

**THE INFLUENCE OF INNOVATION STRATEGIES ON CUSTOMER SATISFACTION
IN ALCOHOLIC BEVERAGES COMPANIES IN KENYA**

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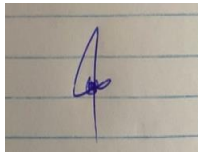
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**A DISSERTATION SUBMITTED TO THE STRATHMORE BUSINESS SCHOOL IN
PARTIAL FULFILLMENT OF THE DEGREE OF MASTER OF COMMERCE AT
STRATHMORE UNIVERSITY**

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DECLARATION

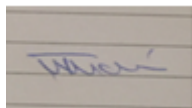
I declare that this dissertation is my own original work and has not been fully or partially submitted to any university. To the best of my knowledge, this project does not contain any materials that have been published by another person apart from where due reference is given in the project.



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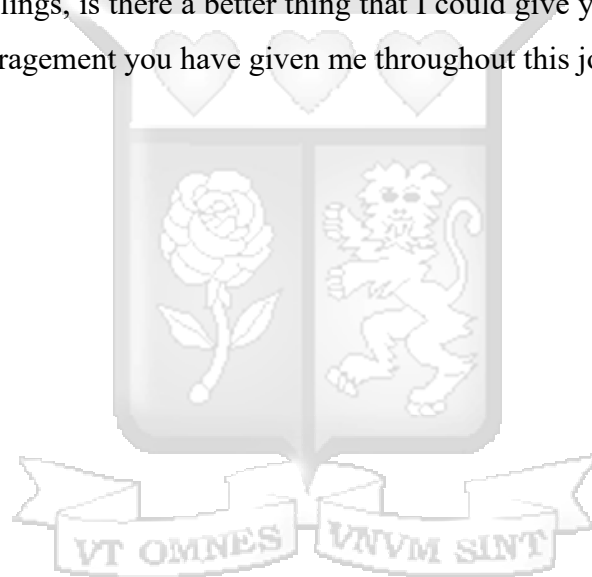


DEDICATION

To my son, Ami Rohn Kanyagia, who arrived amid this journey, a beacon of joy amidst the late-night revisions and early morning cramming. You are a constant source of inspiration, and this accomplishment feels even sweeter knowing I'll share it with you.

And to my incredible wife, Wanjiru Njoroge, my deepest gratitude. Your unwavering support throughout this entire process, especially during your pregnancy, has been my greatest strength. This achievement belongs to both of us, and I am forever grateful for your love, understanding, and unwavering belief in me.

To my now late father, what a joy it could have been to see you fit into my master's gown. To my cherished parents and siblings, is there a better thing that I could give you to make you proud for all the support and encouragement you have given me throughout this journey?



ABSTRACT

Globalization has increased the opportunities for businesses today by expanding markets, but the opportunity also comes at a cost: increased competition. To respond to the threat and seize the opportunity, businesses have resolved to innovate aggressively. The general objective of the study was to establish the influence of innovation strategies on customer satisfaction among alcoholic beverages companies in Kenya. The specific objectives of the study were to determine the influence of product innovation on customer satisfaction, to determine the influence of process innovation on customer satisfaction and to explore the influence of marketing innovation on customer satisfaction among alcoholic beverages companies in Kenya. Two key theories that informed the study are Diffusion of Innovations Theory and Disruptive Innovations Theory. The study employs a positivism philosophy and a cross-sectional descriptive research design. The researcher collected primary data using structured questionnaires from a sample that spanned across the 41 Kenyan alcoholic beverages companies that had active KRA licenses as at March 2024. Collected data was analyzed through descriptive and inferential statistics. The study found that product innovation, process innovation, and marketing innovation significantly influence customer satisfaction in alcoholic beverage companies in Kenya. These results suggest that innovation strategies, particularly in marketing, play a critical role in enhancing customer satisfaction. Key limitations that affected the study included challenges in measuring the multifaceted concept of customer satisfaction that is affected by many factors, biases and inaccuracies arising from respondent's perspectives, and the temporal scope of the study that limited the depth of research.



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LIST OF ABBREVIATIONS AND ACRONYMS

EABL-	East African Breweries Limited
SPSS-	Statistical Package for the Social Sciences
NACOSTI	National Commission of Science Technology and Innovation



DEFINITIONS OF KEY TERMS

Innovation:

The generation of new ideas into new products and processes, or improvement of existing products and services to enhance their ability to meet the ever-evolving human needs.

Product Innovation:

Any processes that help a product to become better than the other products being offered in the market. The current study uses product innovation to refer to the development of new products, improvement of any existing products and enhancement of delivery of products through ways such as improved packaging.

Process Innovation:

The improved means of conducting activities that involves using specific tools that change and transform business processes. In the case of EABL, process innovation may involve employing new techniques, equipment and skills to enhance the production process, or to help come up with new or improved products.

Marketing Innovation:

The skillful process of integrating new and creative marketing practices with creative digital elements and experiential activations for the purposes of triggering consumer excitement, fostering profound consumer engagement and cultivating brand loyalty.

Customer Satisfaction:

The evaluation of product quality post-purchase, that affect repurchase expectations. In the current study, customer satisfaction refers to how well the company can interpret and understand the consumers' needs and come up with products that efficiently meet and satisfy those needs.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Innovation strategies play a critical role in enabling companies to remain competitive, adapt to changing market demands, and drive business growth. Globally, alcoholic beverage companies are facing challenges such as shifting consumer preferences, strict regulatory environments and intense competition. All these factors demand continuous innovation in products, processes and marketing. In Kenya, these challenges are compounded by limited technological infrastructure, fluctuating economic conditions, and regulatory hurdles, thereby making innovation both necessary and difficult to implement effectively. Customer satisfaction serves as a key performance indicator in this context, influencing brand loyalty, market share and long-term business sustainability, and is therefore a vital focus for firms seeking to thrive in a dynamic industry landscape (Afuah, 2020).

One of the main factors that act as a catalyst for change in this sector is consumer behavior. According to Hohenberg & Taylor (2021), consumers are becoming more sophisticated in their preferences, seeking not only quality products but also products that align with their modernized lifestyles. Moreover, the study by Bazzani, Capitello, Ricci, Scarpa & Begalli (2019) recruited red wine Italian consumers to examine how they studied bottled labels, and aligned their preferences with communication linked to naturalness. The study confirmed that there has been a change in customer purchase behavior due to an increase in health consciousness where people are seeking more innovative healthier drinks. In a different study, Rodriguez-Sanchez & Sellers-Rubio (2020) found out that the hot topic of sustainability has caused a shift in demand as some consumers are factoring in both whether products satisfy their needs, and the effect that such products have on the environment and society at large. Due to these changing consumer landscapes, there is a challenge for companies to reassess and redefine their strategies to meet customer needs and stay on top of the competition. Another layer of complexity is added due to the regulatory environment of the alcohol and beverage industry. There are stringent regulations where companies are required to deliver the best quality through the most sustainable practices and processes while still adhering to legal frameworks (Zelege, 2012). Therefore, companies in Kenya must ensure a balance of

innovation that enhances customer satisfaction while also ensuring that they comply with the prevailing legal requirements.

While existing studies by Hohenberg and Taylor (2021), Bazzani et al. (2019), and Rodriguez-Sanchez and Sellers-Rubio (2020) highlight evolving consumer preferences—including modern lifestyles, health consciousness, and sustainability concerns—they primarily focus on developed markets and do not fully capture the unique dynamics within emerging economies like Kenya. This presents a contextual gap in understanding how such trends play out in the Kenyan alcoholic beverages industry. Additionally, while these studies discuss changing consumer demands, they do not comprehensively examine how different types of innovation strategies (product, process, and marketing) directly influence customer satisfaction, revealing a conceptual gap. Finally, there is a lack of empirical studies employing robust inferential statistical methods to assess these relationships in the Kenyan context, signaling a methodological gap. This study seeks to address these gaps by investigating the influence of innovation strategies on customer satisfaction within alcoholic beverage companies in Kenya.

1.1.1 Innovation Strategies

Many scholars have worded the definition of the term innovation differently. However, the different definitions point out to a common ground that innovation involves generating new ideas into new products and processes, or improving existing products to enhance their ability to meet the ever-evolving human needs (Taylor, 2017). Some of the key pioneering scholars of innovation who have had a great influence on innovation studies include Everett Rogers, Clayton Christensen, and Joseph Schumpeter.

Many global, regional and local authors have combined various theories to carry out studies on varied innovation topics and contexts (Edeh et al, 2020), (Zhang, 2022), (De Giovanni & Cariola 2021), (Pascucci, Savelli & Gistri, 2023). As a result, the available empirical data informs that innovation can be operationalized into product, process, marketing, financial, business model and cultural innovations. Product innovation introduces entirely new offerings to the market or improves existing ones significantly. Process innovation focuses on revamping how things are done to increase efficiency, quality or sustainability. Marketing innovation involves fresh approaches to reach and engage consumers. Financial innovation creates new ways to manage financial resources and other alternative financing methods. Business model innovation redefines

how a company captures and delivers value in the market. Cultural innovation disrupts established norms within a company, fostering creativity and new ways of thinking.

Zhang (2022) carried out research to determine if combining different types of innovation helped SMEs to achieve a competitive edge. He started by proposing that most SMEs only apply product or process innovation, but he concluded by proposing that such organizations are not highly competitive and thus the need for more methods of innovating to enhance their competitiveness. This study used data collected from a sample of 1,139 Chinese manufacturing SMEs to study how they applied innovation to enhance their productivity. In the study, Zhang identified that companies that combined product and process innovations with organizational, marketing, efficiency and flexibility innovations attained higher competitiveness. However, he argued that it is hard for SMEs to execute a combination of all the types of innovation seeing that the cost of innovation is very high and therefore, organizations are always forced to make a choice on what type of innovation to adopt.

Another study by De Giovanni & Cariola (2021) focused on process innovation and it attempted to find out whether process innovation could be a stronghold in the relationship between Leanness, Green Supply Chain Management and Performance in industry 4.0 technologies. The findings of the study confirmed that process innovation helped these manufacturing firms to build positive collaborations with their suppliers and consequently led to improved environmental and operational performance. In addition, process innovation paved a way for economic performance in the long term. However, the study noted that firms in the industry 4.0 technologies can only craft their process innovation strategies by either collaborating with their suppliers or by investing in higher technologies.

Besides, the study by Pascucci, Savelli & Gistri, (2023) on marketing's transformation due to digital technology employed qualitative research, conducting in-depth interviews with top management for Italian companies cutting across different industries. The study defined marketing innovation as a process that requires skillful integration of established marketing practices with creative digital elements and experiential activations, fostering profound consumer engagement and cultivating brand loyalty. Even though some traditional media and strategies like television and billboards are still relevant in the modern market (Istijanto & Purusottama, 2023), marketing innovation boils down to understanding the emotional drivers of consumer connection, and then

constructs a narrative centered on passionate craftsmanship, locally sourced ingredients, and sustainable practices to resonate deeply with today's environmentally and ethically conscious consumers, fostering trust and brand allegiance (Pascucci, Savelli, & Gistri, 2023). This study found out that firms that leveraged on marketing innovation realized greater benefits in forms of improved market analytics, informed pricing and quality channel management. All these factors in turn contributed to building better relationships with clients therefore leading to higher satisfaction.

Informed by these former studies, the current study conceptualized innovation strategies into product innovation, process, and marketing innovation. For the purposes of the current study, product innovation refers to the process of developing new products or adding better and improved features to the existing products to make them more desirable to the target market. Process innovation, on the other hand, is the implementation and application of better systems, techniques, and equipment to enhance efficiency and quality in the production process. Lastly, the current study defined marketing innovation as the application of improved and modern marketing methods and strategies to create new markets, communicate superior product features and facilitate positive product positioning in the minds of the consumers.

1.1.2 Customer Satisfaction

Customer satisfaction has been defined as the evaluation of product quality post-purchase, that affects repurchase expectations (Anderson & Sullivan, 1993). It is contingent for any business to aim for and surpass the expectations and needs of the customer. Satisfied consumers become brand champions, and their enthusiastic advocacy echoes across social media, recommendation circles, and casual conversations (Algesheimer, Dholakia & Herrmann, 2015). Consequently, businesses benefit from boosted brand awareness, increased market share, and ultimately, sustained profitability. According to Sundström & Hjelm-Lidholm (2020), loyal customers are more receptive to experimentation, be it embracing a firm's new drink or venturing into an unfamiliar flavor category. The willingness to explore fuels product innovation, ensuring the brand remains dynamic and relevant in the ever-evolving market.

Some of the renowned scholars whose theories have contributed significantly to the pool of knowledge on the topic of customer satisfaction include Richard Oliver for his Expectancy Disconfirmation Theory, Philip Kotler as the 'Father of Marketing', Fritz Heider for the

Attribution theory and Eugene W. Anderson for the Expectancy-Value Theory. The theories and models of customer satisfaction offer invaluable insight into how firms should approach innovation as a winning strategy. The Expectancy Disconfirmation Theory presents that customer satisfaction is driven by the alliance between the prospects and actual experiences that consumers obtain from a product (Schiebler, Lee & Brodbeck, 2025). If the actual experience exceeds expectations, customers tend to be satisfied, while when the experience does not meet the consumer expectations leads to dissatisfaction. This theory helps firms to identify unmet customer needs. By analyzing customer satisfaction and pinpointing areas where expectations fall short, organizations can discover opportunities for innovative products, services, or experiences that delight customers.

There are a variety of global, regional and local studies that have focused on customer satisfaction. The empirical studies have operationalized customer satisfaction into net promoter index, customer loyalty, customer satisfaction index, churn rate, willingness to give reviews, among others. The study by Nikou, Selamat, Yusoff & Khiabani, (2016) aimed to determine the impact of business image of hotels on customer satisfaction. The authors used secondary data collected from studies published from 1983 to 2013 about the association between hotel image and customer satisfaction. One of the key facets that the study evaluates regarding customer satisfaction is willingness to buy a hotel's services after a previous purchase. The link between the desire to buy and customer satisfaction is mutually beneficial. Consumers that are satisfied with a hotel's customer service are inclined to make repeat purchases of the same services and it fosters brand advocacy. In turn, repurchasing strengthens the brand, providing valuable feedback, and allowing for continued innovation.

Similarly, in their study, Guerola-Navarro, Gil-Gomez, Oltra-Badenes & Sendra-García (2021), found out that customer's willingness to make a purchase is influenced by the perceived value of products, alignment with consumer preferences and tastes, and history of the product serving as useful or satisfactory. On the other hand, negative experiences such as inconsistent quality and unmet expectations quickly wither willingness to buy. Brands must constantly prioritize customer feedback, address concerns promptly, and strive to constantly fulfill their commitments to uphold customer loyalty and product repeated purchases.

In yet another study, Martey & Ghana (2015) studied the connection between customer loyalty and customer satisfaction. The research focused on mobile network users in Ghana, and it employed convenience sampling for sample selection. A total sample size of 463 mobile users were used for the study. In light of the results, the research recommends that firms need to combine several factors to build on customer satisfaction on top of customer loyalty. According to McColl-Kennedy and Schneider (2000), a well-forged and executed innovation strategy should not only be able to attract new customers but also reinforce the loyalty of the current customers. Schneider (2000) further proposes loyal customers not only continue to purchase a business' products or services but also become advocates, and they bring in more customers by spreading positive word-of-mouth, and recommending the company to others. This in turn leads to increased customer retention and acquisition, thus driving revenue and profitability for the firm. A study by Zhang, Dixit & Friedmann, (2010) found that because they are more likely to make repeat purchases, loyal consumers typically have greater lifetime value and spend more over time. Additionally, loyal customers are a source of valuable feedback and insights to a business, helping the company improve its offerings and stay ahead of the competition.

In addition, the study by Baquero 2022 uses positive customer reviews to measure customer satisfaction. The researcher used the metric to measure the possibility of customers recommending an organization to their peers. The New Promoter Score (NPS) is a simple tool that is used to assess customer reviews. It is based on a simple question: "On a scale of 0-10, how likely are you to recommend our company/product to a friend or colleague?" (Baquero, 2022). Following that, customers are divided into three groups: detractors (scoring 0-6), passives (score 7-8), and promoters (score 9-10). NPS often offers information about consumer advocacy and loyalty. When customers have a positive experience with a company's products, they are more likely to become promoters and recommend it to others (Baquero, 2022). On the other hand, if customers are dissatisfied or have a negative experience, they are more likely to become detractors and discourage others from engaging with the company.

Customer satisfaction in the alcoholic beverages industry can be defined as the extent to which consumers perceive that the market offerings respond to and meet their needs, tastes and preferences. This could range from the provision of new innovative and interesting products that excite the consumers, to improvement of production processes and delivery of products through

creative and innovative packaging styles to deliver more satisfying drinking experience. The current study measured customer satisfaction by means of consumers' willingness to buy, willingness to pay more, and the willingness to give positive reviews about a product. Similar measures have also been used by other scholars (Sundström & Hjelm-Lidholm 2020; Nikou, Selamat, Yusoff & Khiabani, 2016; Martey & Ghana 2015; Baquero 2022). These measures were established to be good indicators of customer satisfaction, especially in the manufacturing industry.

1.1.3 Alcoholic Beverages Companies in Kenya

According to the data released by Kenya Revenue Authority (KRA), there were 41 active licensed alcoholic beverage manufacturers in Kenya as at March 2024, including key industry players such as East African Breweries Limited (EABL), Keroche Breweries, and Kenya Wine Agencies Limited (KWAL), along with a rising number of local craft brewers. These companies manufacture a wide range of alcoholic drinks, including beers, spirits, wines, and ciders. The industry grapples with several challenges, such as the proliferation of illicit alcohol, evolving consumer preferences favoring healthier options, and complex regulatory requirements. Despite these hurdles, there are notable growth prospects driven by an expanding middle class, increased urbanization, and a rising appetite for premium and innovative products. The sector is regulated by National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA), which enforces compliance with the Alcoholic Drinks Control Act of 2010.

Overall, the Kenyan alcoholic beverage market saw growth of 8.93% increase in value shipments in 2021, but a downward trend over the past five years (6Wresearch., 2023). After a huge slowdown during the COVID-19 pandemic, the industry has been projecting significant growth in recent years. According to the findings by 6Wresearch. (2023), as at the first quarter of 2023, the market was projected to generate revenues of US\$4,299m in 2024, with a growth in volume reaching 1,234m by 2028 (6Wresearch., 2023). Interestingly, the market appears to be becoming less competitive and more concentrated. The Herfindahl-Hirschman Index (HHI), a measure of market concentration, dropped significantly from 2370 in 2017 to 4831 in 2021 as shown in Appendix 1. A lower HHI suggests a larger number of players, while a higher value indicates fewer dominant players (OECD (2021).

While the Kenyan alcoholic beverages market promises a steady growth thereby attracting new entrants consistently, the industry is also subject to strict regulation by the Alcoholic Drinks Control Act (ADCA) of 2010, which dictates a framework for the production, distribution, sale, and consumption of alcoholic beverages in the country. The ADCA aims to regulate the production and sale of alcohol to promote public health and safety, minimize alcohol-related harm, and reduce the negative social impact of excessive alcohol consumption. Key provisions of the ADCA include licensing requirements for manufacturers, distributors, and retailers of alcoholic beverages, restrictions on the sale of alcohol to minors and intoxicated individuals, regulations on advertising and promotion of alcoholic products, and measures to combat illicit alcohol production and sale. The local political environment also impacts the alcoholic beverages industry significantly through regulatory frameworks, taxation policies, and public health initiatives. Changes in government regulations, such as alcohol licensing requirements, advertising restrictions and excise tax rates, can directly influence industry operations, profitability, and market dynamics.

1.2 Statement of the Problem

The global alcoholic beverage industry is undergoing rapid transformation as consumer preferences shift toward healthier, premium and more sustainable products (Hallak, Onur & Lee, 2022). This evolution is being fueled by rising health consciousness, lifestyle changes and environmental awareness. In response, global players are increasingly turning to innovation through ways such as introducing low and non-alcoholic alternatives, eco-friendly packaging, and personalized marketing strategies (Hallak, Onur & Lee, 2022). In the Kenyan context, the alcoholic beverages sector faces a unique set of challenges, including widespread illicit alcohol trade, regulatory hurdles, economic volatility, and limited access to advanced production technologies (Eddah, 2019). Although some firms have begun adopting innovation strategies to stay competitive and meet evolving consumer expectations, the pace and effectiveness of these efforts vary widely across the industry.

Innovation is both an expensive and daunting strategy and is therefore important for firms undertaking innovation to have clearly set priorities, cost estimates and cost control processes as discussed by Chwastyk (2015). Numerous existing studies support the idea that there is a positive connection between innovation and customer satisfaction across industries. The study by Nguyen, Ho, & Ngo (2024) concluded that all dimensions that contribute towards service innovation

contribute positively to customer satisfaction and loyalty for Vietnamese retail bank customers. Similarly, in their study, Manhas, Sharma & Quintela (2024) investigated the link between product innovation and customer satisfaction in the quick service restaurants in India. After analysis of their findings, the researchers presented that innovative products enhance both customer satisfaction and also promote the quality of customer experience. In yet another study, Naidoo & Botsi (2021) established that most customers in South Africa are dissatisfied with online shopping because South African retailers like Takealot, Makro and Spree have failed to focus on service innovation. Locally, the study by Owano, Alala & Musiega (2014) found that the Kenya Commercial Bank has invested in service innovation throughout the years and consequently, it boasts of loyal and satisfied customers.

Previous global and regional studies have largely focused on innovation trends in developed markets, often emphasizing sustainability and health concerns (Nguyen, Ho, & Ngo, (2024), (Manhas, Sharma & Quintela (2024), (Naidoo & Botsi (2021). However, there is limited research specifically examining how different types of innovation strategies in the alcoholic beverages industry—namely product, process, and marketing innovation—affect customer satisfaction in emerging markets like Kenya. Other local studies have tended to generalize innovation or customer satisfaction independently without exploring the direct relationship between these variables, while others have focused on different sectors and industries far from alcoholic beverages sector (Owano, Alala & Musiega (2014).

This study addresses these gaps by investigating the influence of specific innovation strategies on customer satisfaction within Kenyan alcoholic beverage companies. In doing so, it bridges key contextual gaps by focusing on Kenya's unique market environment, conceptual gaps by linking distinct innovation types to customer satisfaction outcomes, and methodological gaps by applying inferential statistical methods to generate actionable insights for industry stakeholders.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the study was to establish the influence of innovation strategies on customer satisfaction among alcoholic beverages companies in Kenya.

1.3.2 Specific Objectives

The specific objectives of the study are listed below:

- i. To determine the influence of product innovation on customer satisfaction among alcoholic beverages companies in Kenya.
- ii. To establish the influence of process innovation on customer satisfaction among alcoholic beverages companies in Kenya.
- iii. To determine the influence of marketing innovation on customer satisfaction among alcoholic beverages companies in Kenya.

1.4 Research Questions

- i. What is the influence of product innovation on customer satisfaction among alcoholic beverages companies in Kenya?
- ii. What is the influence of process innovation on customer satisfaction among alcoholic beverages companies in Kenya?
- iii. What is the influence of marketing innovation on customer satisfaction among alcoholic beverages companies in Kenya?

1.5 Scope of the Study

This study focuses on establishing the influence of innovation strategies, specifically product, process, and marketing innovation, on customer satisfaction within the alcoholic beverages industry in Kenya. The research is confined to the 41 alcoholic beverage companies that had active operating licenses as at March 2024. The target population includes managerial and operational staff involved in innovation, sales and marketing functions.

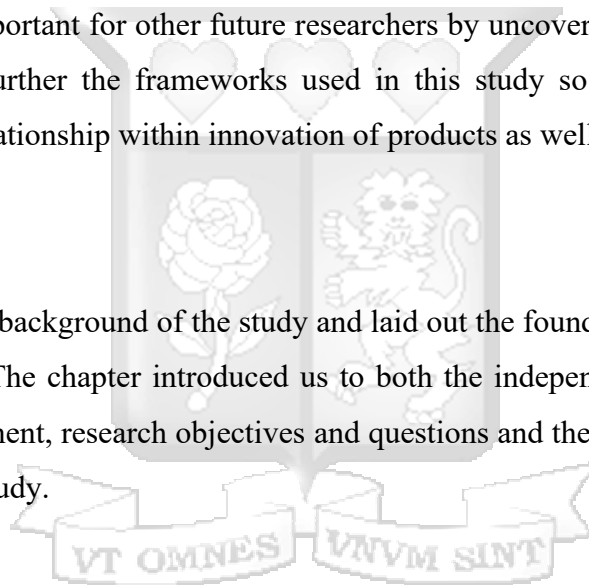
The study was conducted within a defined time frame spanning from February 2024 to May 2024. It employed a quantitative research design using structured questionnaires to collect primary data, and applied inferential statistical methods, including regression analysis, to measure the relationship between the various innovation strategies and customer satisfaction levels. By narrowing the scope to the Kenyan context and this specific timeframe, the study ensured relevance and applicability of findings to current industry dynamics.

1.6 Significance of Study

The findings of the study are significant for policymakers, practice by managers in alcoholic beverages manufacturing companies, as well as for other future researchers. When policymakers appreciate the influence of innovation on customer satisfaction, they are more likely to craft policies that foster and support innovation through such ways as funding research for businesses and offering incentives like grants and tax breaks to boost economic competitiveness. On the other hand, findings from the study will have practical relevance to business managers who will be able reassess and refine their innovation approaches to help them remain relevant and competitive in the dynamic industry of ever-changing customer tastes. This includes practices like strategic decision-making and guided allocation of resources to optimize the overall business performance. Lastly, the study was important for other future researchers by uncovering novel insights. Future researchers can refine further the frameworks used in this study so that there is a thorough comprehension of the relationship within innovation of products as well as the evolving customer needs.

1.7 Chapter Summary

This chapter covered the background of the study and laid out the foundation upon which the rest of the project is based. The chapter introduced us to both the independent and variables of the study, the problem statement, research objectives and questions and then finalized with the scope and significance of the study.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section introduced the theoretical frameworks that informed the current study. It also covered the literature review, summarized the research gaps and showcased the conceptual framework of the study.

2.2 Theoretical Framework

According to Luft, Jeong, Idsardi & Gardner (2022), a theoretical framework refers to the underlying structure or foundation that guides the study. It was made up of established theories and principles that provide a framework for understanding and interpreting the research topic. Researchers use theoretical frameworks to organize their thoughts, create hypotheses, and make connections between different variables or phenomena. Grant & Osanloo (2014) affirm that the theoretical framework acts as a "blueprint" for your research, providing guidance and structure for your entire dissertation. It helps define your philosophical, epistemological, methodological, and analytical approach to the study, serving as a foundation to build and support your research. The current study was anchored on and supported by two main theories: the Diffusion of Innovations theory by Everett Rogers and the Disruptive Innovations theory by Clayton Christensen.

2.2.1 The Diffusion of Innovations Theory

The Diffusion of Innovations theory by Everett Roger was first published in 1962 and it discussed how innovative ideas and products disseminate through society over time. It outlines five main categories of adopters along the adoption curve: innovators, early adopters, early majority, late majority, and laggards (Rogers, 2003). Each category represents different segments of the population characterized by their readiness and willingness to adopt innovations. Innovations diffuse through interpersonal communication channels, with early adopters and opinion leaders playing pivotal roles in influencing adoption decisions. The theory also explains the benefits of perceived attributes of innovations, such as relative advantage, compatibility, complexity, trialability, and observability, in shaping adoption behavior (Rogers, 2003).

In the context of innovation strategies and customer satisfaction, the Diffusion of Innovations theory offers insights into how firms can strategically position their innovations to maximize

customer satisfaction. By understanding the characteristics and preferences of different adopter segments, firms can tailor their innovation strategies to target early adopters who are more receptive to novel ideas and willing to take risks. Innovations perceived as advantageous, compatible with existing practices, and easy to use are more likely to gain acceptance and generate positive outcomes, leading to higher levels of customer satisfaction. Moreover, leveraging social networks and influential opinion leaders can help amplify positive word-of-mouth and accelerate the diffusion process, further enhancing customer satisfaction. According to Ashfiya (2023), it is important for firms and marketers to understand the implications of diffusion of innovations as it helps them to come up with effective diffusion strategies for their innovations. Some of the strategies proposed by Ashfiya (2023) include promoting the most relevant innovations, taking advantage of the power of social influence, and paying key attention to both the speed and cost of innovation. When businesses understand the influence of innovation diffusion on customer purchasing decisions, they can enhance their competitiveness and better how they approach and satisfy consumer needs.

Applying the Diffusion of Innovations theory in the alcoholic beverages industry can yield valuable insights into promoting customer satisfaction through innovative product offerings. For example, breweries can introduce new flavors, packaging formats, or brewing techniques that appeal to early adopters and enthusiasts within the market. By emphasizing the unique attributes and benefits of these innovations, such as enhanced taste, convenience and novelty, firms can create buzz and anticipation among consumers, driving early adoption and positive word-of-mouth (Guiné, Florença, Barroca & Anjos, 2020). Additionally, collaborating with influencers such as bartenders, sommeliers, or social media personalities, can help amplify awareness and endorsement of new products, further accelerating their diffusion and adoption rates. Additionally, breweries can leverage online communities to gather feedback and foster a sense of belonging among early adopters, further promoting satisfaction with the brand's innovative spirit. Ultimately, by strategically aligning innovation efforts with the principles of the Diffusion of Innovations theory, firms in the alcoholic beverages industry can enhance consumer fulfilment and secure a market advantage over competitors.

Critics of the Diffusion of Innovations theory have highlighted that the theory's emphasis on individual attributes of innovations overlooks broader socio-economic, cultural, and institutional

factors that influence adoption decisions. They also point out that the theory tends to prioritize the diffusion process itself rather than the underlying mechanisms driving adoption, thereby limiting its explanatory power in certain contexts. Despite these criticisms, the Diffusion of Innovations theory remains a valuable framework for understanding the general patterns and dynamics of innovation diffusion, albeit with some limitations in its application and interpretation.

2.2.2 Disruptive Innovations Theory

The theory of Disruptive Innovation, pioneered by Clayton Christensen in the mid-1990s, provides important perspectives on how emerging technologies, product offerings and business models disrupt and challenge existing markets and industries. According to the theory, disruptive innovations typically start as low-cost, niche solutions that initially cater to underserved or non-consumption segments of the market (Christensen, Raynor, Dyer & Gregersen, 2011). Over time, these innovations improve in performance and functionality and eventually displace established products and even reshape competition in the market. Disruptive innovations challenge conventional wisdom by offering simpler, more accessible, or more affordable alternatives that appeal to mainstream consumers (Christensen, Raynor, Dyer & Gregersen, 2011). This theory shows the importance of understanding customer needs, market dynamics, and competitive threats in developing effective innovation strategies.

In the context of innovation strategies and customer satisfaction, the theory of Disruptive Innovation sheds light on how firms can leverage disruptive technologies or business models to enhance customer satisfaction. By identifying unmet needs or pain points in the market and developing disruptive solutions that address them more effectively or affordably, firms can create significant value for customers (Christensen, Raynor, Dyer & Gregersen, 2011). Disruptive innovations often introduce new features, functionalities, or benefits that resonate with customers, leading to higher levels of satisfaction (Terry, 2020). Moreover, disruptive innovations may democratize access to products or services, making them more accessible to previously underserved segments of the population, thereby increasing overall customer satisfaction.

Applying the theory of Disruptive Innovation in the alcoholic beverages industry can lead to innovative strategies that promote customer satisfaction. For example, craft breweries and distilleries have capitalized on the trend towards artisanal, locally produced beverages, offering unique flavors, small-batch productions and personalized experiences that differentiate them from

mass-produced offerings. By disrupting the traditional market dominated by large breweries, craft breweries appeal to consumers seeking authenticity, quality, and variety, thereby enhancing customer satisfaction. Additionally, innovations such as direct-to-consumer sales channels and experiential tasting events further engage customers and foster loyalty, contributing to overall satisfaction and brand loyalty in the competitive alcoholic beverages market.

Critics of the theory argue that the theory overlooks other factors influencing industry disruption, such as regulatory barriers, network effects, or incumbent responses. Additionally, the theory's focus on low-cost, niche entrants as disruptors may not always align with real-world examples where incumbents successfully adapt to disruptive threats or where disruptive innovations fail to gain traction. Despite these criticisms, the theory of Disruptive Innovation remains a valuable framework for understanding market dynamics and identifying potential sources of competitive disruption, albeit with some limitations in its application and interpretation.

2.3 Empirical Review

This section of the study explores the existing literature on the three innovation strategies covered in the study: product innovation, process innovation and marketing innovation, and their influence on customer satisfaction.

2.3.1 Product Innovation and Customer Satisfaction

According to Maier (2018), product innovation encompasses any processes that help a product to become better than the other products being offered in the market. Vadastranu (2015) proposes that product innovation refers to changing the concept of a product based on a new idea, and that could be supported by new technology. Another reinforcing definition by Rainey (2008) says that product innovation is a framework that the management uses to make incremental changes to enhance improvements in products, services and processes. It may encompass coming up with new concepts, designs, developments and even validations.

Numerous global, regional and even local studies have been conducted to explore how product innovation relates to customer satisfaction. The study by Setiobudi (2021) investigated how innovation in products affects consumers' intentions to repurchase them, using customer satisfaction in the frozen food sector as a mediating element. Utilizing quantitative methodology, Setiobudi (2021) gathered information from 108 users of frozen food in Indonesia by distributing questionnaires. According to the study, customer satisfaction and repurchase intention are

positively and significantly impacted by product innovation. The quantitative analysis of the information gathered from the respondents forms the basis of the study's conclusions. The variables were measured using a 5-Likert scale, and validity and reliability tests were performed to make sure that the research tools were reliable. The analysis's findings supported the importance of the connections among customer satisfaction, repurchase intention, and product innovation. The research offers significant perspectives on how consumer behavior in the frozen food sector is affected by new product innovations. The results indicate that businesses in this sector stand to gain from making investments in new product innovation to improve consumer satisfaction and boost repurchase intentions.

In addition, Uboegbulam & Ekeke (2021) studied the impact of product innovation on client satisfaction and consumers' behavioral intentions in premium Quick Service Restaurants (QSRs) in Aba, Abia State, Nigeria. A structured questionnaire with 15 scale items was used to gather data from 150 clients as part of the study's descriptive survey research design. Based on the study, customer satisfaction, intentions to repurchase and positive recommendations were all positively significantly impacted by product innovation. The study backed up the notion that, in Aba, Nigeria, product innovation has a major effect on both client satisfaction and consumers' behavioral intentions toward premium QSRs.

Another study conducted by Panigrahi, Azizan, & Al Shamsi (2021) investigated the effects of product innovation features on customer satisfaction using gender as a moderator variable. The result was a positive correlation between the variables. Partial Least Square Structural Equation Modeling (PLS-SEM) was utilized in the study, which included a sample of 193 university students, and the results were published in the Indian Journal of Marketing in January 2021. The findings demonstrated that the features of product innovation had a beneficial impact on customer satisfaction, which in turn affected brand loyalty. The link between customer satisfaction and brand loyalty was also found to be significantly affected by gender. In contrast, a study by Roper & Bourke (2022) reveals a concerning link that increased innovation in legal services correlates with a rise in customer complaints, thus customer dissatisfaction. This suggests that even in professional, well-established fields, innovation can backfire, leading to customer dissatisfaction. While not all innovations directly cause complaints, the study raises a red flag that firms that tend to prioritize innovation might unintentionally harm their customer relationships. To support this

claim, the researchers use data analysis to compare legal innovation data with complaint records. The result showed a positive correlation whereby an increase in innovation resulted in more complaints. The study further mentions how complex or poorly implemented innovations could directly trigger complaints. Additionally, over-focusing on innovation was shown to lead to service failures, directly causing dissatisfaction.

2.3.2 Process Innovation and Customer Satisfaction

Process innovation has been defined as the improved means of conducting activities that involves using specific tools that change and transform business processes. According to Maier (2018), process innovation involves implementing new or highly enhanced production and delivery methods. Scafuto, Belfort, Teixeira & Maccari (2018) argue that process innovation majorly involves changing the techniques and equipment to lower the cost of production and or delivery, enhance product quality or deliver entirely new products. Mooi, Rudd & de Jong (2020) comment that product innovation may trigger process innovation as the introduction of new products may require a firm to use new and different processes.

Several studies have been conducted to explore the connection between process innovation and customer satisfaction. To start with, process innovation is emphasized by Rajesh & Singh (2011) as a means of enhancing customer satisfaction and efficiency. The authors point out that process innovation and customer satisfaction levels are directly correlated, and that when combined with vision-driven leadership and efficient project management, these factors can raise the customer satisfaction index. The study offers cases of process innovations adopted by CMC, such as developing and evaluating of tools for effective monitoring and usage of hardware resources, the use of burn down charts for best usage of assets, and simulation-based creation and evaluation. Besides, to raise the employees' performance levels, Rajesh and Singh (2011) stresses the value of a robust training program and the Hub Spoke Model approach. Rajesh and Singh (2011) conclude that process innovation is essential for raising employee morale and productivity, which in turn raises customer satisfaction.

Also, Ashok, Day, & Narula (2018) conducted a study that looked closely at how process innovation affected customer satisfaction when it came to the provision of Information Technology Services (ITS). Using qualitative and quantitative methods to collect and analyze data, the study used a mixed method sequential research design. Following the interviews with thirteen executives

from ITS companies, general trends pertaining to process innovation and customer satisfaction were found by applying thematic evaluation to the interviewees' comments. Despite repeated process improvements driven by dissatisfaction, the authors found diminishing returns and no correlation between dissatisfaction intensity and innovation level. Also, the study discovered that although suppliers frequently make a significant effort to gather feedback in the hopes that it will encourage process innovation and changes, they frequently do not make use of all the data gathered. The authors consequently argue that instead of responding to buyer issues impulsively, providers should actively look for answers. As customer expectations and their (dis)satisfaction fluctuate over time, they also advise suppliers to adjust their process innovation strategies in response to an ongoing assessment of the degree of buyer (dis)satisfaction. In that case, indicating that if process innovation is done frequently in the information technology service industry, customers are more likely to get satisfied.

Additionally, in Omesa's (2015) study, the financial performance of Kenya Power and Lighting Company is examined from 2005 to 2014 in relation to process innovation. Analyzing secondary data from multiple sources, the study employed a descriptive research design. The results point to a conflicting link between process innovation and financial performance, with a rise in return on assets following a boost in electricity sales brought about by process innovation. Nevertheless, the company's financial performance was not statistically affected by other variables, including the number of customers who have paid in advance, complaints and modifications, and procedural parameters such as revenue per worker and client per worker. To increase utility firms' revenue collection, Omesa (2015) suggests that the government support innovation in these businesses. Policymakers in utility companies and similar organizations can benefit from the study's knowledge of the precise impact of process innovation on the financial performance of Kenya Power and Lighting Company.

2.3.3 Marketing Innovation and Customer Satisfaction

Purchase & Volery (2020) broadly defines marketing innovation as new methods of marketing that involve the 4Ps of marketing. Other definitions by other scholars include new methods and tools that are purposed to improve sales (Fuentes-Blasco et al., 2017); the process of approaching the market creatively by using effective channels of communication and delivering products in a way that captures the interests of the existing and potential customers (Lee et al., 2019). In this

study, marketing innovation is described as the adept process of integrating new and creative marketing practices with creative digital elements and experiential activations for the purposes of triggering consumer excitement, fostering profound consumer engagement and cultivating brand loyalty.

Nawafleh and Al-Khattab (2019) carried out a study to investigate the influence of marketing innovation on customer satisfaction inside the Aqaba Special Economic Zone Authority. Using questionnaires to gather data from 110 individuals for the study; 102 of them, or 92.7% of the total, answered the questionnaire correctly. According to the study results, 41% of customer satisfaction can be attributed to marketing innovation, and there is a statistically significant strong positive association between the two. However, innovation in marketing was determined to be in the second degree, whereas the largest correlation was observed between innovation in performance and customer satisfaction. To raise customer satisfaction levels, Nawafleh and Al-Khattab (2019) suggested encouraging employees to innovate their workplace cultures.

Also, the important connection between marketing innovation and B2B customer satisfaction is examined by Campos (2019). The study underscores the importance of innovation in fulfilling client requirements and cultivating enduring connections. Adopting creative practices and methods in a variety of contexts is the definition of marketing innovation according to Campos (2019). The study's literature analysis highlights the changes in marketing that have occurred since the 1990s as a result of technology, globalization, and a move toward customer-oriented tactics. It covers a variety of innovative forms and concentrates on the role that marketing innovation plays in enhancing company profitability and competitive advantage. Although there are no particulars or empirical data in the study, it does provide a theoretical framework and conceptual analysis based on previous research and experience with B2B internships. Its main contribution is offering insights into the connection in a business-to-business setting between client satisfaction and innovative marketing.

In addition, Nwachukwu & Vu's (2022) study the moderating influence of competitive aggressiveness on the link between marketing innovation, service innovation, and consumer satisfaction. Customer satisfaction is positively impacted by both marketing and service innovations, according to the authors' conceptual model that includes four hypotheses. Data was gathered via a survey of 300 microfinance banks, and the research model and assumptions were

created based on previously published studies. Also, according to the analysis conducted with Smart PLS software, customer satisfaction is positively and considerably impacted by service innovation, and customer satisfaction is also promoted by marketing innovation. Moreover, research has shown that in a competitive setting, service and marketing innovation has a stronger impact on customer satisfaction (Nwachukwu & Vu, 2022). As a result, Nwachukwu and Vu (2022) advise managers of microfinance banks to keep spending money on innovation-related skills like marketing and customer service to sustain satisfied customers.

2.4 Research Gaps

The connection between innovation strategies and customer satisfaction has been the subject of numerous research. However, there is a scarcity of knowledge on the effect of innovation strategies on customer satisfaction in the alcoholic beverages industry in Kenya. More notably, there are inconsistencies among existing studies. The studies by Ekeke & Justina (2021), Nawafleh & Al-Khattab (2019), and Setiobudi (2021), demonstrate a positive correlation between innovation strategies and customer satisfaction. Meanwhile, Panigrahi, Azizan & Al Shamsi (2021) present a gender viewpoint and demonstrate its moderating influence which poses a lot of uncertainty on the positive correlation between innovation and customer satisfaction. On the other hand, Roper & Bourke (2022) and Ashok, Day & Narula (2018) stress a negative correlation between innovation and customer satisfaction in the information technology services sector. In addition, the studies that have been conducted to establish the relationship between innovation strategies and customer satisfaction have used different theoretical foundations, different methodologies and even different metrics to measure their variables. The studies are further conducted in different contexts, thus limiting the generalizability of their findings across contexts. A combination of these factors leads to contextual, conceptual and methodological gaps and presented a need for the current study as shown in Table 2.1.

Table 2.1 Summary of the Research Gaps

Study	Focus of the Study	Findings of the Study	Research Gap	Focus of the Current Study
Maina (2003)	To establish the influence of	Retail, depot, online and personal	The concepts of the study are choice of	The concepts of the study

	channel distribution strategy on customer satisfaction among alcohol distributors in Mombasa	distribution strategies positively affect customer satisfaction.	distribution channel and customer satisfaction. The context of the study is Mombasa, Kenya.	are innovation strategies and customer satisfaction. The context of the study is Nairobi Kenya.
Ekeke & Justina, (2021)	To examine the relationship between hotel brand attributes and guest satisfaction in the hospitality industry in Port Harcourt, Nigeria.	There is a significant positive correlation between hotel brand attributes and guest satisfaction.	The context of the study was hotels in Port Harcourt, Nigeria; the study variables were hotel brand attributes and guests' satisfaction.	The context is the alcohol beverages industry in Kenya. The variables of the study are innovation strategies and customer satisfaction.
Nawafleh & Al-Khattab (2019)	To investigate the effect of marketing innovation on customer fulfilment within the Aqaba Special Zone Authority.	Marketing innovation had a positive effect of customer satisfaction in Aqaba Special Zone Authority.	Context of the study was Aqaba Special Zone Authority, the concepts of the study were marketing innovation and customer satisfaction.	The context of the study is the Kenyan alcoholic beverage industry and concepts of the study are innovation strategies and customer satisfaction.

Setiobudi (2021)	To establish the influence of product innovation on repurchase interest in the food and beverage industry in Indonesia	Product innovation positively influenced customer satisfaction and consequently repurchase interest.	The context of the study was food and beverage industry in Indonesia, concepts of the study were product innovation and repurchase interest.	The context of the study is alcoholic beverages industry in Kenya and the concepts of study are innovation strategies and customer satisfaction.
Panigrahi, Azizan & Al Shamsi (2021)	To examine the effect of product innovation attributes on customer satisfaction and brand loyalty.	Product innovation attributes have a positive impact on customer satisfaction. Gender highly moderated customer satisfaction and loyalty.	The study population was university students in India and the context of the study was smartphones industry.	The study population is alcohol consumers in Kenya and the context is alcoholic beverages industry.

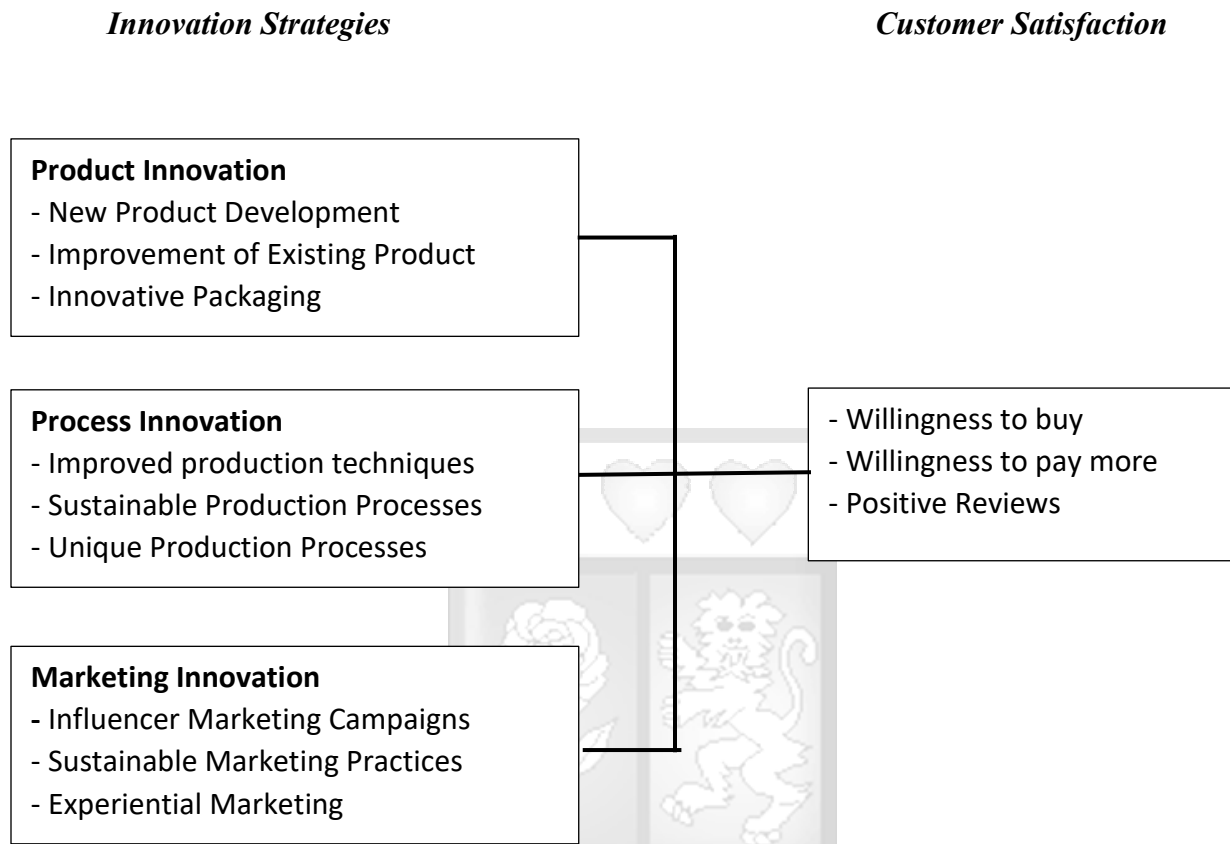
Roper & Bourke (2022)	To examine the unintended effects of innovation.	The activities of innovation can result to adverse outcomes such as customer complaints that may in turn result to reputational damage and financial loss.	The study is focuses on the industry of legal service providers in England and Wales. The concepts of study are innovation and customer complaints.	The study is based on alcoholic beverages industry in Kenya and the concepts of study are innovation and customer satisfaction.
Ashok, Day & Narula (2018)	To establish the relationship between process innovation and buyer dissatisfaction.	Process innovation may lead to buyer dissatisfaction when there is a lag between identification of a problem and misinterpretation of a need for innovation.	The context of the study is information technology services. The study uses mixed method approach.	The context of the study is alcoholic beverages industry and it uses a cross-sectional descriptive study design.

Source: Researcher (2025)

2.5 Conceptual Framework

Figure 2.1 presents the connection between the independent and the dependent variables of the study. The study examines innovation through the lenses of product innovation, process innovation and marketing innovation. Customer satisfaction, on the other hand, is assessed in terms of the willingness to buy, willingness to pay more and willingness to give positive reviews.

Figure 2.1: Conceptual Framework



Source: Researcher (2025)

2.6 Chapter Summary

This chapter provided a detailed examination of the complex relationship between innovation strategies and consumer satisfaction in the alcoholic beverage business. The chapter opened by discussing the theoretical framework, and two theories that anchor the study were explored in depth. The next section discussed the empirical studies that have been done on this topic, emphasizing fundamental literature and discoveries that advance knowledge of innovation strategies in the alcohol sector. The conceptual framework section demonstrated the connection between the study's dependent and independent variables. The final section of the chapter identified important research gaps that open new avenues for study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter of the study covered the methodology that was used by the researcher. It discussed the research design used for the study, the target population and the methods of sampling used in the study, methods of data collection and measurement. The last part of the chapter discussed the tests of reliability, validity, data analysis and presentation and wound up by explaining any ethical considerations as applied in the study.

3.2 Research Philosophy

Research philosophy in research refers to a collection of beliefs, assumptions, and doctrines that guide the researcher's approach and perspective towards conducting research (Mauthner, 2020). It is the foundation for research design, methodology, and data collection methods. While numerous research philosophies exist, three main frameworks dominate: positivism, interpretivism, and pragmatism (Tamminen & Poucher, 2020). Positivism views reality as objective, knowable through scientific methods, and independent of the researcher. It emphasizes quantitative data, hypothesis testing, and generalizable findings (Patino & Ferreira, 2018). Interpretivism values subjective experiences and understanding the world through the lens of individuals. It utilizes qualitative data, interviews, and thick descriptions to capture unique perspectives (Tamminen & Poucher, 2020). Pragmatism focuses on practical solutions and combines aspects of positivism and interpretivism. It prioritizes usefulness and adaptability, choosing methods that best answer the research question regardless of their traditional alignment. The current study employed a positivism philosophy. Positivism emphasizes on knowledge gained through observing and measuring, which aligns with the goal of producing observable and quantifiable research findings (Patino & Ferreira, 2018). In positivism studies, the researcher collects and interprets data in an objective manner, without allowing personal values to influence the study. This approach ensures that the study maintains a level of objectivity and allows for reliable analysis of the research data. By adopting positivism philosophy, the current study benefited from its emphasis on objective observation, measurement, and the production of trustworthy knowledge.

3.3 Research Design

The research design is the plan or strategy that researchers develop to address their research questions or objectives. It lists the steps and procedures to be followed when collecting and analyzing data (Adebiyi & Abayomi, 2016). A well-designed research study is crucial as it offers a systematic approach to gather relevant and reliable information. It helps researchers ensure that their study is structured, organized, and focused. A good research design allows researchers to control variables, establish cause-and-effect relationships, and draw meaningful conclusions. It also helps in minimizing biases and errors, thus building on the validity and reliability of the findings.

This study used a descriptive cross-sectional research design. This method leverages quantitative data through surveys, allowing the researcher to reach large, representative samples for generalizable results. Structured questionnaires were used to measure customer experiences with product, process and marketing innovations, various satisfaction aspects, and potential influencing factors. Moreover, data was examined through descriptive statistics and inferential analyses to uncover connections and understand the link between innovation and customer satisfaction. This design offered a cost-effective and efficient way to gather initial insights and paved the way for further research methods like experiments.

3.4 Study Population

The study population consists of individuals or entities that an investigator aims to analyze and draw conclusions about (Banerjee & Chaudhury, 2010). It is the targeted population from which the researcher collects data and generalizes their findings. The study population of the current study encompassed the 41 local alcoholic beverages manufacturers with active excise license as published by the Kenya Revenue Authority as of March 2024.

3.5 Sampling Design

Sampling refers to the selection of a subset of individuals or entities from a larger group to represent the group in a research study (Turner, 2020). It is not always feasible or practical to collect data from an entire population, so researchers use samples to make inferences about the broader population relying on the traits exhibited by the sample. Sampling design, on the other hand, involves determining the method and criteria for selecting the sample. There are various sampling techniques, and each technique has its benefits and limitations. The choice of sampling

design depends on factors like the research objectives, available resources, and the desired level of representativeness (Banerjee & Chaudhury, 2010). An effectively structured sampling design guarantees that the sample is representative of the population, reduces bias, and permits extrapolation of the findings.

The current study used purposive sampling design. The researcher intentionally and purposively sampled out individuals from the study population based on a set criterion. The researcher was only interested in individuals that held senior and mid-level management positions in the departments of Innovations, Marketing and Sales. This was because individuals in these positions were more likely to produce credible and informed insights related to the topic of study, as compared to employees in the other departments. Therefore, the researcher sought to get responses from three representatives from each of the 41 companies, thus making a sum of 123 responses that were then analyzed to derive results.

3.6 Data Collection Methods

In research, data collection is the systematic process of gathering information relevant to your research question (Taherdoost, 2021). The current study used primary data that was collected using structured questionnaires that allowed the researcher to collect data directly from participants in a standardized manner. Administering questionnaires digitally has also been found to benefit researchers by enabling them to reach a larger sample of respondents across diverse geographical regions, leading to potentially more generalizable results (Wright, O'Brien, Nimmon, Law & Mylopoulos, 2016). The questionnaire was structured into four main sections: The Demographic Data section, Statements for Product Innovation, Statements for Process Innovation, Statements for Marketing Innovation and finally the Statements for Customer Satisfaction. The questionnaire adopted the Likert scale to measure the perceptions of the participants.

3.7 Research Quality

Collected data was assessed for any errors and inconsistencies before analysis. The researcher conducted validity and reliability tests to ensure the research quality of the current study. Research quality encompasses various aspects that elevate a study from mere data collection to a valuable contribution to its field. It is a multifaceted concept that demands careful consideration throughout the research journey, from conception to dissemination. Some of the key pillars of research quality include rigor, validity, and reliability (Johnson, Adkins & Chauvin, 2020).

3.7.1 Validity Test

A validity test inspects whether the instruments being used for research can deliver the expected results. According to Shepard (2016), a valid study is the one whose results collected from the sampled participants are a perfect reflection of the population beyond the study. In research, key types of validity include internal validity, which refers to the degree to which a study accurately establishes a cause-and-effect relationship without interference from external factors, and external validity, which concerns how well the results can be generalized to other settings, populations, or times (Drost, 2011). Construct validity assesses whether the research truly measures the theoretical concept it claims to, while content validity ensures the measure covers all essential aspects of the concept (Drost, 2011). To enhance validity in this study, peer reviews were used whereby the questionnaires were submitted to a panel of experts in the field of research to assess how rigorous and valid they were and evaluated on how well they aligned with the goals and objectives of the study.

In addition, a pilot questionnaire was issued out to 20 participants from the selected companies' departments who were randomly selected from the study population. The pilot allowed the researcher to test the questionnaire's clarity, understandability and effectiveness before using it in the actual study. By piloting the questionnaire with a small group of participants, the researcher was able to identify any potential issues, such as confusing or ambiguous questions, and made necessary improvements. This helped to ensure that the questionnaires yielded reliable and valid data when administered to the larger sample. Additionally, pilot testing also allowed the researcher to assess the feasibility and time required for data collection, which was valuable for planning the main study. The feedback that was obtained from the pilot study was omitted in the final analysis units.

3.7.2 Reliability Test

Reliability tests give information on how dependable and consistent the results derived from a study are. They help researchers ensure that their measurements are dependable and consistent and therefore enable them to have confidence in the results obtained and strengthen the overall validity of the research findings (Patino & Ferreira, 2018).

One often used statistical indicator of internal consistency in research is Cronbach's alpha. The researcher chose the indicator because it had been used in other similar studies (Hosseini &

Hamelin, 2021), (Setiobudi, 2021). It evaluates the degree to which a group of questions or items inside a measurement tool are connected (Jugessur, 2022). The average correlation between every conceivable pair of items in a scale is determined by Cronbach's alpha. Higher values indicate more internal consistency; the range is 0 to 1 (Jugessur, 2022). Perfect internal consistency is represented by a value of 1, whilst weak relationships between the scale's items are indicated by a value near 0. The study attained a Cronbach alpha coefficient score of above 0.7. Former studies that have used the same indicator have established that a coefficient score of 0.7 and above is considered reliable (Hosseini & Hamelin, 2021).

Table 3.1 Reliability Test Results (Cronbach's Alpha)

Variable	No. of Items	Cronbach's Alpha (α)	Comment
Product Innovation	10	0.812	Reliable
Process Innovation	10	0.845	Reliable
Marketing Innovation	10	0.879	Reliable
Customer Satisfaction	9	0.861	Reliable

Source: Researcher, 2025

3.8 Data Analysis

The collection of quantitative data through questionnaires was succeeded by analysis using descriptive and inferential statistics to allow meaningful statistical measurement. Descriptive statistics aimed to offer a comprehensive summary of key characteristics present within a dataset. These methods are essential for researchers as they present a concise overview of data attributes, including measures like average, median, mode, standard deviation, and visual representations such as histograms and scatter plots (Ali & Bhaskar, 2016). Through descriptive statistics, researchers gain valuable insights into data structures and patterns, facilitating better interpretation and understanding. On the other hand, inferential statistics focused on drawing broader inferences about a population based on a sample of data. This aspect of statistics goes

beyond the immediate dataset to generalize findings to a larger population. Techniques within this domain include hypothesis testing, confidence intervals, regression analysis, Analysis of Variance (ANOVA), chi-square tests and correlation analysis (Ali & Bhaskar, 2016).

The current study used ANOVA to measure the significance of the model and multiple linear regression analysis as the preferred inferential statistics model. A key aspect of both models is the interpretation of p-values, where a p-value less than the critical threshold of 0.05 indicates that the relationship or difference observed is statistically significant and unlikely to have occurred by chance. Multiple linear regression helped analyze the relationship between customer satisfaction as the dependent variable, and various operationalizations of innovation as the independent variables, simultaneously. It also allowed identification of significant predictors of customer satisfaction and the assessment of the nature and strength of these relationships. Through estimating a regression equation, the researcher was able to determine the influence of different dimensions of innovation on customer satisfaction, providing valuable insights for strategic decision-making. By employing multiple regression analysis, researchers can derive meaningful insights into how innovation practices within companies affect customer satisfaction levels, aiding in the enhancement of overall organizational performance and customer experiences.

The regression equation was:

$$Y = \beta_0 + \beta_1 \text{product innovation} + \beta_2 \text{process innovation} + \beta_3 \text{marketing innovation} + \varepsilon$$

Where:

Y = dependent variable

β_0 = regression constant,

$\beta_1, \beta_2, \beta_3$ are regression coefficients

ε is the regression model error term.

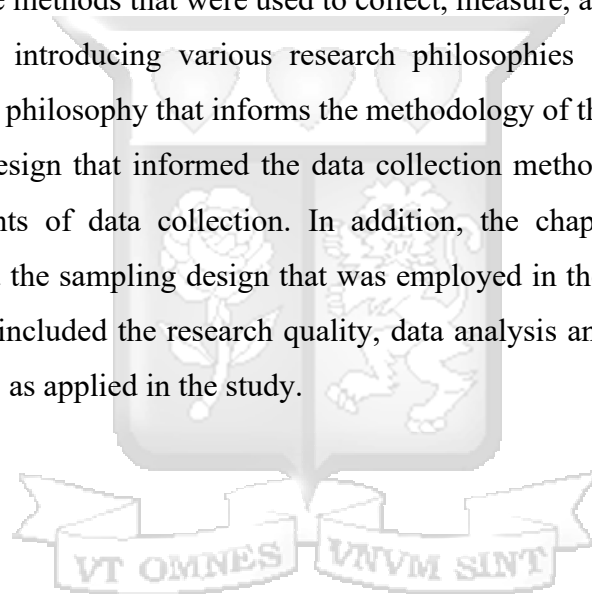
3.9 Ethical Considerations

The researcher upheld ethical requirements firstly by seeking approval from SU-IERC and permission to conduct the study from the National Commission of Science Technology and Innovation (NACOSTI). The questionnaires clearly communicated that the information being gathered was purely to be used for academic purposes and the respondents were allowed to

participate in the study and to withdraw at will. The participants were assured that their personal responses would be fully treated as confidential. To minimize the risk of harm that could be associated with participating in the study such as stigmatization, any personal information of the participants was fully anonymized. The instruments of data collection also avoided using any strong language or any language that could be considered by the participants to be abusive or insensitive. Lastly, while analyzing data, the researcher upheld transparency, reproducibility, data privacy and integrity in verifying, cleaning, measuring, interpreting, and communicating the results of the study.

3.10 Chapter Summary

The chapter discussed the methods that were used to collect, measure, analyze and present data in the study. It started by introducing various research philosophies and narrowing down on positivism as the specific philosophy that informs the methodology of the study. The chapter then discussed the research design that informed the data collection methods that were used for the study and the instruments of data collection. In addition, the chapter introduced the study population and presented the sampling design that was employed in the study. Other key details discussed in the chapter included the research quality, data analysis and presentation, and lastly the ethical considerations as applied in the study.



CHAPTER FOUR

DATA ANALYSIS AND PRESENTATIONS

4.1 Introduction

This chapter thoroughly and comprehensively discusses the analysis of the collected data to determine the influence of innovation strategies on customer satisfaction in the alcoholic beverages sector. This section follows a structured format to provide clarity on the connection between various innovation strategies covered in the study, and the influence they have on customer satisfaction. It also presents key findings as analyzed through descriptive and inferential statistics. Descriptive statistics are used to give a summary of data through measures of central tendency including mean, mode and median, thus providing an understanding of the link between innovation strategies and customer satisfaction. On the other hand, inferential statistics such as correlation and regression analysis were used to enhance the understanding of the significance of the existing relationship between the study variables.

4.2 Response Rate

A response rate is critical in any research as it helps in evaluating the strength of any study. The response rate is the percentage of participants who take part in a study out of the total sample that is invited to participate. A high response rate is desired in any study as it offers a fair representation of the study population. The current study invited a total of 123 participants who were serving in either the innovation department, marketing department or sales department in their respective companies. Out of the 123 questionnaires issued out to the study sample, 108 questionnaires were filled and submitted back, while 15 questionnaires were not returned. This means that the study achieved a response rate of 88% as shown in Table 4.1 below. According to Fincham (2008), a response rate of 60% and above is to be considered sufficient for research.

Table 4.1 Response Rate

Responses	Frequency	Percentage
Returned	108	88%
Unreturned	15	12%
Total Administered	123	100%

Source: Researcher, 2025

4.3 Demographic Information

The questionnaires prompted the respondents share general information about themselves to enable the researcher to profile the responses into demographic strata. It was important for the researcher to have the demographic information of the respondents as that would help him to understand the sample by gaining a general description of the study participants. Demographic information was also useful to help the researcher realize any subgroup variations, representation bias and even generalizability of the study results. The section below discusses the demographic profiles of the respondents.

4.3.1 Gender of the Respondents

The researcher prompted the participants to indicate their gender. This was important in that it helped the researcher to analyze whether gender affects how different people understand and perceive customer satisfaction. Based on the context of the study, the researcher was interested to find out if men and women had different motivations when they are looking for experiences to enjoy their alcoholic beverages, as this would ultimately affect how they defined satisfaction. Information on gender responses is presented in table:

Table 4.2: Gender of the Respondents

Gender	Frequency	Percentage
Male	58	54%
Female	50	46%
Total	108	100%

Source: Researcher, 2025.

The data presented in Table 4.2 indicates that most of the respondents (54%) were male while 46% were female. This information was useful to the researcher as it helped him to understand the influence of innovation strategies on customer satisfaction while considering apparent gender differences.

4.3.2 Department of Function

The participants of the study were sampled across three major departments: innovation department, sales department, and marketing department. This decision assumed that people serving in these departments were rich with information related to innovations in their respective docket. The sales and marketing leadership team monitor closely the performance of innovation projects and they report on what is working and not working. The innovation team, on the other hand, is responsible for observing and analyzing market trends and identifying a gap or an opportunity that can be seized by their companies. They are then directly involved in the approval, development, and execution of any innovation projects, and they monitor them closely after launching to understand whether they deliver on their previously forecasted objectives. The researcher was confident that by engaging people from these three teams, he would be able to gather rich insights that could then be generalized across the industry. Table 4.3 below shows the distribution of respondents across the functions.

Table 4.3: Department of Function

Department	Frequency	Percentage
Innovations Department	30	28%
Sales Department	42	39%
Marketing Department	36	33%
Total	108	100%

Source: Researcher, 2025

Table 4.3 shows that out of the 108 respondents, the sales department (39%) made up the highest number, while the marketing and innovation departments followed with 33% and 28% respectively. While the researcher hoped to attain an equal distribution across the departments, this was eliminated by the fact that not all invited participants took part in the study.

4.3.3 Similar Previous Experience

The researcher was interested to know whether the respondents had served in similar capacities and roles before, either with their current employer or with another. The researcher worked with the assumption that people who had worked in similar capacities before had accrued a lot of experience in studying and understanding consumer behaviour and were therefore richer in knowledge about perceived customer satisfaction in innovation projects. Table 4.4 indicates that 68% of the respondents had served in similar or related roles in their previous years. This was a good finding based on the prior assumption that people who had served in similar roles previously had richer insights needed for the study.

Table 4.4: Similar Previous Experience

Previous Experience	Frequency	Percentage
Served in a similar/related role before	73	68%
Not served in a similar/related role before	35	32%
Total	108	100%

Source: Researcher, 2025

4.3.4 Period of Tenure

The respondents were asked to indicate how long they had worked for their current employer. The researcher worked with the assumption that respondents who had served for longer periods had witnessed their organizations launch innovation projects and even interacted with such projects considering they served in critical departments as backed up by Palinkas, et al (2015). Such respondents would therefore be highly credible to comment on customer satisfaction in innovation. Table 4.5 indicates that majority of the respondents had worked for their current companies for periods between 3-5 years (44%), followed by 1-3 years (32%), while only a lesser number of people had worked for their current companies for periods above 5 years (16%) and below a year (7%). The researcher concluded that the responses were credible because most of the respondents had worked for over 3 years with their organizations.

Table 4.5: Period of Tenure

Period	Frequency	Percentage
Below 1yr	8	7%
1-3yrs	35	32%
3-5yrs	48	44%
Over 5yrs	17	16%
Totals	108	100%

Source: Survey Data, 2025

4.3.5 Experience with Innovation

The researcher wanted to know if the respondents had witnessed their companies launch an innovation during the periods of their tenure. This information was important as respondents who had witnessed their companies launch an innovation were assumed to be more credible to comment on customer's satisfaction with innovation. Table 4.6 confirms that most of the respondents (94%) were present when their companies launched an innovation, and thus majority of the responses were highly credible.

Table 4.6: Innovation Experience

Experience	Frequency	Percentage
Present at the launch of an innovation	102	94%
Not present at the launch of an innovation	6	6%
Totals	108	100%

Source: Survey Data, 2025

4.4 Descriptive Statistics

The current study used descriptive analysis to thoroughly examine the dataset. Descriptive analysis helps a researcher in understanding the main characteristics of the data, like its average, spread, and distribution. By using statistical measures like mean, median, and standard deviation, this method provides a clear overview of the data's patterns. Through descriptive analysis, the researcher was able to better interpret and explore the dataset, leading to a deeper understanding of the research subject.

4.4.1 Descriptive Statistics on Product Innovation

The primary aim of the research was to determine how product innovation affects customer satisfaction among buyers of local alcoholic beverages manufacturing companies in Kenya. The participants were requested to indicate the level to which they agreed or disagreed with statements about product innovation. Table 4.7 presents a summary analysis of the responses to these statements.

Table 4.7: Descriptive Statistics on Product Innovation

Statements for Product Innovation	Mean	Std
Newly launched alcoholic beverages are preferred more often for trial purposes	4.1	1.0
Consumers switch faster across alcoholic brands in favor of a new product offering	3.9	1.1
A consumer is more likely to purchase an alcoholic beverage if it is on a limited-edition offering	4.0	1.0
Innovative alcoholic beverages offer a better experience than traditional ones	3.7	1.4
Innovative features in alcoholic beverages are very important when considering the overall satisfaction of consumers with a product	3.5	1.5
New product development positively influences consumers loyalty to a particular brand of alcoholic beverage	3.8	1.3
A consumer is likely to pay a premium price for an innovative alcoholic beverage compared to a similar but less innovative product	3.9	1.1
Innovation in alcoholic beverages leads to a more enjoyable drinking experience	3.6	1.5
A consumer is likely to buy a product that claims specific functional benefits like low-calorie or hangover prevention	3.9	1.2

A consumer is likely to prefer alcoholic beverages in new to innovative delivery methods like pouches and draught over traditional formats like bottles and cans	3.9	1.1
Mean Score	3.82	1.2

Source: Researcher, 2025

The findings above indicate a generally positive perception of product innovation among consumers in the alcoholic beverage industry, with an overall mean score of 3.82, suggesting that respondents agree with most of the statements regarding product innovation. The highest-rated item was “*Newly launched alcoholic beverages are preferred more often for trial purposes*” with a mean of 4.1 and a relatively low standard deviation (SD = 1.0). This suggests strong agreement and consistency among respondents, highlighting that new product launches are effective in attracting consumer interest. On the other hand, the lowest-rated statement was “*Innovative features in alcoholic beverages are very important when considering the overall satisfaction of consumers with a product*”, with a mean of 3.5 and a higher standard deviation (SD = 1.5). This indicates moderate agreement, but with more variability in responses, suggesting that while innovation features matter, not all consumers weigh them equally in terms of satisfaction. The statement with the highest variability was “*Innovation in alcoholic beverages leads to a more enjoyable drinking experience*” (SD = 1.5), reflecting a broader range of opinions on the experiential value of innovation in alcoholic products.

Overall, the results imply that product innovation plays a significant role in influencing consumer behavior, especially in attracting trial purchases and fostering brand loyalty. However, the varying levels of agreement across different innovation dimensions suggest that not all forms of innovation are equally valued by consumers, and companies may benefit from targeting specific innovation features that align more closely with customer preferences.

4.4.2 Descriptive Statistics on Process Innovation

Table 4.8 presents the responses to the statements of process innovation.

Table 4.8: Descriptive Statistics on Process Innovation

Statements of Process Innovation		
	Mean	Std
Consumers are aware of brands with innovative production methods and that influences their purchase decisions.	3.3	1.5
The transparency of a brand’s production process such as ingredient sourcing is important to a consumer.	3.0	1.7
A consumer is likely to choose a brand that minimizes its environmental impact during production.	3.2	1.6
Sustainability in sourcing and production processes is important to a consumer when choosing an alcoholic drink.	2.9	1.8
A consumer is likely to support brands that utilize new technologies and processes to improve quality control and efficiency.	2.7	1.9
Traceability of ingredients from source to bottle is important to a consumer	2.7	1.9
A consumer is concerned about the use of artificial additives or preservatives in alcoholic beverages	2.9	1.8
A consumer is likely to purchase alcoholic beverages from a brand known for its process innovation (e.g. sustainable practices, unique brewing and distillation methods).	3.2	1.5
It is important for a consumer to know about the production process of alcoholic beverages before making a purchase	2.7	1.9
Consumers believe that process innovation in alcoholic beverages leads to a higher perceived value for products.	3.7	1.4
	3.02	1.7

Source: Researcher, 2025.

The results above show a moderate perception of process innovation, with an overall mean score of 3.02, indicating that consumers are neutral to slightly agreeable regarding the role of process innovation in influencing their purchasing decisions. The highest-rated statement was “*Consumers believe that process innovation in alcoholic beverages leads to a higher perceived value for products*”, with a mean of 3.7 and a standard deviation of 1.4. This suggests that while a good

number of respondents agree with this idea, there is still some variation in opinions. It highlights that process innovation does contribute positively to how consumers perceive product value. Conversely, the lowest-rated items were “A consumer is likely to support brands that utilize new technologies and processes to improve quality control and efficiency”, “Traceability of ingredients from source to bottle is important to a consumer”, and “It is important for a consumer to know about the production process of alcoholic beverages before making a purchase”, each recording a mean score of 2.7 and standard deviations of 1.9, the highest in the dataset. These results show both low agreement and high variability, suggesting that these aspects of process innovation are not widely considered by consumers or are less understood.

Generally, while there is some appreciation for process innovation, especially in terms of perceived value and sustainability, many consumers appear to be less informed or less concerned with the technical and ethical dimensions of how alcoholic beverages are made. This presents an opportunity for companies to educate consumers on innovative production processes and emphasize transparency and sustainability to enhance customer engagement

4.4.3 Descriptive Statistics on Marketing Innovation

Table 4.9 presents responses to statements on marketing innovation.

Table 4.9: Descriptive Statistics on Marketing Innovation

Statements of Marketing Innovation	Mean	Std
Consumers frequently engage with new alcoholic brands on social media	3.9	1.1
The activities of alcoholic brands on social media influence consumers' perception towards them	4.2	0.9
Influencer marketing campaigns are effective in persuading consumers to try a new drink	4.4	0.7
Most consumers are willing to participate in brand-sponsored events and experiences	4.3	0.8
A consumer is likely to try a new product if it has strong ethical and social message in its marketing	4.2	0.9

Consumers believe that innovative marketing strategies in the promotion of alcoholic beverages lead to a better overall customer experience	3.6	1.4
Most consumers recommend a brand of alcoholic beverage to others because of its innovative marketing campaigns	3.8	1.3
Consumers believe that brands that use innovative marketing techniques are more likely to understand and meet their customers' needs	3.7	1.4
In my opinion, marketing innovation in alcoholic beverages leads to a more memorable and enjoyable consumer experience	4.4	0.7
I believe that brands that invest in marketing innovation are more likely to build long-lasting relationships with their customers	4.2	0.9
	4.06	1.0

Source: Researcher, 2025.

Drawing from Table 4.9, the results reveal a strongly positive perception of marketing innovation among consumers, with an overall mean score of 4.06, indicating that most respondents agree or strongly agree with the statements regarding the influence of marketing innovation on their behavior and perceptions. The highest-rated statements were “*Influencer marketing campaigns are effective in persuading consumers to try a new drink*” and “*Marketing innovation in alcoholic beverages leads to a more memorable and enjoyable consumer experience*”, both with a mean score of 4.4 and a low standard deviation of 0.7. This reflects not only a high level of agreement but also a strong consensus, showing that creative digital strategies, especially those involving influencers, are highly impactful. In contrast, the lowest-rated item was “*Consumers believe that innovative marketing strategies in the promotion of alcoholic beverages lead to a better overall customer experience*”, with a mean of 3.6 and the highest standard deviation of 1.4. This suggests more mixed opinions on how directly innovative marketing translates into improved experiences, indicating a potential gap between marketing appeal and actual satisfaction.

Generally, the low variability in responses across most items indicates strong agreement and consistency among consumers about the effectiveness of innovative marketing tactics such as social media engagement, ethical messaging, and experiential branding. These findings underscore the importance of marketing innovation as a key driver of brand perception, trial, loyalty, and emotional connection in the alcoholic beverages sector.

4.4.4 Descriptive Statistics on Customer Satisfaction

Table 4.10 below presents an analysis of the responses for statements of customer satisfaction.

Table 4.10: Descriptive Statistics on Customer satisfaction

Statements for Customer Satisfaction		
	Mean	Std
Consumers are satisfied with the overall quality and taste of alcoholic beverages they typically consume	3.4	1.5
A satisfied consumer is likely to recommend their favorite alcoholic beverages to others	4.2	0.9
A consumer is likely to make repeat purchases of current favorite brand	4.4	0.6
Consumers are likely to explore new brands or types of alcoholic beverages in the future	4.2	0.9
Most consumers consider themselves loyal consumers of the alcohol brand they drink	4.5	0.4
A consumer is willing to pay more for a limited edition or special seasonal releases of their favorite brand's products	3.7	1.4
If a consumer's favorite brand introduced a new and innovative product line, they are willing to try out the new product.	4.3	0.8
Many consumers leave a positive online review for their favorite alcoholic drink	3.5	1.4
Consumers are likely to leave a review if prompted directly by the brand (eg. through email or social media)	4.1	1.0
	4.01	0.98

Source: Researcher, 2025

The responses of the statements for customer satisfaction as presented in Table 4.10 confirmed that an average number of respondents believed that consumers are satisfied with the overall quality and taste of alcoholic beverages they typically consume (Mean=3.4, Std. Dev=1.5). Similarly, a slightly higher number of the responses agreed with the statements that consumers are

willing to pay more for a limited edition or a special seasonal release of their favourite brand's products (Mean=3.7, Std. Dev=1.4) and that many consumers leave positive online reviews for their favourite alcoholic drinks (Mean=3.5, Std Dev=1.4).

However, over 95% of the respondents agreed or strongly agreed with the statement that most consumers consider themselves to be loyal consumers of the alcoholic brands they consume (Mean=4.5 Std Dev=0.6). The means of other statements for consumer satisfaction ranged between 3.4-4.4. These responses were useful in the study as they helped the researcher to understand good measures of customer satisfaction. According to Table 4.10, some good measures of customer satisfaction were those that scored the highest average mean scores. These included measures like referrals and recommendations to other people, repeated purchase, customer loyalty, willingness to try out a brand's new products and likelihood to leave positive reviews when prompted directly by the brand.

4.5 Inferential Statistics

Inferential statistics assisted in identifying the connection between the study's independent and dependent variables. This section presents the results from both correlation and regression analysis.

4.5.1 Pearson's Correlation Analysis

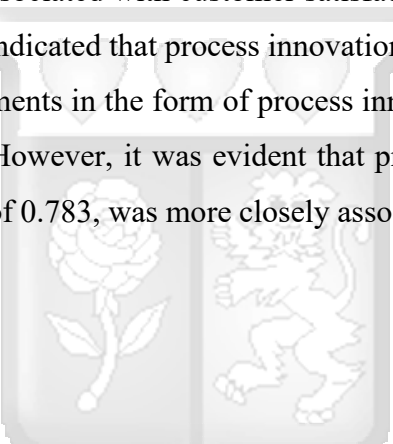
Pearson's correlation analysis is a useful tool that helps researchers to explore the relationship between study variables. The tool quantifies the strength of association between the variables, thereby providing invaluable insights on how changes in one variable correspond to or lead to changes in the other variable (Schober, Boer & Schwarte, 2018). By identifying the consistency of movements among variables, researchers can uncover patterns and possible cause-and-effect relationships that in turn guide in further decision making. In correlation analysis, a correlation coefficient shows the strength and direction of any existing association. The correlation coefficient scale ranges from -1 to 1, with a higher coefficient implying that the variables are strongly related and vice versa (Aggarwal & Ranganathan, 2016).

The current study used Pearson's correlation analysis to measure whether there exists any relationship and the strength of such a relationship between innovation strategies and customer satisfaction if any. Table 4.11 presents the results for the correlation analysis of the study.

Table 4.11: Correlation Matrix

The correlation analysis results provided in Table 4.11 below show a high relationship between the independent variables of the study and the dependent variable of the study.

From the results, product innovation had a strong association with customer satisfaction. A Pearson correlation coefficient of 0.783 in Table 4.11 meant that alcoholic beverages manufacturers can be able to influence customer satisfaction positively by investing in product innovation. This finding supported a similar finding by Uboegbulam & Ekeke (2021) whose study found out that investing in product innovation led to an increase in customer repurchases and positive customer reviews, which were all considered to be good indicators of customer satisfaction. Similarly, process innovation was presented to be associated with customer satisfaction. With a Pearson correlation coefficient of 0.733, this finding indicated that process innovation was closely related to customer satisfaction. As a result, improvements in the form of process innovation are likely to interpret to improved customer satisfaction. However, it was evident that product innovation, with a higher Pearson’s correlation coefficient of 0.783, was more closely associated with customer satisfaction than process innovation.



		Customer Satisfaction	Product Innovation	Process Innovation	Marketing Innovation
Customer Satisfaction	Pearson Correlation	1			
	Sig. (2-tailed)				
Product Innovation	Pearson Correlation	.783**	1		
	Sig. (2-tailed)	.000			
Process Innovation	Pearson Correlation	.733**	.570**	1	
	Sig. (2-tailed)	.000	.000		

Marketing	Pearson	.913**	.770**	.652**	1
Innovation	Correlation				
	Sig. (2-tailed)	.000	.000	.000	

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

Source: Researcher, 2025

In their study, Ashok, Day, & Narula (2018) came with similar finding that process innovation leads to improvement in customer satisfaction when businesses have a well-established feedback loop that helps to guide what processes need to be reviewed, renovated, or innovated. From the results presented above, marketing innovation is presented to have the closest relationship with customer satisfaction. With a Pearson’s correlation coefficient of 0.913, marketing innovation seemed to have a higher influence on customer satisfaction than product and process innovation. A similar study on the influence of marketing innovation on customer satisfaction that was carried out by Nawafleh and Al-Khattab (2019) concluded that marketing innovation accounted for 41% of customer satisfaction for the Aqaba Special Economic Zone Authority customers. This finding was important because it presented an interesting case about how the influence of different strategies varies across industries and contexts. However, it still provided confirmation that business organizations that invest heavily in marketing innovation are more likely to reap great benefits from increased customer satisfaction, regardless of the industries in which they operate.

Moreover, there were observable associations between the independent variables. Product innovation was typically linked to both process innovation and marketing innovation, which was evidenced by correlation coefficients of 0.570 and 0.770 respectively. This was an indication that the three types of innovation also work together to influence customer satisfaction. This could also be interpreted that the three types of innovation influence each other moderately. The 0.01 significance level meant that the findings were not out of chance because they were supported by strong evidence.

4.5.2 Product Innovation and Customer Satisfaction Regression Analysis

The researcher carried out regression analysis to explore the relationship between product innovation and customer satisfaction. Table 4.12 presents a summary of the regressions.

Table 4.12: Model Summary for Product Innovation and Customer Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783 ^a	.612	.609	.631

a. Predictors: (Constant), Product Innovation

Source: Researcher, 2025

The R square value of 0.612 implied that product innovation accounted for approximately 61% of customer satisfaction among the customers of local alcoholic beverages manufacturing companies, while the remaining 39% is accounted for by other factors that were not captured in the regression.

An analysis of the variance of the results was presented in Table 4.13. Based on the findings, the F-statistic value was 167 with a P-value = 0.000. The level of significance in the test was 5%. The p-value of 0.000 was less than the significance level of 0.05 to imply that the overall model was significant, which in turn indicated that product innovation is a significant predictor of overall customer satisfaction in the local alcoholic beverages industry as presented below.

Table 4.13: ANOVA for product Innovation and Customer Satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.805	1	66.805	167.527	.000 ^b
	Residual	42.269	106	.399		
	Total	109.074	107			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Product Innovation

Source: Researcher, 2025

Table 4.14: Regression Coefficient for Product Innovation and Customer Satisfaction

Coefficients^a

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.581	.203		7.777	.000
	Product Innovation	.685	.062	.783	12.943	.000

a. Dependent Variable: Customer Satisfaction

Source: Researcher, 2025

Table 4.14 above confirmed a positive and significant association between product innovation and customer satisfaction ($\beta=0.685$, $p\text{-value}= 0.000<0.05$). These results meant that a change in product innovation by a unit would result into an expected 0.685-unit change in customer satisfaction for the customers of local alcoholic beverages manufacturing companies.

4.5.3 Process Innovation and Customer Satisfaction Regression Analysis

The researcher carried out regression analysis to establish the association between process innovation and customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya. Table 4.15 presents a summary of the findings.

Table 4.15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733 ^a	.537	.532	.690

a. Predictors: (Constant), Process Innovation

Source: Researcher, 2025

The results of the regressions showed an extracted R square value of 0.537 which meant that process innovation explained approximately 53.7% of change in customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya. Similarly, the

remaining 46.3% was linked to other factors that were not included in the regression. An analysis of variance results is shown in Table 4.16 below.

Table 4.16: ANOVA for Process Innovation and Customer Satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.540	1	58.540	122.792	.000 ^b
	Residual	50.534	106	.477		
	Total	109.074	107			

a. Dependent Variable: Customer Satisfaction

Source: Researcher, 2025

Based on the results from Table 4.16, the F-statistic value was 122.792 with a p-value of 0.000 ($F_{1,107} = 122.792$), $p = 0.000$ ($p\text{-value} < 0.000$). This indicated that the model used was significant and it could be used to explain the relationship between process innovation and customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya.

Table 4.17: Regression Coefficient for Process Innovation and Customer Satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.384	.253		5.466	.000
	Process Innovation	.647	.050	.733	11.081	.000

a. Dependent Variable: Customer Satisfaction

Source: Researcher, 2025

From Table 4.17, there was a significant positive association between process innovation and customer satisfaction as shown by the results of the regression coefficients of the variables. The results ($\beta=0.647$, $p\text{-value}=0.000<0.05$) implied that a unit change in process innovation resulted to an expected 0.647-unit change in customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya.

4.5.4 Marketing Innovation and Customer Satisfaction Regression Analysis

The researcher carried out regression analysis to establish the relationship between marketing innovation and customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya. Table 4.18 presents the findings of the regression.

Table 4.18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.913 ^a	.834	.833	.413

a. Predictors: (Constant), Marketing Innovation

Source: Researcher, 2025

The regression findings showed an Adjusted R Square of 0.833 to imply that marketing innovation explains an 83.3% of change in customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya. Other factors not considered in the regression explained the other 16.7%.

Table 4.19: ANOVA for Marketing Innovation and Customer Satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	91.006	1	91.006	533.889	.000 ^b
	Residual	18.069	106	.170		
	Total	109.074	107			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Marketing Innovation

Source: Researcher, 2025

Table 4.19 presents ANOVA results for marketing innovation and customer satisfaction. The F-statistic value was 533.889 with a p-value of 0.000. This confirmed that the model used in the research was significant and therefore appropriate to explain the relationship between marketing innovation and customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya.

Table 4.20: Regression Coefficient for Marketing Innovation and Customer Satisfaction

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.383	.165		2.314	.023
	Marketing Innovation	.909	.039	.913	23.106	.000

a. Dependent Variable: Customer Satisfaction

Source: Researcher, 2025.

The results above indicated a significant positive association between marketing innovation and customer satisfaction ($\beta=0.909$, $p\text{-value}=0.000<0.05$). This meant that a unit change in marketing innovation would cause an expected 0.909-unit change in customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya.

4.5.5 Multiple Linear Regression Analysis

Multiple linear regression analysis is valuable in research as it enables researchers to identify connections that exist between various independent variables and a single dependent variable within their studies (Pandis, 2016). The current study applied multiple linear regression analysis to uncover the statistical significance and the associations between the independent variables and the dependent variable of the study.

The summary results are presented in Table 4.21.

Table 4.21: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.937 ^a	.877	.874	.359

a. Predictors: (Constant), Marketing Innovation, Process Innovation, Product Innovation

Source: Researcher, 2025

Table 4.21 presents that coefficient of determination (R^2) = 0.877 to imply that 87.7% of the variance in the dependent variable was explained by the model. This finding established that the independent variables of the study were jointly accountable for 87.7% of the variation in customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya. Similarly, the Adjusted R Square of 0-.874 meant that the independent variables of the study in exclusion of the constant variable account for 87.4% of the variance in customer satisfaction of the same customers.

Table 4.22: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	95.670	3	31.890	247.437	.000 ^b
	Residual	13.404	104	.129		
	Total	109.074	107			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Marketing Innovation, Process Innovation, Product Innovation

Source: Researcher, 2025

The ANOVA results presented in Table 4.22 confirmed that the model that the researcher used in the study was statistically significant and therefore appropriate for explaining the relationship

between the independent and dependent variables of the study. In addition, the table presents positive coefficients for the independent variables to imply that the three variables positively influence the dependent variable in the study.

1.8.1 Multiple Linear Regression of Coefficients

Table 4.23: Multiple Regression of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.139	.152		.915	.362
	Product Innovation	.131	.045	.158	2.900	.005
	Process Innovation	.206	.043	.220	4.809	.000
	Marketing Innovation	.645	.059	.649	11.004	.000

a. Dependent Variable: Customer Satisfaction

Source: Survey Data, 2025

The presented multiple linear regression analysis in Table 4.23 revealed insightful relationships between different types of innovation (product, process, and marketing innovation) and a dependent variable – customer satisfaction. The intercept, representing the value of the dependent variable when all predictors are zero, was 0.139. This meant that for every unit increase in product innovation, the dependent variable increased by 0.131 units, with a statistically significant t-value of 2.900 and a significance value of 0.005. Similarly, process innovation demonstrated a positive impact, with a coefficient of 0.206 and a high t-value of 4.809, indicating statistical significance at a significance level of 0.000. However, the most influential predictor appeared to be marketing innovation, boasting a coefficient of 0.645 and an exceptionally high t-value of 11.004, both strongly significant ($p < 0.001$). The t-values signified the strength of the relationship between each predictor and the dependent variable, with higher values indicating a more significant impact. From the table, the standardized coefficients (Beta) highlighted marketing innovation's

predominant influence, with a Beta value of 0.649, surpassing the influence of both product and process innovation. This analysis underscored the high positive association between innovation, especially marketing innovation and customer satisfaction, the dependent variable.

4.6 Chapter Summary

Chapter four of the study presented a detailed analysis of the primary data that was collected through questionnaires. Both descriptive and inferential statistics were used to give a deep understanding of the relationship between the study variables. The analysis confirms that there exist positive relationships of varied strengths between the variables of the study, and the chapter explores the depth of the relationships in detail.



CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter starts by presenting a summary of the study. Other sections of the chapter discuss the conclusion, recommendations, and opportunities for future research.

5.2 Discussion of Key Findings

This section discusses the findings of the study as guided by the objectives. The study aimed to establish the influence of innovation strategies, specifically product, process and marketing innovation strategies, on customer satisfaction for the customers of local alcoholic beverages manufacturing companies in Kenya.

The first objective of the study was to establish the influence of product innovation on customer satisfaction among alcoholic beverages companies in Kenya. The researcher issued questionnaires to respondents with statements about product innovation and its influence on customer satisfaction. Descriptive analysis of the survey data revealed that many of the respondents agreed that product innovation highly influences customer satisfaction. The results also revealed that most customers tend to favour new product offerings for trial purposes, and they are even willing to pay a premium price for such products. This finding suggested that product innovation highly influences customer satisfaction among the customers of the local alcoholic beverages manufacturing companies in Kenya.

Correlation analysis of the same survey data confirmed that product innovation had a positive significant relationship with customer satisfaction for the local alcoholic beverages manufacturing companies in Kenya. This revealed that a higher investment in product innovation is expected to result higher customer satisfaction. Similarly, results from the regression analysis showed a positive association between product innovation and customer satisfaction. These findings support a similar finding by Setiobudi (2021) who investigated the influence of product innovation on customer satisfaction in the frozen food sector. The study correlates with the current study in that both studies are based in the consumable goods sector and therefore they might share the factors that affect customer satisfaction. Setiobudi's study found out that businesses in the frozen food

sector that focus on dynamic and creative product innovation stand to benefit long-term profitability due to increased repurchases from customers.

The study also had an objective to establish the influence of process innovation on customer satisfaction among alcoholic beverages companies in Kenya. Process innovation encompassed any changes in technologies and methodologies that were put in place by the manufacturing companies to enhance efficiency in production, as well as promote sustainability and conservation of environment before, during and after production processes. Descriptive analysis of the survey data revealed that process innovation explains a moderate change in customer satisfaction for a unit change in process innovation. The researcher conducted a correlation analysis on the survey data to uncover the strength of the relationship that existed between process innovation and customer satisfaction. The findings from the study revealed a noteworthy positive connection between innovation in processes and satisfaction levels of customers. Similarly, regression analysis of the survey data affirmed that process innovation had a positive significant relationship with customer satisfaction. These findings are in support of the study conducted by Rajesh & Singh (2011) who concluded that process innovation has a positive significant association with customer satisfaction. Rajesh & Singh (2011) emphasized that for businesses to attain maximum benefits, process innovation needs to be coupled up with visionary leadership and efficient project management as these factors also contribute to the overall customer satisfaction index.

The third goal of the research was to determine how marketing innovation affects customer satisfaction among alcoholic beverages companies in Kenya. The researcher conducted correlation analysis on the survey data to determine the course and intensity of the connection between marketing innovation and customer contentment. The results of the analysis revealed that marketing innovation was positively and strongly associated with customer satisfaction. This implied that a positive change in marketing innovation is highly likely to trigger a positive change in customer satisfaction. The researcher further conducted regression analysis between marketing innovation and customer satisfaction and confirmed that a notable and meaningful connection existed between the two variables. Results from regression of coefficients indicated that a unit change in marketing innovation causes an expected 0.909-unit change in customer satisfaction. This was also found to be the highest association between the study variables to imply that

marketing innovation, according to the study, has the highest influence on customer satisfaction among the three innovation strategies under study.

This finding was consistent with another finding by Tunç (2022) studied the role of marketing innovation on customer loyalty in the chemical industry. Findings from his study offered the conclusion that marketing innovation plays a critical role in building and firming customer loyalty, especially for companies that operate in highly competitive industries. He further provided a valuable insight by pointing out that marketing innovation enhances customer satisfaction by enhancing the brand image of a business that in turn imposes a direct effect on customer loyalty.

5.3 Conclusions

The general objective of the current study was to establish the influence of innovation strategies on customer satisfaction for local alcoholic beverages manufacturing companies in Kenya. Based on the results and findings from the study, innovation strategies have a positive and significant influence on customer satisfaction for the customers of local alcoholic manufacturing companies in Kenya.

The study concluded that product innovation explained for approximately 60% of customer satisfaction among the customers of local alcoholic beverages manufacturing companies in Kenya, other factors held constant. As a result, local alcoholic beverages manufacturing companies are likely to improve the satisfaction of their customers when they devote themselves to consistent and dynamic product innovation. The study further demonstrated that product innovation in the form of new product development triggers excitement among the consumers, thereby prompting them to switch from other brands and even pay a premium to sample out a newly released innovative alcoholic drink. Companies can be able to maximize their profits by setting up strategies that help to retain customers who are only interested in trying out new products. Product innovation teamed up with creative customer retention strategies can help market followers to grow in market share by encroaching the share of the market leaders and vice versa.

In addition, the present research found that innovative processes have a favorable and notable effect on customer contentment. By optimizing production methods through ways such as employing advanced brewing and distillation techniques, local alcoholic beverages manufacturing companies can consistently deliver products of superior quality. These innovations not only refine the taste of the beverages, but also streamline manufacturing processes, ensuring efficiency and

reliability in meeting consumer demands. Furthermore, by integrating sustainable practices into production such as reducing water usage and carbon emissions, companies demonstrate a commitment to environmental stewardship, resonating positively with eco-conscious consumers. Additionally, process innovations often lead to novel product offerings, enticing customers with unique flavor profiles and drinking experiences. Ultimately, by continuously evolving their processes, local alcoholic beverage manufacturing companies in Kenya can delight customers with high-quality, sustainable products that cater to diverse tastes, fostering enduring loyalty and satisfaction.

Lastly, the study concluded that marketing innovation helps companies to create and build positive relationships with customers, that foster customer satisfaction and loyalty. By pushing the boundaries of traditional marketing norms, local alcoholic beverages manufacturing companies can inspire delight and loyalty among consumers, driving sustained satisfaction and advocacy. Companies should focus on leveraging cutting-edge strategies such as personalized digital campaigns and immersive brand experiences to forge deeper connections with consumers. Through targeted messaging and storytelling, interactive tasting events, engaging online content, or creative packaging designs, marketing innovations effectively communicate the unique qualities and values of a brand, resonating with diverse audiences on an emotional level. Moreover, by embracing social media platforms and influencer collaborations, companies can cultivate vibrant communities of enthusiasts, fostering dialogue and loyalty. Additionally, marketing innovations facilitate transparency and authenticity, allowing consumers to make informed choices about the products they consume.

5.4 Recommendations

The current study offered various contributions in both policy, managerial and theory as discussed below:

5.4.1 Policy Recommendations

This study offered crucial policy recommendations drawn from an extensive examination of the impact of innovation strategies on customer satisfaction within the local alcoholic beverages manufacturing industry. It underscored the necessity for regulatory frameworks to balance the promotion of innovation with ensuring consumer protection. Furthermore, it advocated for incentivizing sustainable practices through mechanisms such as tax breaks and grants, encouraging

industry players to invest in eco-friendly innovations. Additionally, the study emphasized the importance of transparency and consumer education initiatives supported by policymakers to empower consumers with accurate information about alcoholic products. Lastly, it stressed the significance of fostering collaborative networks between industry stakeholders, government bodies and research institutions to facilitate knowledge exchange and drive continuous improvement in the industry. Through these recommendations, policymakers can foster a dynamic and responsible alcoholic beverages sector that prioritizes customer satisfaction while championing sustainability and innovation.

5.4.2 Managerial Recommendations

The current study used the findings to offer invaluable recommendations to managers of local alcoholic beverages manufacturing companies in Kenya. Firstly, the management of local alcoholic beverages companies should prioritize fostering a culture of innovation throughout all levels of the organization, incentivizing creativity and risk-taking. Secondly, the management should recognize investment in research and development as crucial to continually refine products and processes to meet evolving consumer preferences and market trends. Moreover, managers should embrace and implement sustainable practices that not only align with consumer values, but also that ensure long-term brand resilience and customer loyalty. Additionally, maintaining stringent quality control measures across the production process is essential to consistently deliver high-quality products. Lastly, building strong consumer relationships through various engagement initiatives, such as events and social media interactions allows companies to better understand and meet customer needs. By implementing these recommendations, companies can navigate the competitive landscape of the local alcoholic beverages industry while enhancing customer satisfaction and driving sustainable growth.

5.4.3 Theoretical Contribution

This study contributes to theory by applying Rogers' Diffusion of Innovation Theory and Christensen's Disruptive Innovation Theory to the alcoholic beverages industry in Kenya. The findings confirm that consumers adopt innovations—particularly in marketing and product design—based on perceived value and alignment with modern lifestyles, supporting Rogers' model. Moreover, the strong impact of innovative strategies on customer satisfaction aligns with Christensen's view that disruptive approaches can reshape consumer expectations and loyalty.

This study enriches both theories by demonstrating their relevance in emerging markets and in the context of customer-centric innovation.

5.5 Limitations of the Study and Areas of Further Research

While the current study provided valuable insights into the influence of innovation strategies on customer satisfaction within the local alcoholic beverages manufacturing industry, it was not without its limitations. Firstly, the study faced challenges in accurately measuring the multifaceted concept of customer satisfaction which can be influenced by many other factors beyond innovation strategies alone. Additionally, the study's reliance on participants' retrospective analysis may have introduced biases and inaccuracies, thus impacting the reliability of results. Lastly, the temporal scope of the study limited its ability to capture long-term trends or the effects of innovation strategies over extended periods. Despite these limitations, this study served as a valuable starting point for further research and provides invaluable insights for industry practitioners and policymakers alike.

There are many opportunities for further research in the scope of innovation strategies and customer satisfaction in the local alcoholic beverages industry. To start with, future studies could delve into the specific mechanisms through which different types of innovation, such as product, process, or marketing innovations, impact customer perceptions and behaviors. Understanding the relative effectiveness of these various innovation strategies in driving satisfaction could provide nuanced insights for industry practitioners. Secondly, longitudinal studies tracking consumer preferences and satisfaction levels over time could establish the long-term effects of innovation strategies and identify potential trends and patterns. Thirdly, comparative studies across different markets and cultural contexts could shed light on the contextual factors that influence the effectiveness of innovation strategies in diverse settings. Additionally, research focusing on the role of emerging technologies, such as artificial intelligence in shaping innovation and customer satisfaction within the industry could offer valuable insights into future trends and opportunities. Lastly, qualitative research methods, such as in-depth interviews or ethnographic studies, could provide rich contextual understanding of consumer perceptions and experiences, complementing quantitative analyses. By addressing these areas of further research, scholars can contribute to a deeper understanding of the complex interplay between innovation strategies and customer satisfaction in the local alcoholic beverages industry.

5.6 Chapter Summary

This chapter has discussed the three key findings of the study as guided by the objectives. It has asserted that product innovation, process innovation and marketing innovation influence customer satisfaction at varied levels, with marketing innovation being the most influential. The chapter has further presented recommendations for both policy makers and managerial teams. It then concludes by discussing some of the limitations that the researcher faced while conducting the study including



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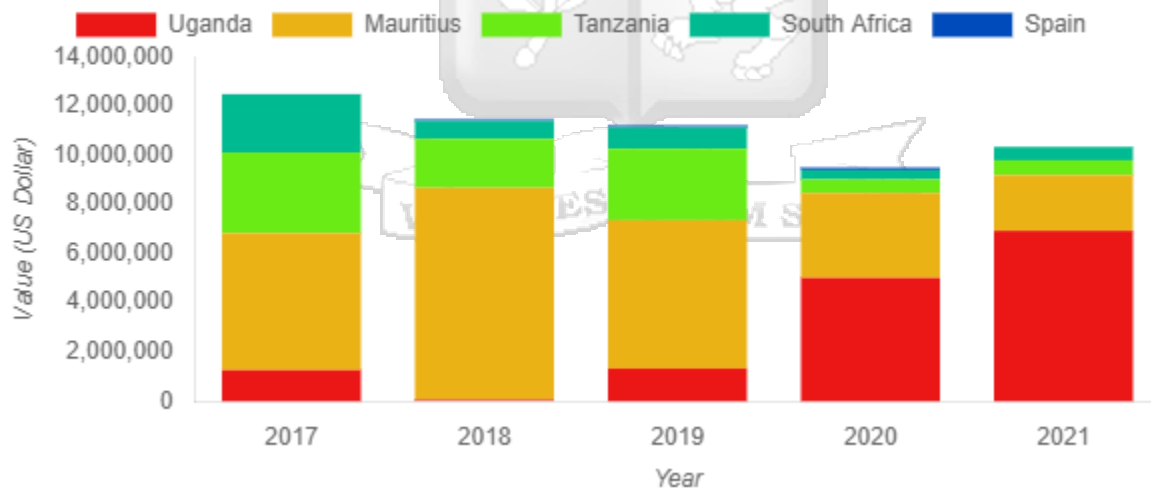
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2 APPENDICES

2.1 Appendix I: Alcoholic Beverages Market Share Evolution

Market Share Evolution of Exporting Countries in between 2017 & 2021 Kenya Alcoholic Beverage Market



Source: 6wresearch.com

2.2 Appendix II: The Questionnaire

This questionnaire purposes to find information on *The Effects of Innovation Strategies on Customer Satisfaction in Alcoholic Beverages Companies in Kenya*. The information obtained from the questionnaire will only be used for the purposes of this specific study and will not be shared with any third parties for any reasons whatsoever. Kindly read and answer all the questions thoroughly and honestly. For anonymity, do not indicate your name in this document.

Section A: Demographic Data

1. Please indicate your gender.
 - Male
 - Female
2. Please select your department of function.
 - Innovations
 - Sales
 - Marketing
3. Have you served in a similar/closely related role previously?
 - Yes
 - No
4. Please indicate the period you have worked with your current organization.
 - Below 1 yr.
 - 1-3yrs
 - 3-5yrs

Over 5yrs

5. Has your company launched any innovation projects in your tenure?

Yes

No

Section B: Product Innovation

Kindly state the extent to which you agree with each of the following statements below in reference to the influence of product innovation on customer satisfaction. Please tick (√) your answer in the spaces provided. 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

Statements for Product Innovation	SD	D	N	A	SA
	1	2	3	4	5
Newly launched alcoholic beverages are preferred more often for trial purposes					
Consumers switch faster across alcoholic brands in favor of a new product offering					
A consumer is more likely to purchase an alcoholic beverage if it is on a limited-edition offering					
Innovative alcoholic beverages offer a better experience than traditional ones					
Innovative features in alcoholic beverages are very important when considering the overall satisfaction of consumers with a product					
New product development positively influences consumers loyalty to a particular brand of alcoholic beverage					

A consumer is likely to pay a premium price for an innovative alcoholic beverage compared to a similar but less innovative product					
Innovation in alcoholic beverages leads to a more enjoyable drinking experience					
A consumer is likely to buy a product that claims specific functional benefits like low-calorie or hangover prevention					
A consumer is likely to prefer alcoholic beverages in new to innovative delivery methods like pouches and draught over traditional formats like bottles and cans					

Section C: Process Innovation

Kindly state the extent to which you agree with each of the following statements below in reference to the influence of process innovation on customer satisfaction. Please tick (√) your answer in the spaces provided. 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

Statements of Process Innovation	SD	D	N	A	SA
	1	2	3	4	5
Consumers are aware of brands with innovative production methods and that influences their purchase decisions.					
The transparency of a brand's production process such as ingredient sourcing is important to a consumer.					
A consumer is likely to choose a brand that minimizes its environmental impact during production.					
Sustainability in sourcing and production processes is important to a consumer when choosing an alcoholic drink.					
A consumer is likely to support brands that utilize new technologies and processes to improve quality control and efficiency.					
Traceability of ingredients from source to bottle is important to a consumer					

A consumer is concerned about the use of artificial additives or preservatives in alcoholic beverages					
A consumer is likely to purchase alcoholic beverages from a brand known for its process innovation (e.g. sustainable practices, unique brewing and distillation methods).					
It is important for a consumer to know about the production process of alcoholic beverages before making a purchase					
Consumers believe that process innovation in alcoholic beverages leads to a higher perceived value for products.					

Section D: Marketing Innovation

Kindly state the extent to which you agree with each of the following statements below in reference to the influence of marketing innovation on customer satisfaction. Please tick (√) your answer in the spaces provided. 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

Statements of Marketing Innovation	SD	D	N	A	SA
	1	2	3	4	5
Consumers frequently engage with new alcoholic brands on social media					
The activities of alcoholic brands on social media influence consumers' perception towards them					
Influencer marketing campaigns are effective in persuading consumers to try a new drink					
Most consumers are willing to participate in brand-sponsored events and experiences					
A consumer is likely to try a new product if it has strong ethical and social message in its marketing					

Consumers believe that innovative marketing strategies in the promotion of alcoholic beverages lead to a better overall customer experience					
Most consumers recommend a brand of alcoholic beverage to others because of its innovative marketing campaigns					
Consumers believe that brands that use innovative marketing techniques are more likely to understand and meet their customers' needs					
In my opinion, marketing innovation in alcoholic beverages leads to a more memorable and enjoyable consumer experience					
I believe that brands that invest in marketing innovation are more likely to build long-lasting relationships with their customers					

Section E: Customer Satisfaction

Kindly state the extent to which you agree with each of the following statements below in reference to customer satisfaction? Please tick (√) your answer in the spaces provided. 1=SD=Strongly Disagree, 2=D=Disagree, 3=N=Neutral, 4=A=Agree, and 5=SA=Strongly Agree.

Statements of Customer Satisfaction					
Do you think Consumers are satisfied with the overall quality and taste of alcoholic beverages they typically consume					
I believe a consumer is likely to recommend their favorite alcoholic beverages to others					
A consumer is likely to make repeat purchases of their current favorite brand					
Consumers are likely to explore new brands or types of alcoholic beverages in the future					
Most consumers consider themselves loyal consumers of the alcohol brand they drink					
It is true consumers are willing to pay more for a limited edition or special seasonal releases of their favorite brand's products					

If a consumer's favorite brand introduced a new and innovative product line, they are willing to try out the new product.					
Many consumers leave a positive online review for their favorite alcoholic drink					
Consumers are likely to leave a review if prompted directly by the brand (eg. through email or social media)					

Thank You for Participating in the Study!



2.3 Appendix III: A list of 41 licensed Alcoholic Beverages Manufacturing companies



LOCAL ALCOHOLIC BEVERAGES MANUFACTURERS WITH ACTIVE EXCISE LICENSE – MARCH 2024			
No.	PIN	Taxpayer/ Company	Location
1.	P051697126Z	254 Brewing Company Limited	Kiambu, Kikuyu
2.	P051152278Y	Africa Spirits Limited	Thika
3.	P000611715C	Agro-Chemical & Food Company Limited	Muhoroni
4.	P051443519V	Algarve Distillers Limited	Nairobi, Eastern bypass
5.	P051183573B	Big Five Breweries Limited	Ngong road
6.	P051794391V	Corobus Africa Products Limited	Nairobi, Industrial area
7.	P052044539X	Crafty Chameleon Limited	James Gichuru Road 159
8.	P051197116U	Crywan Enterprises Limited	Machakos, Mlolongo
9.	P051323235R	Elle Kenya Limited	Nairobi, Kangudo rd
10.	P051873878B	Fastlane wines & spirits ltd	Nairobi, Mombasa rd
11.	P051246231V	FRM EA Packers Limited	Nairobi, Mombasa rd
12.	P051301990Y	Julijo Investment Limited	Nairobi, Kasarani
13.	P051379063O	Kedsta Investment Limited	Nairobi, Mowlem
14.	P000593584F	Kenya Breweries Limited	Nairobi and Kisumu
15.	P000608017P	Kenya Nut Company Limited	Naivasha
16.	P051131217Z	Kenya Wine Agencies Limited	Nairobi, Industrial area
17.	P051227284K	Keroche Breweries Limited	Naivasha
18.	P051341520I	Kibos Distillers Limited	Kisumu
19.	P051397801E	Kiera Hills Limited	Embu
20.	P051896034P	Lodiani Springs ltd	Kitui
21.	P051100858R	London Distillers Kenya Limited	Machakos, Athi River
22.	P051322845X	Lumat Company Limited	Nairobi, Industrial area
23.	P051360185A	Lyniber Supplies Limited	Mowlem, Kangundo Road
24.	P051472068F	Malachite Limited	Mai Mahiu
25.	P051597679G	Mamboleo Distillers Limited	Kisumu
26.	P051778213J	Manchester Distillers (K) Limited	Machakos, Athi River
27.	P051816347P	Memlands Enterprises Limited	Runyenjes
28.	P000626584I	Mumias Sugar Company Ltd	Mumias

29.	P051303272W	Patiala Distillers (K) Limited	Nairobi, Industrial area
30.	P051430585D	Platinum Distillers Limited	Nairobi, Eastern bypass
31.	P051431189C	Rift Valley Brewing Company	Naivasha
32.	P051971418B	Sabibu beverages africa ltd	Juja
33.	P051672759R	Savannah Brands Company Limited	Nairobi, Baba Ndogo
34.	P051583563M	Sierra Premium Breweries Limited	Mombasa Road
35.	P051446376P	Sirville Investments Limited	Mombasa Road
36.	P051155969M	Top Rank Brewing Company Limited	Nairobi, Thika rd toll station
37.	P051514351B	Two Cousins Distillers	Thika
38.	P000592830Q	UDV (Kenya) Limited	Nairobi, Ngumba
39.	P051615135D	Viva Bebida Limited	Juja
40.	P051794922M	Wananchi Breweries Limited	Baba Dogo
41.	P051372663E	Zheng Hong (K) Limited	Nairobi, Industrial area

2.4 Appendix IV: Ethical Approval Letter



20th May 2024

Mr Kanyagia Stephen,
stephen.kanyagia@strathmore.edu

Dear Mr Kanyagia,

RE: The Influence of Innovation Strategies on Customer Satisfaction in Alcoholic Beverages Companies in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** proposal. Your application reference number is **SU-ISERC2205/24**. The approval period is from **20th May 2024 to 19th May 2025**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

2.5 Appendix V: NACOSTI Approval Letter

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION
REPUBLIC OF KENYA
Ref No: 209276
Date of Issue: 05/June/2024

RESEARCH LICENSE



This is to Certify that Mr., Stephen Kiarie Kanyagia 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: THE INFLUENCE OF INNOVATION STRATEGIES ON CUSTOMER SATISFACTION IN ALCOHOLIC BEVERAGES COMPANIES IN KENYA for the period ending : 05/June/2025.

License No: NACOSTI/P/24/36424

Applicant Identification Number: 209276

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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See overleaf for conditions