4.3 Position held in the organization.

4.3.4 Years worked in the company.

The findings show that most respondents had between 5 years to 10 years of work experience with the company (40.59%), and 25.74% had 2 years to 4 years of work experience with the company. In addition, 20.79% had over 10 years of work experience with the company, while the minority (12.87%) had less than 2 years of work experience with the company. This demonstrates that the respondents had varying levels of job experience, and the researcher's collected data from all respondents, regardless of their level of expertise.

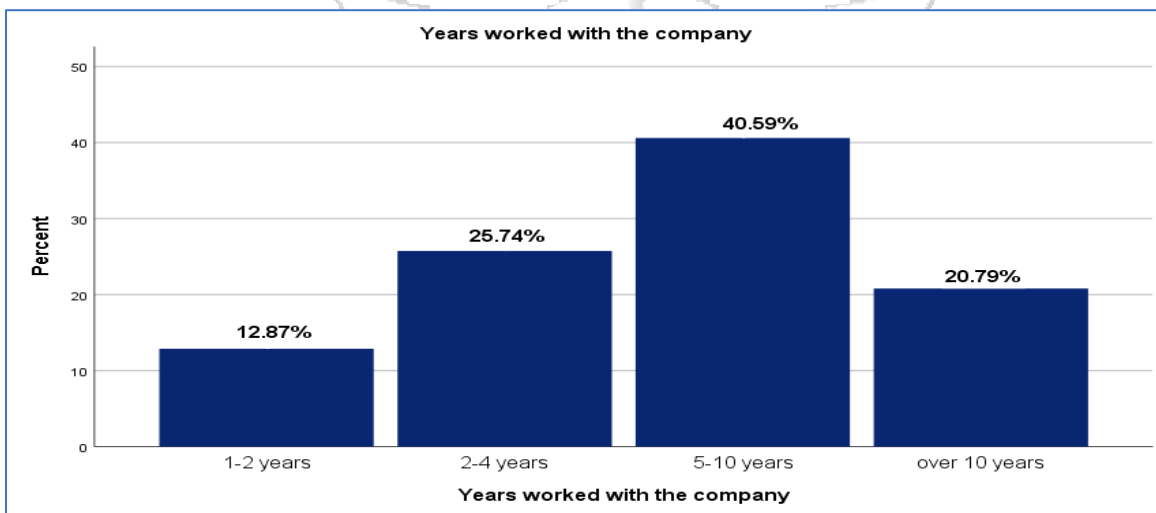


Figure 4.4 Years working in the organization.

4.3.5 Level of Education

The results show that most of the respondents were degree holders 44.55%, 41.58% of the respondents had a college education level, 12.87% were masters' holders, and 0.99% of the respondents were Ph.D. holders. This indicates that the respondents included in the study came from a variety of educational backgrounds, which led to them having various positions within the organizations. This indicates that the respondents had learned various skills that qualified them for their responsibilities in the organization.

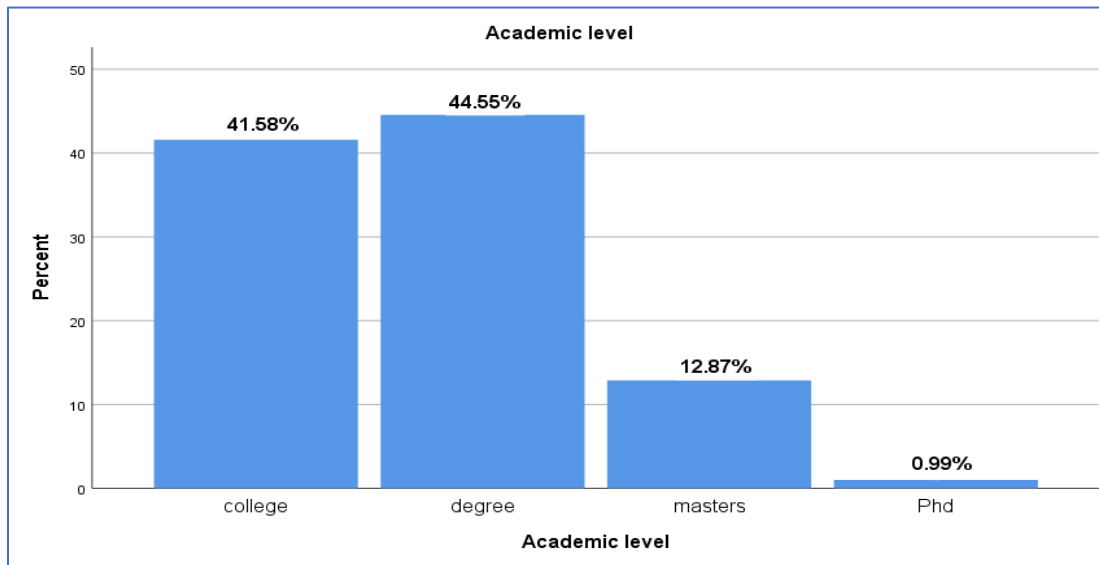


Figure 4.5 Level of education

4.4 Diagnostic Tests

4.4.1 Normality Test

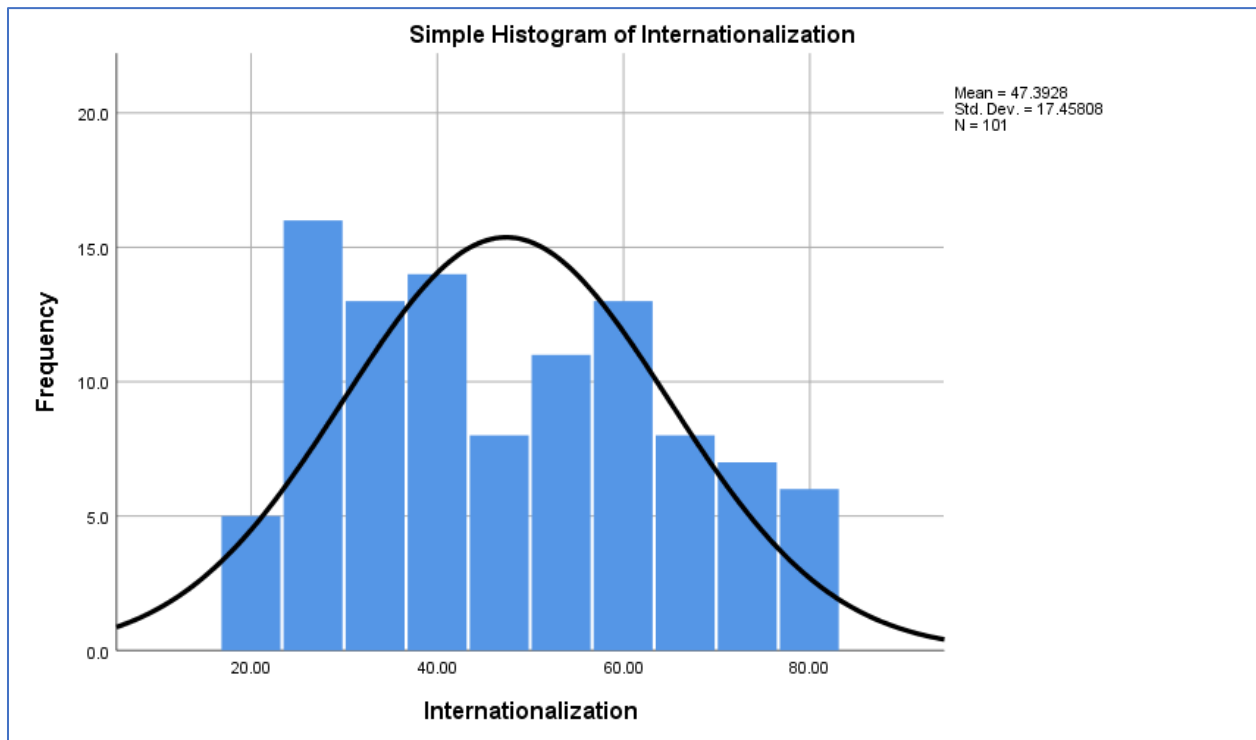
The normality test shows that the p-value under Shapiro-Wilk and Kolmogorov Smirnov is greater than 0.05. Therefore, the data assumes normality.

Table 4.2 Normality Test

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
Internationalization	1.2	101	.116473	1.3	101	.09828

a. Lilliefors Significance Correction

The normality plot was generated to support the results of the normality test. The distribution of the values shows that the data was normally distributed.



4.4.2 Multicollinearity Test

Based on the provided collinearity statistics, there is no evidence of multicollinearity in the model. The low tolerance values and VIF values close to 1 indicate that the independent variables (Capacity, Design, and Writing) are not highly correlated with each other. Therefore, the coefficients of the independent variables can be interpreted without concern for multicollinearity effects.

Table 4.3 Multicollinearity Test

Model		Collinearity Statistics		
		B	Tolerance	VIF
1	(Constant)	-7.310		
	Capacity	.215	.978	1.022
	Design	.368	.904	1.107
	Writing	.110	.891	1.123

4.4.3 Linearity Plots

The linearity plots were employed to check if the data distribution was linear. The points in the plots appear to follow a specific pattern. The plots appear to fall within the line hence suggesting that the linearity assumption was met.

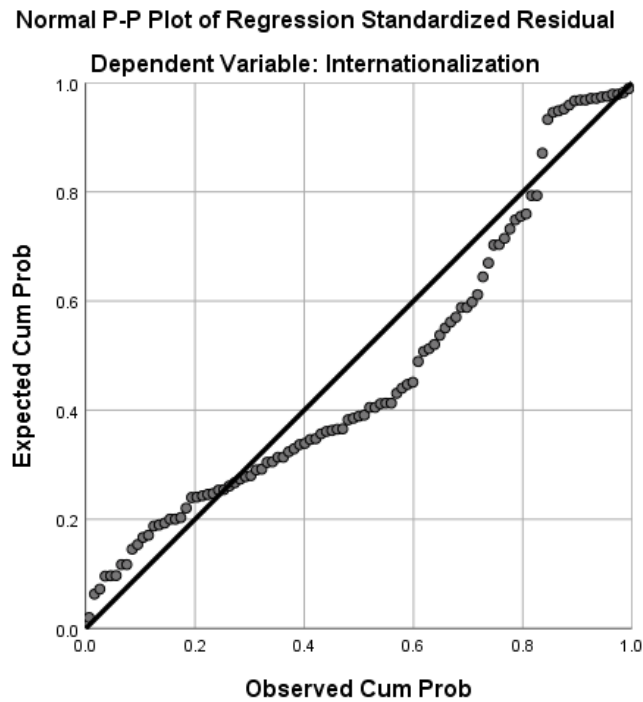


Figure 4.6 Linearity Plots

4.4.3 Correlation Analysis

The findings of the correlation analysis show that there is a strong moderate correlation between capacity and Internalization ($r=0.16$). The findings show there is a strong positive correlation between internationalization and design ($r=0.849$). A weak correlation was observed between writing and internationalization ($r=0.21$)

Table 4.4 Correlation Test

		Correlations			
		Capacity	Design	Writing	Internationalization
Capacity	Pearson Correlation	1	.037	-.124	.616*
	Sig. (2-tailed)		.712	.215	.049
	N	101	101	101	101

Design	Pearson Correlation	.037	1	.301**	.849**
	Sig. (2-tailed)	.712		.002	.007
	N	101	101	101	101
Writing	Pearson Correlation	-.124	.301**	1	.121
	Sig. (2-tailed)	.215	.002		.228
	N	101	101	101	101
Internationalization	Pearson Correlation	.616*	.849**	.121	1
	Sig. (2-tailed)	.049	.007	.228	
	N	101	101	101	101
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

4.5 Descriptive Statistics

Descriptive statistics were done using standard deviation and mean. Mean values showed the center of the distribution of each item while the standard deviation was used to show the spread of the data points from the mean. The mean values were crucial in terms of ascertaining which of the items had the highest rating, hence aiding in ranking the items in terms of their influence on the internationalization of the firms.

4.5.1 Capacity Differentiation Strategy

Assessment of the influence of capacity differentiation strategy on the internationalization of firms used three items. From the findings as shown in Table 4.5 below,

Table 4.5 Capacity Differentiation Strategy

	N	Standard deviation	Mean
The local manufacturing cost is significantly greater than the production cost of rivals in other countries.	101	1.22	3.36
The local production quantity does not give room for surplus market	101	1.10	3.54

The quality of the local breweries' products is marginally inferior to that of their international rivals. 101 1.18 3.42

Majority of the respondents were in support of the statement that the local manufacturing cost is significantly greater than the production cost of rivals in other countries as indicated by (mean= 3.36, SD=1.22). Indicating that high cost of production is limiting the local firms from gaining access to the international market. Additionally, the local production quantity does not give room for surplus market, reported the highest mean value of 3.54 (SD=1.10). Since there's high cost of production, quantity produced is low and thus cannot exhaust the local market and still accommodate the international market as indicated by the study; followed by, the quality of the local breweries' products is marginally inferior to that of their international rivals (mean =3.42, SD=1.18).

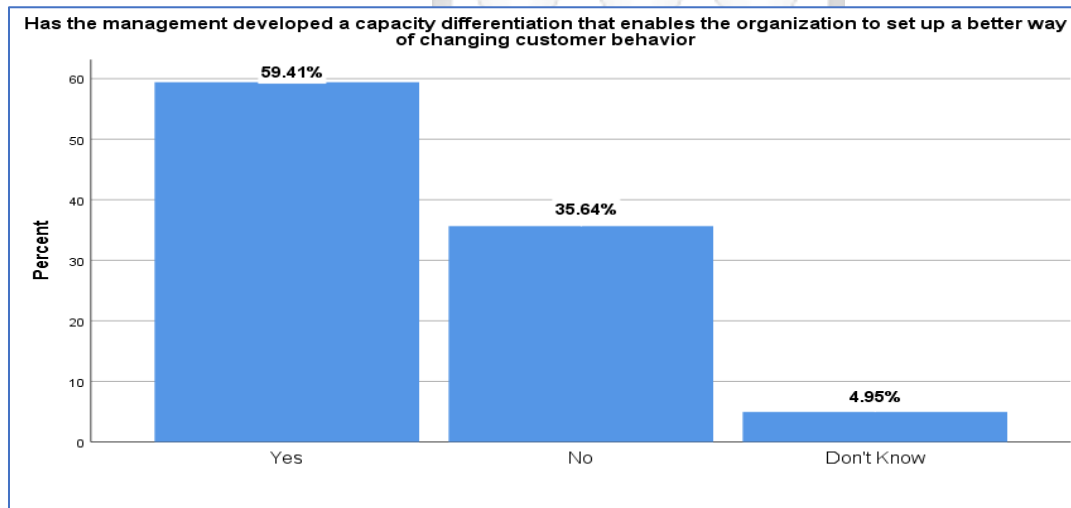


Figure 4.7 Capacity Differentiation Strategy

4.5.2 Design Differentiation

Table 4.6 Design Differentiation

	N	Mean	Standard deviation
It will be simpler to market a product when a company incorporates the required colors in its design.	101	3.73	0.99

When the drawings are appealing, the business will encourage customers to buy one of its products. 101 3.98 0.86

Contracts for graphics are often granted to the best organization, which has resulted in increased product sales and a shift in consumer opinion for the products to retail global. 101 3.94 0.86

In assessing design differentiation, the highly ranked factor was that, When the drawings are appealing, the business will encourage customers to buy one of its products (mean=3.98, SD=0.86), followed by, Contracts for graphics are often granted to the best organization, which has resulted in increased product sales and a shift in consumer opinion for the products to retail global (mean=3.94, SD=0.86). The least ranked factor was that it will be simpler to market a product when a company incorporates the required colors in its design (mean=3.73, SD=0.99). The results contradict the finding of Ulrich and Eppinger (2011) state that effective product design depends on knowing the end-user customer or the individual for whom the product is being created.

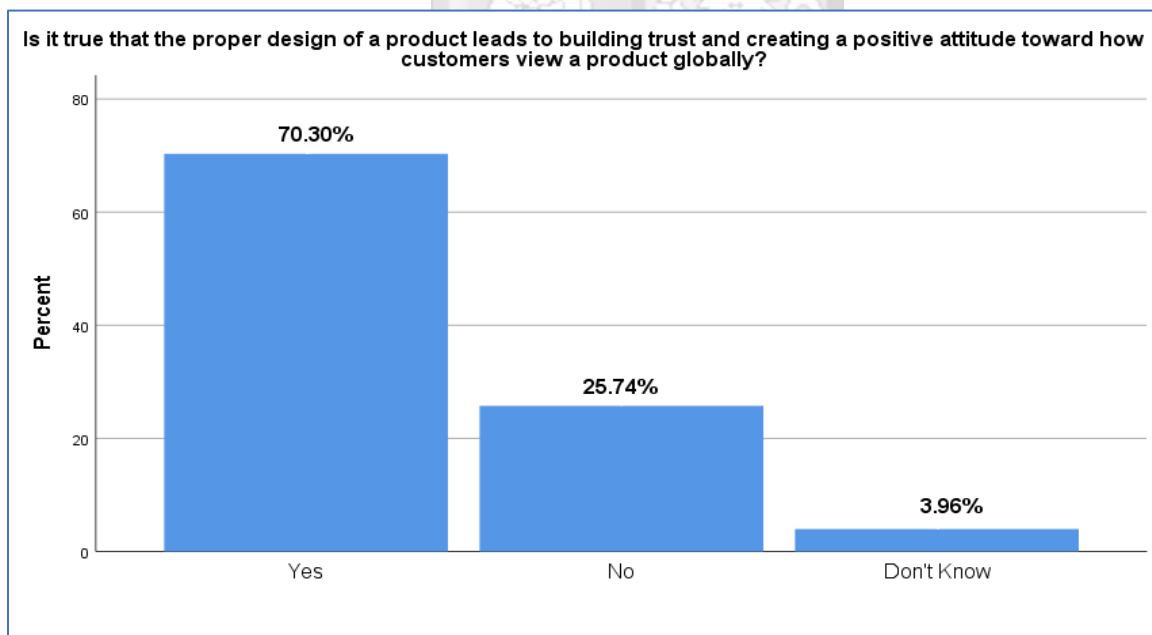


Figure 4.8 Design of product and positive attitude

4.5.3 Writing Differentiation.

Table 4.7 Writing Differentiation.

	N	Mean	Standard deviation
The product's composition has made it difficult to enter international markets since it exclusively appeals to the local consumer	101	3.72	1.02
Because our products are written in English, reaching markets outside of the English-speaking world has been difficult.	101	3.83	0.95
A poor perception of our products in the foreign markets resulted from several instances of non-certified products with our brands entering local marketplaces.	101	3.96	0.89

The study revealed that the highly ranked item under writing differentiation was that poor perception of our products in the foreign markets resulted from several instances of non-certified products with our brands entering local marketplaces (mean = 3.96, SD=0.89), followed by, because our products are written in English, reaching markets outside of the English-speaking world has been difficult (mean=3.83, SD=0.95). The item with the least rank was that the product's composition has made it difficult to enter international markets since it exclusively appeals to the local consumer (mean=3.72, SD=1.02). The findings concur with the finding of Romero, Lara, and Villalobos, (2021), asserting that the product is widely accepted when it is described in various languages, including English, French, and German. Product certification is proof that a product complies with all requirements or specifications established in a contract or by a local, national, or international agency that must accept different languages.

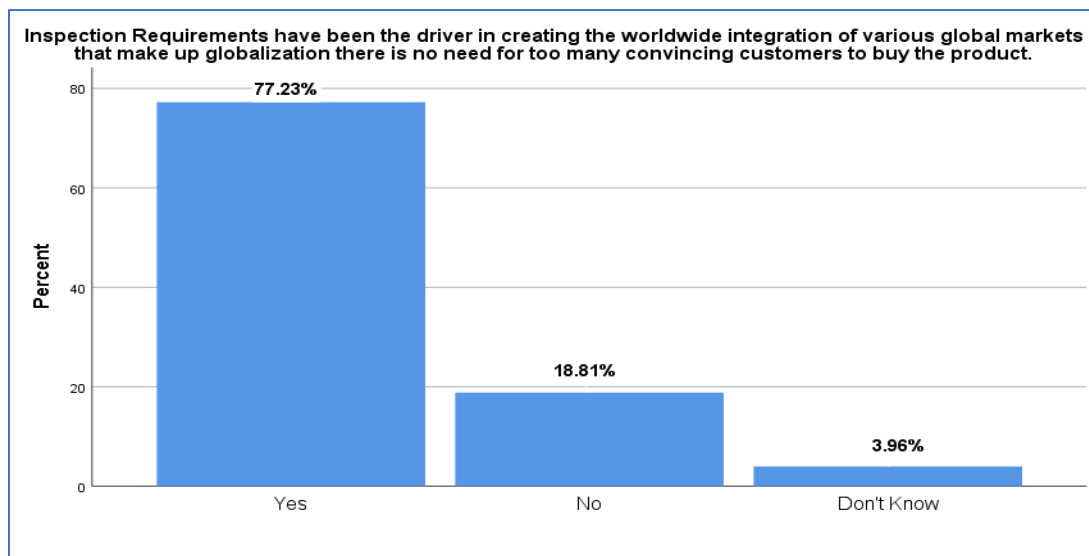


Figure 4.9 Inspection requirement as a driver for the integration of global markets

4.5.4 Internationalization of the Firms

Assessment of the internationalization of the firms revealed that the highest ranked factor was, My organization produces its product in the country and fears to produce outside because of unsustainable international production capacity (mean=2.39, SD=1.17); followed by, the company's market share in foreign market is bigger than the market share of the domestic market (mean=2.35, SD=1.13), and the least ranked factor was, most of the brewing products sold out of the country have the records of repetition of purchase and company is in the verge of expanding their sales to different part of the world (mean=2.08, SD=1.02).

Table 4.8 Internationalization of Firms

	N	Mean	Standard deviation
My organization produces its product in the country and fears to produce outside because of unsustainable international production capacity	101	2.39	1.17
The company's market share in foreign market is bigger than the market share of the domestic market.	101	2.35	1.13
Most of brewing products sold out of the country have the records of repetition of purchase and company is in the verge of expanding their sales to different part of the world.	101	2.08	1.02

4.6 Histogram for Internationalization

The three items measuring internationalization were converted to a continuous scale and standardized between 0 and 100. From the histogram, the distribution of internationalization shows that most of the observations were between 20 and 80. The graph shows symmetry in observations following the normal curve. This is a clear indication that the variable follows a normal distribution.

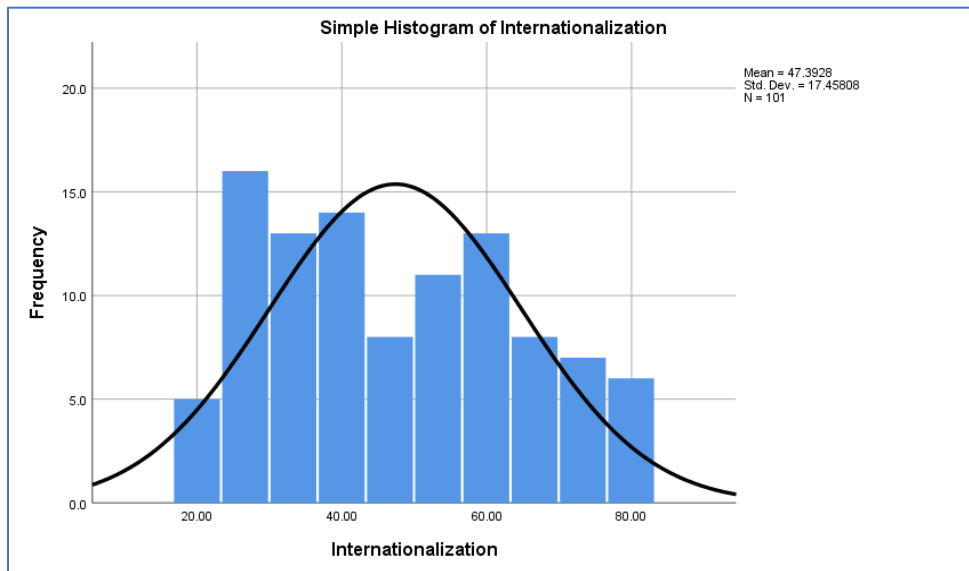


Figure 4.10 Histogram for internationalization of Firms

In addition, the box plot confirms the normality of the variable ‘internationalization’ since the median line is at the middle of the upper and lower quartiles. It is also shown that there is no presence of outliers given that all the observations are within the whiskers.

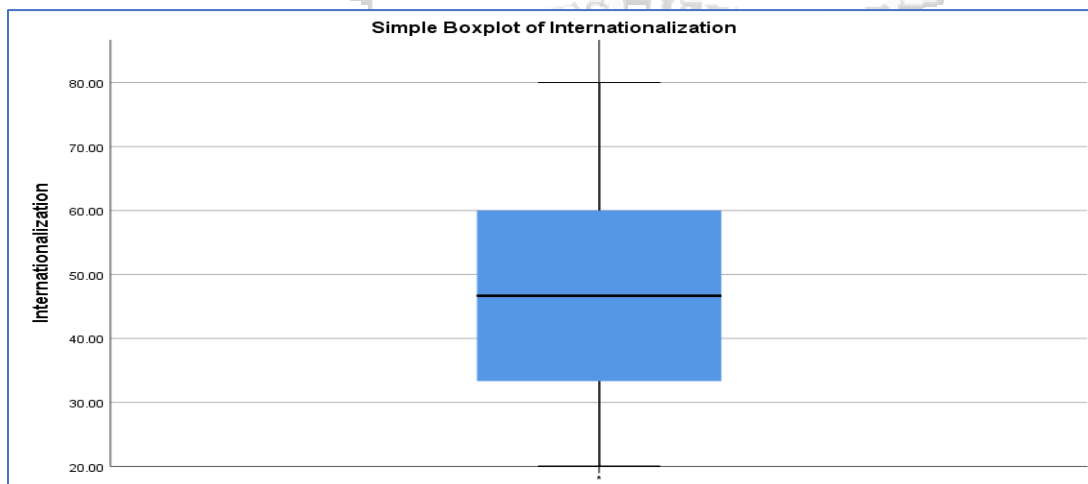


Figure 4.11 Box plot of internationalization of Firms

4.7 Multiple Regression

4.7.1 The Relationship between Capacity Differentiation Strategy and the Internationalization of Firms

From the model summary, capacity differentiation strategy explains 38% (R-square=0.38) of the variation in the internationalization of firms

Table 4.9 Model 1: Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.196 ^a	.38	.29	16.36189

a. Predictors: (Constant), Capacity

The ANOVA output reported that, $F(1) = 3.962$, $P\text{-value} = 0.049$. Since the p-value is <less than 0.05, we reject the null hypothesis and concluded that the overall model is significant.

Table 4.10 Model 1: ANOVA output

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1060.769	1	1060.769	3.962	.049 ^b
	Residual	26503.434	99	267.711		
	Total	27564.203	100			

a. Dependent Variable: Internationalization

b. Predictors: (Constant), Capacity

The coefficients output shows that, $B = 0.215$, $p\text{-value} = 0.049$. Since the p-value is <less than 0.05, we reject the null hypothesis and concluded that, capacity differentiation strategy has a significant positive impact on the internationalization of firms. Essentially, a unit increase in capacity differentiation strategy leads to an improvement of the internationalization of the firm by 0.215 units.

Table 4.11 Model 1: Coefficient table

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	29.732	7.590		3.917	.000
	Capacity	.215	.108	.196	1.991	.049

a. Dependent Variable: Internationalization

4.7.2 The Relationship between Design Differentiation Strategy and the Internationalization of Firms

The model summary shows that, R-square = 0.72. This means that 72% of the variation in the internationalization of firms is explained by the design differentiation strategy.

Table 4.12 Model 2: Summary table

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.269 ^a	.72	.63	16.07151

a. Predictors: (Constant), Design

From the ANOVA output, $F(1)=7.717$, $p\text{-value}=0.007$. Since the $p\text{-value}$ is <less than 0.05, we concluded that the overall model is statistically significant.

Table 4.13 Model 2: ANOVA output

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1993.153	1	1993.153	7.717	.007 ^b
	Residual	25571.050	99	258.293		
	Total	27564.203	100			

a. Dependent Variable: Internationalization
b. Predictors: (Constant), Design

The coefficient table shows that, $B=0.413$, $p\text{-values}=0.007$. Since the $p\text{-value}$ is <less than 0.05, we reject the null hypothesis and conclude that, design differentiation strategy has a significant positive impact on internationalization of firms. This means that a unit increases in design differentiation strategy leads to an improvement in the internationalization of firms by 0.413 units.

Table 4.14 Model 2: Coefficient Table

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.401	11.661		1.063	.290
	Design	.413	.149	.269	2.778	.007

a. Dependent Variable: Internationalization

4.7.3 The Relationship between Writing Differentiation Strategy and Internationalization of Firms

From the findings, writing differentiation explains only 15% of the internationalization of firms ($R\text{-squared}=0.15$).

Table 4.15 Model 3: Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.121 ^a	.15	.05	16.56345

a. Predictors: (Constant), Writing

From the ANOVA output, $F(1)=1.472$, $p\text{-value}=0.228$. Since the $p\text{-value}$ is >greater than 0.05, we fail to reject the null hypothesis and conclude that the overall model is not significant.

Table 4.16 Model 3: ANOVA output

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	403.753	1	403.753	1.472	.228 ^b
	Residual	27160.450	99	274.348		
	Total	27564.203	100			

a. Dependent Variable: Internationalization

b. Predictors: (Constant), Writing

The findings in the coefficient table revealed that writing differentiation is not significant in predicting the internationalization of firms ($B=0.182$, $p\text{-value}=0.228$). This is because the p-value is >greater than 0.05 level of significance.

Table 4.17 Model 3: Coefficient Table

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	30.542	11.613		2.630	.010
	Writing	.182	.150	.121	1.213	.228

a. Dependent Variable: Internationalization

4.7.4 Multiple linear regression model

The model summary from the multiple model (model containing all the three independent variables) revealed that, $R\text{-squared} = 0.742$. This is an indication that 74.2% of the variation in the internationalization of firms is explained by, writing differentiation strategy, capacity differentiation strategy, and design differentiation strategy.

Table 4.18 Model 4: Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.534 ^a	.742	.681	15.88701

a. Predictors: (Constant), Writing, Capacity, Design

The ANOVA output shows that, $F(3)=4.070$, $p\text{-value}=0.009$. Since the $p\text{-value}$ is <less than 0.05, we conclude that the overall model is significant.

Table 4.19 Model 4: ANOVA output

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3081.691	3	1027.230	4.070	.009 ^b
	Residual	24482.513	97	252.397		
	Total	27564.203	100			

a. Dependent Variable: Internationalization
b. Predictors: (Constant), Writing, Capacity, Design

Table 4.20 Model 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	-7.310	16.126		-.453	.651
	Capacity	.215	.106	.196	2.030	.045
	Design	.368	.155	.240	2.379	.019
	Writing	.110	.152	.073	.723	.471

a. Dependent Variable: Internationalization

The equation of the model can be illustrated as follows:

Based on the findings of the regression analysis presented in Table 4.19, the regression model became; $Y = -7.310 + 0.215X_1 + 0.368X_2 + 0.110X_3$ which represents:

$$\text{Internationalization} = -7.310 + 0.215 * \text{Capacity} + 0.368 * \text{Design} + 0.110 * \text{Writing}.$$

4.8 Chapter Summary

The Chapter presented the analysis and presentation of the data where both descriptive statistics and inferential statistics. Descriptive statistics are informed by frequency tables, mean, standard deviation, and graphs while inferential statistics shows the results of multiple linear regression.

The study found that the Design Differentiation Strategy is statistically significant to the internationalization of brewing firms in Kenya ($\beta = 0.368$, $P = 0.019$). Design differentiation had a significant positive relationship internationalization of brewing firms in Kenya. Therefore, increasing Design differentiation by a single unit would lead to an increase internationalization of brewing firms in Kenya by 0.368 units holding other factors constant.

The study found that the Capacity differentiation Strategy is statistically significant to the internationalization of brewing firms in Kenya ($\beta = 0.215$, $P = 0.045$). Capacity differentiation had a significant positive relationship internationalization of brewing firms in Kenya. Therefore, increasing Capacity differentiation by a single unit would lead to an increase internationalization of brewing firms in Kenya by 0.215 units holding other factors constant.

The study found that the Writing differentiation Strategy is relevant but not as statistically significant to the internationalization of brewing firms in Kenya ($\beta = 0.110$, $P = 0.471$) compared to the two variables. Writing differentiation had a significant positive relationship internationalization of brewing firms in Kenya. Therefore, increasing writing differentiation by a single unit would lead to an increase internationalization of brewing firms in Kenya by 0.110 units holding other factors constant.

CHAPTER FIVE

DISCUSSION, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The findings, conclusions, contributions, suggestions, limits, and opportunities for further research are summarized in this chapter. The chapter provides a summary of the outcomes that will be established based on the study's objectives which are to establish the influence of capacity differentiation strategy, Design differentiation strategy, and writing differentiation strategy on the internationalization of the brewing industry in Kenya.

5.2 Summary of the Study

The purpose of the study was to assess the influence of product differentiation strategies on the internationalization of brewing firms in Kenya, with emphasis on establishing the influence of Capacity differentiation strategy, Design differentiation strategy, and Writing differentiation strategy on the internationalization of the brewing industry in Kenya. Consequently, the study was guided by the Uppsala model of internationalization and Market Power Theory. The research design was the correlational research design which aided in establishing the relationship that exists between the variables. The scope of the study was EABL, 254 Brewing Co, The Big Five Breweries Ltd, Wananchi Breweries, Kwal Factory, Danish Brewing Company, Bateleur Brewery, Mashara Breweries, and Bilashaka Breweries with a target population of 1078 departmental heads and a sample size of 107 respondents, the data collection instrument was a questionnaire and the model for analysis was multiple linear regression model. Data were coded and processed with the aid of SPSS version 22.0. The results were displayed using frequency tables, mean, standard deviation, and graphs. In addition, inferential statistics were conducted using linear regression analysis to understand the relationship between the internationalization of firms and different chosen product differentiation strategies. The study found that capacity differentiation strategy has a positive significant impact on the internationalization of firms; design differentiation strategy has a positive significant influence on the internationalization of brewing industries; writing differentiation strategy has a positive significant influence on the internationalization of brewing industries.

5.3 Discussion of Findings

The present study aimed at ascertaining the influence of product differentiation strategies on the internationalization of the brewing industry in Kenya. To achieve this aim, the study was anchored on three specific objectives: To establish the influence of Capacity differentiation strategy on the internationalization of the brewing industry in Kenya; To determine the influence of Design differentiation strategy on the internationalization of the brewing industry in Kenya; and to establish the influence of Writing differentiation strategy on the internationalization of the brewing industry in Kenya. The findings on the objectives form the basis of the study discussion.

5.3.1 Influence of Capacity differentiation strategy on the Internationalization of the brewing industry

The findings revealed that capacity differentiation strategy has a positive significant influence on the internationalization of breweries firms in Kenya ($B=0.215$, $p\text{-value}=0.048$). This shows that a unit increase or improvement in capacity differentiation strategy leads to an improvement in the internationalization of the firm by 0.215 units. This means that differentiating a product in terms of capacity is useful in aiding a firm to gain access to international markets. The finding of this study is supported by Chakraborty, Chauhan, and Ouhimmou (2019), who asserted that the brand of a given product plays a significant role in the market as it makes the product well known by different market players such as businesses professionals. Further, Jayaswal, and Jewkes, (2016) Opines that capacity differentiation strategy such as production capability, unique features in the product, and product quality are essential in gaining access to new markets. The findings of this study are also in tandem with the results of Jain and Bala (2018) that, capacity differentiation strategies are essential because they increase consumer awareness and make them become more familiar with the product.

The study also indicated agreement among participants and most of the respondents were in support of the statement that the local manufacturing cost is significantly greater than the production cost of rivals in other countries as indicated by (mean= 3.36, SD=1.22). Indicating that the high cost of production is limiting local firms from gaining access to the international market. Additionally, the local production quantity does not give room for a surplus market, reported with the highest mean value of 3.54 (SD=1.10). Since there's a high cost of production, the quantity produced is low and thus cannot exhaust the local market and still accommodate the international

market as indicated by the study; followed by, the quality of the local breweries' products is marginally inferior to that of their international rivals (mean =3.42, SD=1.18).

5.3.2 Influence of Design Differentiation Strategy on the Internationalization of the brewing Firms

The findings revealed that the design differentiation strategy has a positive significant influence on the internationalization of brewing firms in Kenya as indicated by (B=0.413, p-value=0.007). Essentially, as the design differentiation strategy improves by one unit, the internationalization of firms also improves by 0.413 units. This is majorly attributed to the fact that, when the drawing is appealing to the customers, they will be encouraged to buy the products. Also, the findings showed that the fact that contracts are normally granted to the best firm has led to increased product sales and a change in consumer attitude toward the products to retail globally. The study findings are supported by a study done by Smith and Taylor (2004), who revealed that the design of a product in terms of its materials affects the consumer perception of the key ideas behind the product. High-quality products lead to positive perceptions of the products by customers hence the ease of internationalization of the products (Smith and Taylor, 2004). Moreover, well-designed, and appealing designs lead to greater attraction of customers by making products stand out (Shah et al, 2013). In addition, the finding on the influence of design differentiation strategy is also in line with the findings of Aaker (1991) who inferred that product design innovation increases the perceived value of the product in the eyes of consumers.

Consequently, the study also indicated agreement among respondents and the majority believed when the drawings are appealing, the business will encourage customers to buy one of its products as indicated by a mean of 3.98. Additionally, contracts for graphics are often granted to the best organization, which has resulted in increased product sales and a shift in consumer opinion for the products to retail globally (mean=3.94). Lastly, it will be simpler to market a product when a company incorporates the required colors in its design (mean=3.73). According to the findings, products with attractive graphics or designs are more likely to be purchased and have access to a bigger market. Equally, it is evident from the data that local businesses have not followed the practice of putting design on their products. The findings showed that customers are most drawn to items that are appealing, and as a result, they have not entered the global market. The findings,

however, go against Ulrich and Eppinger's (2011) assertion that identifying the target market or person for whom the product is being designed is essential for good product design.

5.3.3 Influence of Writing Differentiation Strategy on the Internationalization of the brewing Firms

The study revealed that the writing differentiation strategy despite its relevance, it was not significant in predicting the internationalization of firms ($B=0.182$, $p\text{-value}=0.228$). However, the interpretation of the coefficient means that, despite being insignificant, it has a slight positive influence on the internationalization of firms. A unit increase in writing differentiation strategy leads to an increase in the internationalization of firms by 0.182 units. This finding is in line with a study done by Silayoi and Speece (2004) who asserted that writing differentiation such as labels enables buyers to spend less time looking for the products they wish to buy. Further, some customers' attention is drawn to the label information due to health and nutrition concerns (Coulson, 2000).

The study equally revealed that poor perception of our products in the foreign markets resulted from several instances of non-certified products with our brands entering local marketplaces (mean = 3.96, $SD=0.89$), followed by, because our products are written in English, reaching markets outside of the English-speaking world has been difficult (mean=3.83, $SD=0.95$). The item with the least rank was that the product's composition has made it difficult to enter international markets since it exclusively appeals to the local consumer (mean=3.72, $SD=1.02$). The findings concur with the finding of Romero, Lara, and Villalobos, (2021), asserting that the product is widely accepted when it is described in various languages, including English, French, and German. Product certification is proof that a product complies with all requirements or specifications established in a contract or by a local, national, or international agency that must accept different languages.

5.4 Conclusion

The study sought to determine the influence of product differentiation strategies on the internationalization of the brewing industry in Kenya. The study found out that the capacity differentiation strategy is statistically significant to the internationalization of the brewing industry in Kenya. The study further established that capacity differentiation strategy is positively correlated to the internationalization of the brewing industry. From the findings, the study,

therefore, concluded that increasing the capacity differentiation strategy by a single unit would lead to increased chances for the local breweries to access the global market. The study also concludes that local manufacturing cost is significantly greater than the production cost of rivals in other countries denying the local brewers to expand their production for external markets. Additionally, the local production quantity does not give room for surplus markets, and the quality of the local breweries' products is marginally inferior to that of their international rivals.

The study sought to determine the influence of design differentiation strategy on the internationalization of the brewing industry in Kenya. The study found out that the design differentiation strategy is statistically significant to the internationalization of the brewing industry in Kenya. The study further established that the design differentiation strategy had a positive relationship with the internationalization of the brewing industry in Kenya. From the findings, the study, therefore, concluded that increasing the design differentiation strategy by a single unit would lead to increased chances for the local breweries to access the global market. Furthermore, the research suggested that concentrating on product design that appeals to the foreign market will generate opportunities for local breweries to become worldwide. The study also concludes that the local breweries have not adopted appealing drawings on their products, hence struggling to exhaust the local market. The firms have sorted to reduce costs by self-designing their own graphics as opposed to contracting the best designers to bring out the internationally appealing images on a product.

The study sought to establish the influence of writing differentiation strategy on the internationalization of the brewing industry in Kenya. The study found out that writing differentiation strategy is not statistically significant to the internationalization of the brewing industry in Kenya. The study further revealed that the writing differentiation strategy despite its relevance, was not significant in predicting the internationalization of firms. Therefore, the study concludes that while writing differentiation strategy is important in product differentiation it is slightly important in internationalizing a firm. The study also concludes that product certification is proof that a product complies with all requirements or specifications established in a contract or by a local, national, or international agency that must accept different languages. Consequently, the product is widely accepted when it is described in various languages, including English, French, and German.

5.5 Study Contribution to Theory and Existing Knowledge

The study contributes to the understanding of the influence of product differentiation strategies on the internationalization of the brewing industry in Kenya. The study's insights can guide Kenyan breweries in developing effective strategies for international expansion and sustained growth and may be useful for other industries facing similar challenges. The study contributes to the growth and development of the brewing industry in Kenya by providing breweries with guidance on how to expand into international markets successfully. By identifying the factors that influence the success of internationalization efforts, the study can help breweries make informed decisions and develop effective strategies to compete in global markets. Further, the study's findings and insights can be applied to other industries beyond the brewing industry in Kenya. Product differentiation is an essential strategy for companies in many industries to compete in global markets. Thus, the study's contribution to understanding the role of product differentiation in internationalization can be relevant to other industries facing similar challenges and opportunities.

5.5.1 Uppsala Model of Internationalization Theory

The study found that product differentiation is significantly related to the internationalization of the firms, with variables such as capacity and design scoring high. This is in line with the Uppsala Model which suggests a process that, production capacity, quality of goods, and knowledge development are key when expanding globally. Additionally, the model suggests that a firm must exhaust its local market before proceeding to the next, that is, the companies desiring to expand to wider markets must be ready to increase production and not limit quality.

5.5.2 Market Power Theory

The study established that product differentiation is statically significant to internationalization of brewery firms in Kenya. According to the study findings, with proper adoption of product differentiation strategy, a firm has a likely hood to gain market power over its competitors in the industry. The findings are in line with Market power theory, which suggests that firms with a dominant market position in their home market are more likely to internationalize successfully due to the advantages derived from their existing market power. Consequently, by adopting a product differentiation strategy, firms aim to create a perceived uniqueness and value in the minds of consumers, which can lead to increased market power.

5.6 Recommendations

5.6.1 Managerial Recommendations

The management must create plans that will make the business competitive in the international market. It has been discovered that the differentiation approach works well for establishing a competitive edge and even for entering global markets. It has also been proven that the local brewers' high production costs have prevented them from increasing their output to meet the demand of the international market. As a result, the quality has also been reported to be lower than that of the imported goods. To compete not just locally but also worldwide, management should think about lowering manufacturing costs and raising quality. Before expanding into international markets, the management should conduct market research to understand the cultural, social, and economic factors that influence consumer preferences and behavior. Such research can help breweries tailor their products and marketing strategies to meet the specific needs of consumers in different markets.

5.6.2 Policy Recommendations

To enable companies to access the international market, policymakers should consider policies that address product design, language, and content. Such policies should ensure that product information is available in multiple languages to cater to non-English speaking consumers, and that product design is visually appealing to global consumers.

5.7 Study Limitations and Suggestions for Further Studies

Going global is a struggle for some companies in Kenya so are breweries in Kenya. There are several factors that limit these companies from accessing the global market, while the study only focused on product differentiation strategies, specifically focusing on capacity strategy, design strategy, and writing strategy. Further studies should look at focus strategy and cost leadership to contribute to the discussion of internationalization. Additionally, further studies could focus on sustainable manufacturing processes, including the use of eco-friendly materials and energy-efficient production techniques, to appeal to environmentally conscious consumers.

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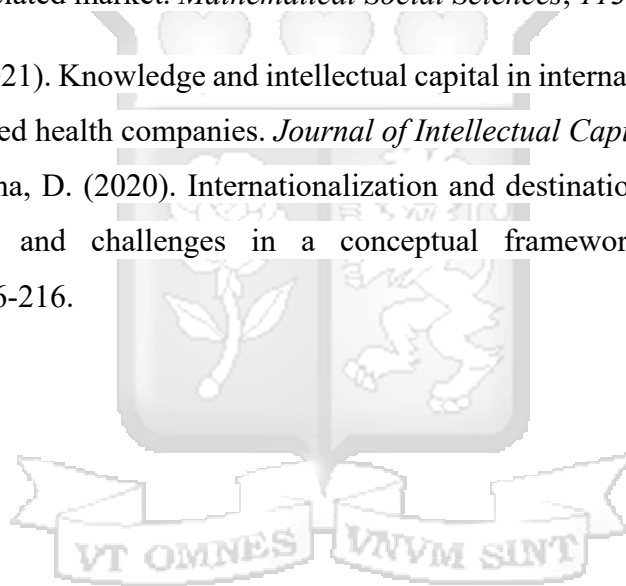
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APPENDIX I: INTRODUCTION LETTER

Chief Executive Officer

P.O. Box

Nairobi

Dear Sir/Madam,

RE: ACADEMIC RESEARCH THESIS

I am a Master's student at Strathmore Business School. I would like to conduct a research study on the *"Influence of product differentiation strategies on the internationalization of the brewing industry in Kenya"*. A questionnaire has been designed and will be used to gather relevant information to address the study's research objectives. The purpose of writing to you is to request permission to collect information on this important subject from randomly selected Managers in your organization.

Please note that the study will be conducted for academic research purposes only, the information provided will be treated in strict confidence and strict ethical principles will be observed to ensure confidentiality. The study outcomes and reports will not include references to any individuals.

Your acceptance is highly appreciated.

Yours Sincerely,

Georgina Akinyi Oduol

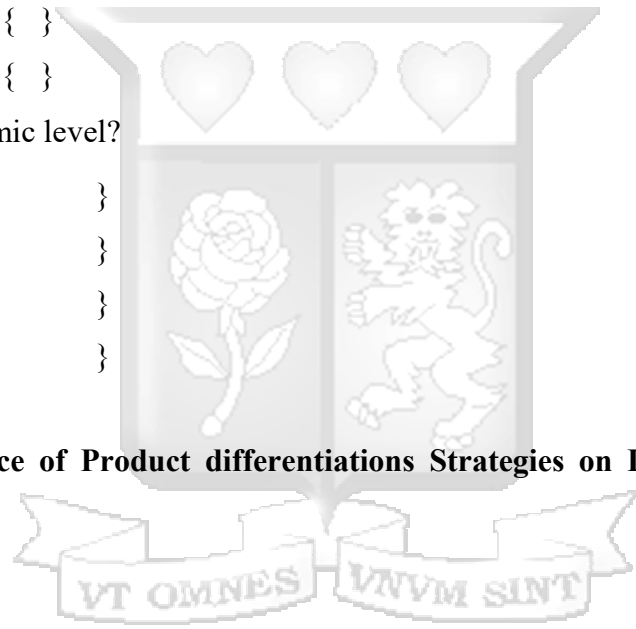
APPENDIX II: RESEARCH QUESTIONNAIRE

SECTION A: BIO-DATA

Name of the Organization/Division/Department

.....

1. Name of the respondent (Optional).....
2. Gender Male { } Female { }
3. Position held in the organization.....
4. How long have you worked with this Company?
 - a) 1-2years { }
 - b) 2-4years { }
 - c) 5 – 10 years { }
 - d) Over10years { }
5. What is your academic level?
 - a) College { }
 - b) Degree { }
 - c) Masters { }
 - d) PhD { }



SECTION B: Influence of Product differentiations Strategies on Internationalization of brewing industry

Levels of Agreements

Use Linkert scale as explained below to tick your level of agreement with the statements provided in the table.

- | | |
|------------------------|-----|
| Strongly Agree (SA) | [5] |
| Agree (A) | [4] |
| Neutral (N) | [3] |
| Disagree (DA) | [2] |
| Strongly Disagree (SD) | [1] |

Section 1: Capacity Differentiation Strategy

- i. What is your level of agreement with the following statements relating to the impacts of capacity, and the differentiation of a product on the product buying behavior of product?

Statement	1	2	3	4	5
The local manufacturing cost is significantly greater than the production cost of rivals in other countries.					
The local production quantity does not give room for surplus market					
The quality of the local breweries' products is marginally inferior to that of their international rivals.					

- 1. Has the management developed a capacity differentiation that enables the organization to set up a better way of changing customer behavior?

YES ()

NO () Don't Know ()

if any YES, what are the capacity differentiation strategies that are in place to attract foreign markets to your products?.....

Section 2: Design Differentiation

Indicate your level of agreement with the following statements that are relating to the impacts of Design differentiation strategy on the Internationalization of the brewing industry.

Statement	1	2	3	4	5
It will be simpler to market a product when a company incorporates the required colors in its design.					
When the drawings are appealing, the business will encourage customers to buy one of its products.					

Contracts for graphics are often granted to the best organization, which has resulted in increased product sales and a shift in consumer opinion for the products to retail global.					
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1. Is it true that the proper design of a product leads to building trust and creating a positive attitude toward how customers view a product globally?

YES ()

NO ()

I DON'T KNOW ()

Section 3: Writing differentiation.

Kindly indicate your level of agreement with the following statements that are relating to the impacts of writing differentiation strategy on the Internationalization of brewing industries.

Statement	1	2	3	4	5
The product's composition has made it difficult to enter international markets since it exclusively appeals to the local consumer.					
Because our products are written in English, reaching markets outside of the English-speaking world has been difficult.					
A poor perception of our products in the foreign markets resulted from several instances of non-certified products with our brands entering local marketplaces.					

2. Inspection Requirements have been the driver in creating the worldwide integration of various global markets that make up globalization there is no need for too many convincing customers to buy the product.

TRUE ()

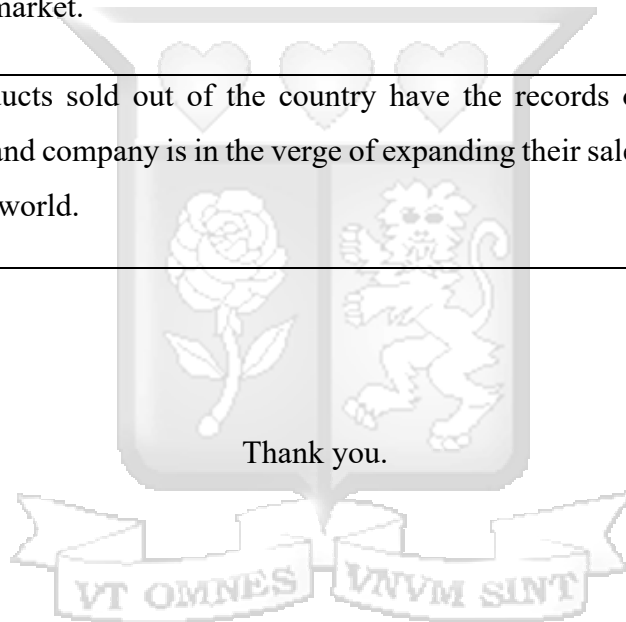
FALSE ()

I DON'T KNOW ()

Section 4: Internationalization of the firms

Kindly indicate your level of agreement with the following statements that are relating to the Internationalization of firms.

Statement	1	2	3	4	5
My organization produces its product in the country and fears to produce outside because of unsustainable international production capacity					
The company's market share in foreign market is bigger than the market share of the domestic market.					
Most of brewing products sold out of the country have the records of repetition of purchase and company is in the verge of expanding their sales to different part of the world.					



APPENDIX III: ESTIMATED RESEARCH BUDGET

Item Description	Qty Description	Quantity	Unit Price - KShs	Cost- KShs
Stationery	Pieces	3	3,000	9,000
Photocopying Services	Pages	2000	5	10,000
Spiral binding	Pieces	20	200	4,000
Book binding	Pieces	20	400	8,000
Travel Charges	Person	11	3,000	33,000
Research Assistants for data collection	Person	5	2000	10,000
Research Assistants for data analysis	Person	3	15,000	45,000
Airtime for Follow-ups		1	1,000	1,000
Total				120,000



APPENDIX IV: ETHICS REVIEW LETTER

C/o Sangale Rd, Machakos Estate,
P.O. Box 59857 00200, Nairobi, Kenya.
Call: +254 709 414672, Twitter: @strathmore
Email: info@bs.ac.ke or visit www.bs.strathmore.edu



27th April 2023

To Whom It May Concern,

RE: FACILITATION OF RESEARCH – GEORGINA ODUOL

This is to introduce Georgina Oduol who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/083498. As part of our MCOM Programme, Georgina is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Georgina would like to request appropriate data from your organization.

Georgina is undertaking a research paper on "INFLUENCE OF PRODUCT DIFFERENTIATION STRATEGIES ON THE INTERNATIONALISATION OF THE BREWING INDUSTRY IN KENYA." The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM Programme seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Njoki Kiagiri".

Njoki Kiagiri
Manager – Graduate Programmes
Strathmore University Business School.

Association of African
Business Schools




Strathmore Business School is a Proud member of




AACSB

APPENDIX V: NACOSTI Research Permit




REPUBLIC OF KENYA



**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

Date of Issue: **04/May/2013**

RESEARCH LICENSE




This is to Certify that Ms. Georgina Akinyi Odul of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: INFLUENCE OF PRODUCT DIFFERENTIATION STRATEGIES ON THE INTERNATIONALIZATION OF THE BREWING INDUSTRY IN KENYA for the period ending : 04/May/2014.

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