DETERMINANTS OF CONSUMER CHOICE IN THE UPTAKE OF CONTAINER FREIGHT STATION (CFS) PRODUCTS IN KENYA: A CASE STUDY OF SELECTED CONTAINER FREIGHT STATIONS IN MOMBASA

Winfred Kajuju
Masters Student, Jomo Kenyatta University of Agriculture and Technology, Kenya

Dr. Fred Mugambi
Jomo Kenyatta University of Agriculture and Technology, Kenya

CITATION: Kajuju, W. & Mugambi, Fred (2013). Determinants of consumer choice in the uptake of container freight station (CFS) products in Kenya: A case study of selected container freight stations in Mombasa. *International Journal of Social Sciences and Enterpreneurship, 1* (5), 289-307.

ABSTRACT

Maritime freight volumes fluctuate with changes in consumer demand and global economies. In response to increasing container volumes, congestion and capacity constraints; ports have embarked on implementation of inland container depots (ICDs) as capacity enhancement strategy. Determination of optimal pricing strategies and demand intensification has become the biggest challenges for privately owned Container Freight Stations. This paper analyzes the greater influences of consumer demand in this industry marred by intense competition and increased regulation from industry stakeholders. The research evaluates factors which determine competitiveness of each CFs with a view to understanding the drivers to consumer choice. It also reviews the nature, characteristics and operational modalities for driving consumer demand and highlight strategies that will help improve operational efficiency, drive demand and increase company profit margins. The study aims at establishing the relationship between choice of a particular CFS to its physical location, the effects of marketing strategies used by various firms, the regulatory framework affecting the operations of CFSs and the products characteristics. A descriptive research design approach was used to describe phenomena under study. Data analysis was done through S.P.S.S program through approaches such as means, modes and correlation techniques to show how each independent variable affect the dependent variable. The findings are presented through percentages, pie charts, tables and graphs.

Key Words: *Maritime, Inland container depot, Regulation*

Introduction

Container Freight Industry in Kenya

A container terminal exists as an important and fundamental part of overall pattern of trade and transport. Today, container terminals are much more than just safe places to load and unload ships. The modern container terminal is a transport community where various firms and operators store, pack, process and assemble, often enhancing and quality testing goods on the container terminal area. A Container Freight Station is defined as a common-user facility other than a seaport or an airport

offering a total package of activities for handling and storage of containers with the inbound and outbound flows by any applicable mode of transport being controlled by customs (UNECE, 1998).

In Kenya the first set of CFSs were established in 2000 within the port mainly to handle de-stuffing of less than container load cargo in the hope of reducing congestion at the Port of Mombasa. Container Freight Stations are appointed as custodians of the imported goods by the Commissioner of Customs, under Section 45 of the Customs Act, 1962. With increasing demand for space due to increase in the cargo landing at the port, there was need to increase capacity of the port through use of existing private sector capacity.

Container terminals have to adapt if they are going to succeed and it is clear that the most successful modern container terminals are the ones that are innovative, forward looking and above all in time with new developments and demands of their customers. Container terminals which play significant roles in transferring economic wealth to national as well as international economies, today handle 90 percent of the world's trade in terms of volume (Song & Yeo, 2004).

In this regard, the Kenyan Maritime Industry has equally become very competitive and actively serves the greater Eastern Africa region including countries like Sudan, Rwanda, Burundi, democratic Republic of Congo and Uganda which are land locked. Congestion problems to a large extent have led to uncoordinated operational systems and low port output and performance. These all make the establishment of ICDs and CFSs imperative.

The CFS Market Structure

Container Freight Stations operate in a monopolistic competitive market. This is a type of imperfect competition such that many producers sell products that are differentiated from one another as goods but not perfect substitutes (such as from branding, quality, or location). In monopolistic competition, a firm takes the prices charged by its rivals as given and ignores the impact of its own prices on the prices of other firms and widely seen in service industries.

In this industry monopolistic competition exists through the many service providers, many consumers in the market but no single CFS has total control over the market price. The CFSs charge differently sometimes engaging in price wars with service providers having a degree over control of their individual prices.

Another characteristic of the CFS industry is the product differentiation, though the services offered are generally the same, each CFS tries so much to make their services more unique and differentiated to attract a larger client base. The long-run characteristics of a monopolistically competitive market are almost the same as a perfectly competitive market.

Problem Statement

Container Freight stations have been heralded as the next big economic promoter for this country besides the port in the trade and maritime industry. In a growth industry which is characterized by cut throat competition and alternative service providers, consumers have the freedom to choose from among the available options.

In Kenya the growth of the CFS industry has largely been influenced by the global economic boom leading to increase in international trade and consequently this has increased competition for established container terminals, which have naturally experienced reduced customer loyalty (Lobo & Jain, 2002). This growth has also seen competition for trans-shipment cargo on the increase and the focus has now shifted to the quality of services offered by container terminals to their customers (Lobo & Jain, 2002) which determines the overall demand for their individual services offered. The need to understand determinants of consumer choice is very important in order to provide the right products and level of quality services to the consumers. Container Freight Stations are faced with a challenge of developing tailor made solutions to their clients and to also thoroughly understand their market segments.

Hayes (1997) notes the importance of understanding how customers define quality of services and products. Customer satisfaction is recognized as being of great importance to all commercial organizations because of its influence on repeat purchase behavior and word of-of-mouth recommendations (Berkman & Gilson, 1986).

With the expansion of port services to private investors and increased competition therefore, CFSs are faced with a challenge of identifying what drives customers towards selecting a particular CFS. This study therefore intends to explore the factors that determine consumer choice in selecting a CFS services.

Research Objectives

This study seeks to accomplish four major specific objectives:

1. To analyze the relationship between products characteristics and consumer choice in CFS products uptake.
2. To evaluate how marketing strategies determine consumer choice of CFSs products uptake.
3. To determine how the location of CFSs affects consumer choice of CFS products uptake.
4. To evaluate how regulatory framework governing the CFS' operations in Kenya affects consumer choice of CFS products.

Literature Review

Role of Innovation on Consumer Choice

Rogers (1995) argues that the decision on innovation largely depends on the innovation decisions of the other members of the system. The systems of innovation and creativity in the CFS industry are pegged on market leader's innovative strategies which also correlate with the competitiveness of the industry. He further describes the diffusion of innovation in an industry as going through the steps of Knowledge, persuasion, decision making and implementation.

The innovation-decision is made through a cost-benefit analysis where the major obstacle is uncertainty. People will adopt an innovation if they believe that it will, all things considered, enhance their utility. So they must believe that the innovation may yield some relative advantage to the idea it supersedes. Most container freight stations have utilized the benefits of it to increase their innovative

capabilities. A company must also undertake a thorough feasibility study in consideration of costs, so as to determine to what degree the innovation would disrupt other functioning facets of their daily life such as compatibility with existing habits and values example the innovations of their systems designs to compatibility with KPA and KRA systems. The newness and unfamiliarity of an innovation infuses the cost-benefit analysis with a large dose of uncertainty and especially so because of the increased investments in resources towards products innovation, (Rogers 1995).

Defining Quality Service In Container Freight Stations

Perception of quality normally comes from the customers and how they perceive the service. Service quality is that the service should correspond to the customer's expectation and satisfy their needs and requirements. It is essential to fully understand the various needs and expectations of these groups. It is crucial to build in the right quality by balancing these partly contradictory demands on the service. Satisfied customers spread the good news quickly, something which is satisfying for the employees and most likely also for the owners. Service quality has been increasingly identified as a key factor in differencing service and building competitive advantage. Service account for almost two-thirds of the world output (World Bank, 2002).

Measuring service quality is a challenging task because the concept of the services quality is inherently intangible in nature and difficult to define (Kandampully, 1997). Measuring improvements in service quality is even more challenging (Parasuraman & Zeithamal 1991). Commonly used techniques for measuring service quality include customer service audits (Takeuchi & Quelch, 1983), SERVQUAL 12 (Parasuraman et. al., 1985). This model helps to determine the quality of service by comparing the expected and the experienced level of quality of the customers. It separates the service into five main dimensions, reliability, assurance, tangibles, responsiveness and empathy. Customers therefore need to feel the quality of service for their money worth and it is this perception that enhances repeat purchases.

Enhancing Customer Satisfaction

Customer satisfaction is the most important aspect in influencing consumer choice and very vital in the CFS industry. In the past the Kenya Ports Authority had the sole responsibility of handling container traffic passing through the Kenyan port. This situation has however changed with the establishment of Container Freight Stations. The CFSs have not only eased the decongestion problem in the country but also increased efficiency for port users.

Customer satisfaction in this industry is achieved through efficient order handling routines, personalized approach to dealing with client problems and efficient shunting process that ensure minimal to zero demurrage charges applicable and most importantly value for money through competitive pricing.

Satisfaction is also a post consumption evaluation of perceived quality relative to expected quality (Rust & Oliver, 1974). As stated by Brown and Swartz (1989), satisfaction occurs when outcome meets or exceeds the client's anticipated outcome and actual outcome. Satisfaction and dissatisfactions often viewed as opposite ends of a continuum, with disposition being determined as a result of comparison between expectations and outcome (Oliver, 1980).

Competitive Landscape

The port sector has radically changed over the past two centuries. During the 19th century and first half of the 20th century ports tended to be instruments of state or colonial powers and port access and regress was regarded as a means to control markets. Competition between ports was minimal and port-related costs were relatively insignificant in comparison to the high cost of ocean transport and inland transport. As a result, there was little incentive to improve port efficiency. Most ports today are competing with one another on a global scale and, with the tremendous gains in productivity in ocean transport achieved over the past several decades, ports are now perceived to be the remaining controllable component in improving the efficiency of ocean transport logistics.

Conceptual Framework

Most important factors determining consumer choice on CFS' services are premised on the following four elements: Products Characteristics, Location of CFS, Marketing strategies used by the various CFSs and the CFS regulatory framework.

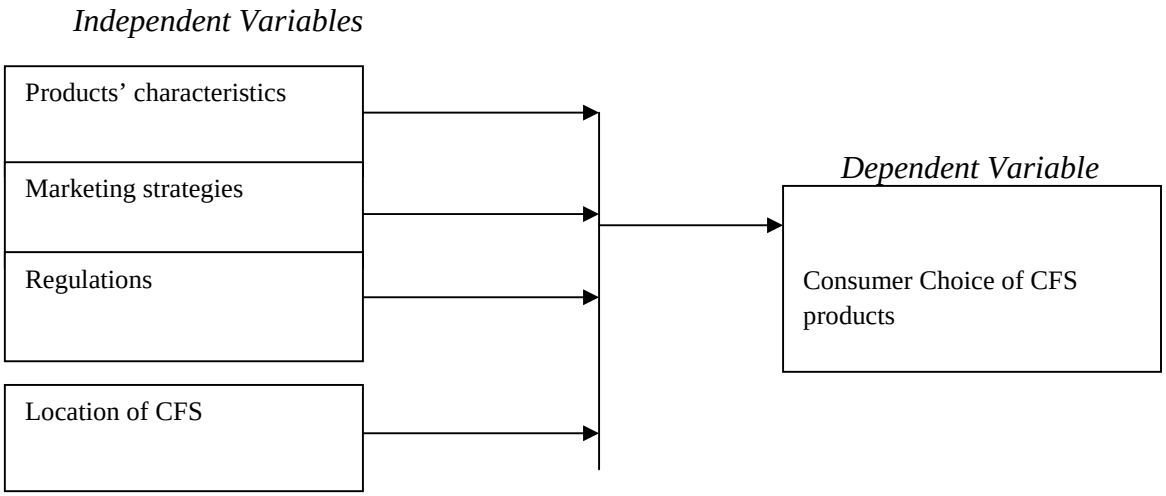

Figure 1: Conceptual Framework of the Study

Products' Characteristics

The characteristics of the product are the features that differentiate it from other products on the market. When companies create a product they have specific features in mind. It can be characteristics that improve on an existing product or ones that fill a currently unfilled need. Promoting these features can be a successful approach. Characteristics of a product also help to determine the price of a product. Premium features may be able to fetch a premium price. It is the combination of demand for a product and its price that help to determine the marketing mix.

Products characteristics offered by container freight stations not only determine the choice of CFS to a consumer but also the re-purchase of those services. CFSs whose level of service quality is high will see consumers having repeat purchases. What determines the choice of consumers in a particular CS is not only on the general product characteristics offered by all of them but also the unique features of their individual products. Such unique features could range from added benefits such as provision of more free days for cargo clearance, rebates and commissions to clearing agents for consignments brought through them and waiver for high storage fees.

Marketing Strategies used by Container Freight Stations in Mombasa

Understanding the market share can be achieved through the structure-conduct-performance model posits a positive relationship between industry concentration and profitability. Evidence also suggests that the relationship between market share and profitability is robust across different definitions of market share, different sampling frames, and controls for accounting method variation.

A market pioneer or first-mover refers to a business being either the first to introduce a new product, to employ a new process, or to enter a new market. Market pioneering advantage refers to the competitive advantage associated with being the first to enter a market. Market pioneering as a strategy has seen firms gain competitive advantage by enhancing product loyalty on their brands

Location of CFS

Consumers tend to choose CFSs which are conveniently located to their places of work to increase documentation procedures and reduce theft cases. CFSs such as Compact and Awanand or APM Terminals are most suited for clients who specialize on transit cargo as these are on the Nairobi Mombasa highway hence increase ease of operations. Motor vehicle dealers such as Toyota East Africa, Tata Motors may prefer CFSs which are closely located to the port such as Focus CFS and Interpel Investments since they import totally new cars which could easily be scratched or damaged while traveling through long distances. Their choice for a CFS would also be one with vast capacity to ensure their cars are in top condition at the time of delivery to the terminal and on release from the CFS.

The Regulatory Framework

The regulatory framework for the operations of the CFS affects the performance and operations of CFs which affect the choice of a particular CFS to consumers. An appropriate regulatory framework governs the management of CFS operations in order to function efficiently and competitively. They can be local or international regulatory frameworks affecting CFS operations.

Methodology

Research Design

This study used a descriptive approach to obtain information from several respondents on the current status of the phenomena under investigation. A descriptive approach describes data and characteristics about the population or phenomenon being studied. Bickman and Rog (1998) suggest that descriptive studies can answer questions such as what is or what was, why or how. According to Mugenda & Mugenda (1999) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. Borg & Gall (1996) note that descriptive survey research is intended to produce statistical information about aspects of a study that interest policy makers.

Population

Population refers to a group of individuals in the organization selected for the study. The target population forms the sampling frame which is a list of all members selected to a particular study .In this regard the target population constituted all customers and employees of the select freight stations.

The population of this study will comprise all the 14 CFS licensed by KRA as at 30th June 2013 and in Mombasa County.

Sample and Sampling Technique

A sample size is a definite plan determined before data is actually collected for obtaining a sample from a given population (Orotho, 2005). Krejcie and Morgan (1970) developed a more scientific method of calculating the sample size. They developed a table of sample sizes (Appendix II) based on a formula for determining sample size published by the research division of the National Education Association. The authors created this table for ease of use and to facilitate research. The formula used to determine the sample size is as follows:

$$S = \frac{X^2 NP(1 - P)}{d^2(N - 1) + X^2P(1-P)}$$

S = the required sample size

X^2 = the table value of chi-square for one degree of freedom at the desired confidence level (0.05) which is equal to 3.841 (or 1.96^2)

N = the population size

P = the proportion of the population, assumed to be 0.50 since this would provide the maximum sample size.

Applying the formula, a population N of 140 people will yield a sample size of:

$$S = \frac{3.841 \times 140 \times 0.5 \times (1-0.5)}{0.05^2 \times 139 + 3.841 \times 0.5(1-0.5)} = 134.43650/1.3078 = 102.79$$

Data Collection, Instruments and Procedure

Both primary and secondary data was used in this study. Primary data was collected using questionnaires, through interviews and by observation. Secondary data constituted collection of relevant literature on the subject from journals, the internet, published reports and books written by different authors. Questionnaires used comprised of both open-ended questions and closed ended. Open ended questioners provided for alternate response of yes or no or other possibilities. The questions formulated on the questioner were standard and therefore the responses were homogeneous. The researcher also pre-scheduled a convenient date for conducting an interview with the marketing managers of the select CFSs.

Data Analysis and Presentation

The data was collected using descriptive statistics. Upon collection of the questionnaires, editing and tabulation was done by simple coding of the number of elements that fall in each category. The data was analyzed using statistical tools such as means, percentages and will be represented in form of graphs, pie charts and tables through SPSS.

RESULTS

Response Rate

The research questionnaire was administered to all respondents as per the sample size. However out of the 102 questionnaires administered 15 were note fully completed whereas 7 were not returned at all. The final tally and analysis was therefore done on 80 complete questionnaires which represents a

strong response rate of 78%. 5 marketing managers were also interviewed from the select container freight stations and their responses analyzed as shall be described in detail during this analysis presentation.

Analysis of the Dependent and Independent Variables

Each research objective was broken down further to several variables that could be investigated independently to yield desired resultant effects.

Product Characteristics and its Influence on CFS Consumer Demand

In order to establish whether product did affect choice, respondents were asked if the product characteristics affected their choice of CFS and below are the analysis.

Table 1: Relationship Between Product Characteristics And Consumer Choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	12	15.0	15.0	15.0
	YES	52	65.0	65.0	80.0
	NOT SURE	16	20.0	20.0	100.0
	Total	80	100.0	100.0	

65% of the respondents agreed to the affirmative while 15% felt there was no connection and a paltry 20% were not sure probably because this group was acting as agents and not as decision makers.

Product characteristics as a variable was also broken down further to explore 2 intrinsic factors which are level of service quality and product pricing. In determining the relative effect of pricing on the choice of CFS, respondents rated the CFSs on their product pricing

Table 2: Analysis of Product Pricing by Different Companies

Focus CFS		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EXPENSIVE	64	80.0	80.0	80.0
	AVERAGE	12	15.0	15.0	95.0
	AFFORDABLE	4	5.0	5.0	100.0
	Total	80	100.0	100.0	
Mitchell cotts					
Valid	EXPENSIVE	36	45.0	45.0	45.0
	AVERAGE	32	40.0	40.0	85.0
	AFFORDABLE	12	15.0	15.0	100.0

	Total	80	100.0	100.0	
Interpel CFS					
Valid	EXPENSIVE	44	55.0	55.0	55.0
	AVERAGE	28	35.0	35.0	90.0
	AFFORDABLE	8	10.0	10.0	100.0
	Total	80	100.0	100.0	
MCT					
Valid	EXPENSIVE	16	20.0	20.0	20.0
	AVERAGE	28	35.0	35.0	55.0
	AFFORDABLE	36	45.0	45.0	100.0
	Total	80	100.0	100.0	
Awanand					
Valid	EXPENSIVE	28	35.0	35.0	35.0
	AVERAGE	24	30.0	30.0	65.0
	AFFORDABLE	28	35.0	35.0	100.0
	Total	80	100.0	100.0	

Level of Service Quality and Operational Efficiency

Respondents were requested to rate below list of CFSs in terms of quality of service rendered and operational efficiency of service transactions. Below is the analysis.

Table 3: Quality of Service for Different CFSs

Focus CFS		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FAIR	32	40.0	40.0	40.0
	AVERAGE	32	40.0	40.0	80.0
	EXCELLENT	16	20.0	20.0	100.0
	Total	80	100.0	100.0	
Mitchell Cotts					
Valid	FAIR	24	30.0	30.0	30.0
	AVERAGE	32	40.0	40.0	70.0
	EXCELLENT	24	30.0	30.0	100.0
	Total	80	100.0	100.0	

Interpel CFS					
Valid	FAIR	16	20.0	20.0	20.0
	AVERAGE	12	15.0	15.0	35.0
	EXCELLENT	52	65.0	65.0	100.0
	Total	80	100.0	100.0	
MCT					
Valid	FAIR	32	40.0	40.0	40.0
	AVERAGE	36	45.0	45.0	85.0
	EXCELLENT	12	15.0	15.0	100.0
	Total	80	100.0	100.0	
Awanand CFS					
Valid	FAIR	16	80.0	80.0	80.0
	AVERAGE	60	15.0	15.0	95.0
	EXCELLENT	4	5.0	5.0	100.0
	Total	80	100.0	100.0	

From above findings consumers felt that Interpel CFS was rated as being excellent in offering quality service and operational efficiency at 48%. Awanand achieved a rating of 4%, Mitchell cotts at 22%, MCT at 11% and Focus attained a score of 15% as represented below.

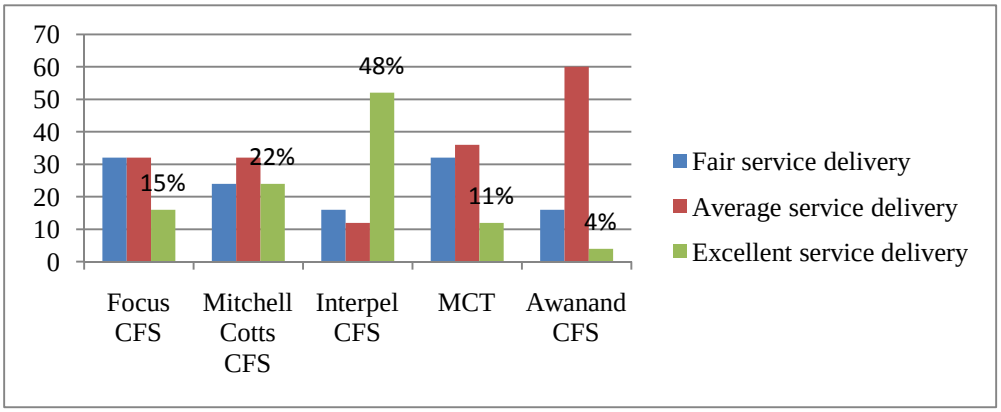

Figure 2: Comparative Levels of Service Quality

Effect on Marketing Strategies on Consumer Demand

In order to establish whether product did affect choice, respondents were asked if the product characteristics affected their choice of CFS and below is the analysis.

Table 4: Relationship between Marketing Characteristics and Consumer Choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	28	35.0	35.0	35.0
	YES	44	55.0	55.0	90.0
	DONT KNOW	8	10.0	10.0	100.0
	Total	80	100.0	100.0	

From above responses, 55% felt that marketing strategies go a long way in influencing demand while 35% felt otherwise and 10% were not sure of the same.

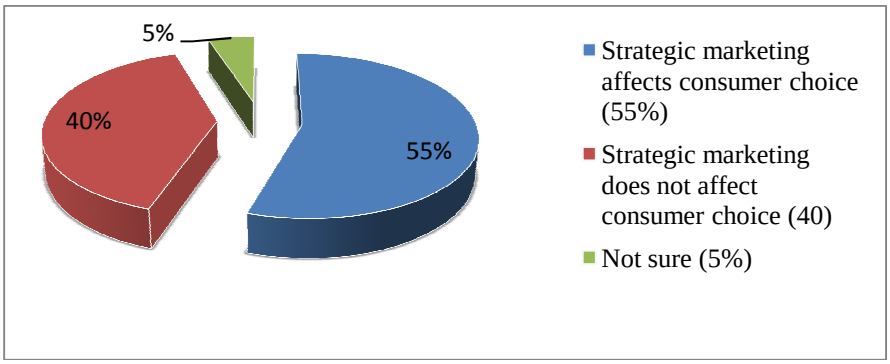

Figure3: Percentage Influence of Marketing Efforts on Consumer Choice

The researcher also undertook a consumer satisfaction survey to establish whether consumers were happy with the services provided, the cost of at which the service as a marketing strategy to solicit customer feedback on services. Respondents were also asked if they attained value for money for services provided by the current CFS. 20% disagreed while 80% agreed.

Table 5: Customer Satisfaction Analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	16	20.0	20.0	20.0
	YES	64	80.0	80.0	100.0
	Total	80	100.0	100.0	

The researcher also established different channels through which consumers approach the CFSs and analyzed it as per below.

Table 6: Analysis Of Consumer Reach Channels For Cfss.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MEDIA	8	10.0	10.0	10.0
	REFERRALS	28	35.0	35.0	45.0
	INTERNET	4	5.0	5.0	50.0
	KPA NOMINATION	20	25.0	25.0	75.0
	PREVIOUS EXPERIENCE	20	25.0	25.0	100.0
	Total	80	100.0	100.0	

From this analysis therefore, 5% of the consumers approached the different CFSs through active research on the internet, 10% through media such as broadcast and print as described from the questionnaires, KPA nomination lists and through previous consumer experience helped reach consumers at 20% respectively and majority of them through referrals at 35%. This therefore provides very important information that can help marketing managers to realign their efforts and target channels through which consumers are most likely to choose a particular CFS.

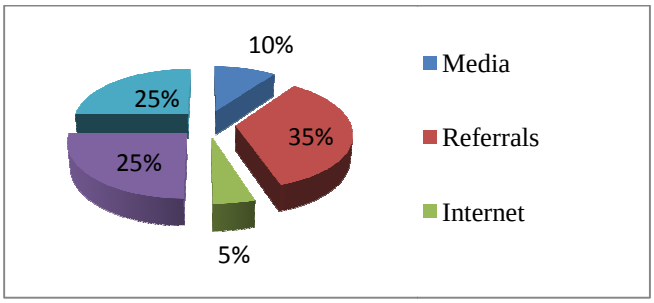

Figure 4: Consumer Reach Channels

Relationship between Consumer Demand and CFS Location

From the research findings it was very clear that the location of a CFS does play a necessary role in the determining consumer choice in this industry but not as important as other factors such as cost of service and delivery of the acquired services as shall be herein explained.

Most of the consumers representing 40% of the consumers described location of a CFS as a convenience to them but not a sole determinant for their choice and thus felt that location only affected choice to a minimal extent as per below analysis.

Table 7: Extent to which Location affects Consumer Choice of Cfs Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	DOESNT MATTER	16	20.0	20.0	20.0
	MINIMAL EXTENT	40	50.0	50.0	70.0
	LARGE EXTENT	24	30.0	30.0	100.0
	Total	80	100.0	100.0	

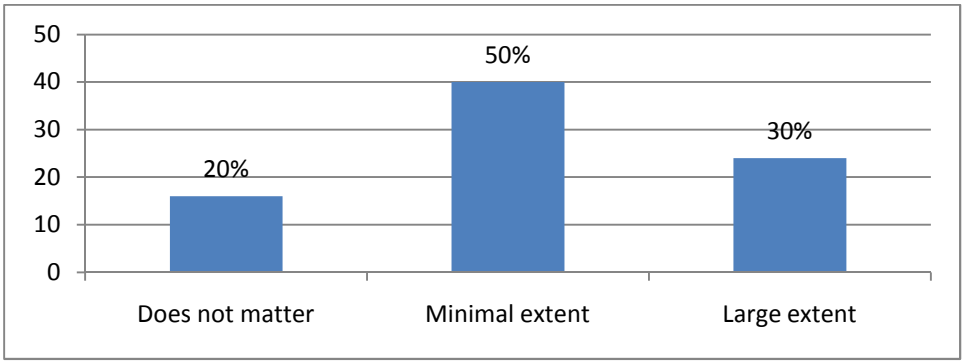

Figure 5: Percentage Influence Of Location Over Cfs Choice

Relationship between the Cfs Regulatory Framework and Consumer Choice

Most of the consumers representing 56% felt that both KPA and KRA regulations affected their choice of CFS whereas 44% did not have a clue as to how these two organs would affect their choice of CFS. Most f them however felt some officials who imposed stiffer penalties would more likely discourage them from nominating their cargo to those CFSs.

Table 8: Effect Of Increased Regulation On CFS Choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	through strict policy regulation	2	40.0	40.0	40.0
	through tariff setting	2	40.0	40.0	80.0
	negatively affects demand	1	20.0	20.0	100.0
	Total	5	100.0	100.0	

Correlation between the Independent and Dependent Variables

According to Karl Pearson (1936), described correlation through the Pearson product-moment correlation coefficient (**PPMCC**) as a measure of the linear correlation (dependence) between two variables *X* and *Y*, giving a value between +1 and −1 inclusive. It is widely used in the sciences as a measure of the strength of linear dependence between two variables.

The correlation between PP and CC at significant level of 0.01 i.e 99% confidence shows a positive and strong relationship between the two variables. This is entirely due to the law of demand and also because this is largely a price sensitive market. It therefore implies that price does actually affect choice of consumers and from the co-efficient of correlation, it does affect the same very highly. From the responses, consumers run to those CFSs which are deemed cheaper in the market hence low product prices highly influences consumer choice and whereas high product prices discourages the choice of a particular CFS.

Table 9: Consumer Choice Vis-A Vis Price Of Product

		Product Pricing	Consumer Choice
Product Pricing	Pearson Correlation	1	.751**
	Sig. (2-tailed)		.000
	N	80	80
Consumer Choice	Pearson Correlation	.751**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

The quality of service rendered to consumers highly and positively influences consumer choice in this industry which is sparked by increased brand switching. It therefore implies that consumers will select firms which are providing exemplary services in light of industry standard as established below.

Table 10: Consumer Choice And Quality Of Service

		consumer choice	quality of service
consumer choice	Pearson Correlation	1	.887**
	Sig. (2-tailed)		.000
	N	80	80
quality of service	Pearson Correlation	.887**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

The relationship between the marketing strategies used by CFS and their effect on consumer choice was analyzed below. It shows a positive correlation signifying that marketing strategies used by CFSs actually lead to positive influence on decisions made by consumer in selecting CFSs. Hence an

increase in the independent variable (MS) leads to an increase in consumer choice and and likewise a decrease in independent variable (MS) would lead to decrease in dependent variable (CC).

However the coefficient has a very low figure signifying that although the relationship is positive, the effect is also minimal such that Marketing strategies affect consumer choice positively but to a small extent.

Table 11: Consumer Choice Vis-A Vis Marketing Strategies

		consumer choice	marketing strategies
consumer choice	Pearson Correlation	1	.178
	Sig. (2-tailed)		.454
	N	80	80
marketing strategies	Pearson Correlation	.178	1
	Sig. (2-tailed)	.454	
	N	80	80

From previous analysis, respondents felt location does affect their choice of CFS though to a minimal extent and this is evidenced in the correlation between location and consumer choice at a significant level of 0.01. it therefore implies a positive relationship but which presents a weak positive relationship signifying that fact that location does affect choice but to a limited extent.

Table 12: Location of a Cfs and its impact on Choice of Service Provider

		consumer choice	location
consumer choice	Pearson Correlation	1	.329
	Sig. (2-tailed)		.157
	N	80	80
location	Pearson Correlation	.329	1
	Sig. (2-tailed)	.157	
	N	80	80

Discussion

Consumer choice is a very important aspect for any business organization in order to realize revenues and keep afloat of competition. Over the last 10 years container traffic has significantly increased through the ort of Mombasa and consequently private investors has taken advantage and put up container depots for cargo storage. With increased competition therefore and new market challenges such as the development of Lamu port which shall see the transfer of transit cargo for the Northern Corridor, firms need to identify customer requirement and develop services which suit their needs.

Research from this study has shown that the characteristics that define each firms products have a very significant effect on the choice consumers have on the selection of a particular CFS. On average consumers were able to rate the different CFS which were deemed cost effective or affordable and MCT got the lion share at 41% followed by Awanand at 32%.

It was also noted through data analyzed that the pricing of services offered by CFS have an integral role in the decision made by CFs clients as this is largely a price sensitive market and hence an increase in the cost of trading for consumers will increase their switching to other cheaper CFSs. This is also evidenced through the correlation analysis with price and consumer choice having an inverse relationship.

Quality of service as has been seen is one of the most important aspect influencers of consumer choice and which will ultimately stimulate demand. Consumers want CFSs which can offer more than is expected of them so as to derive value for their money. CFSs were also rated for their service delivery and operational efficiency and Interpel and Focus faired excellently at 48% and 15% respectively.

The study also established that consumers actually distinguish between the perceived level of service quality and the experienced level as explained in the open ended questionnaires. It was realized that those CFSs which have managed to hold a balance of pricing and service quality will achieve greater gains from this highly competitive, capital intensive yet highly rewarding industry.

The research also established that marketing strategies do influence choice of services however marketing managers ought to increase their marketing efforts through service quality to increase quality perception as the increased channel for reach of consumers was through referrals at 35% and previous service experience at 25%. Managers also felt that they reach more consumers through marketing efforts but quantification of the same was not easily achievable.

It was also noted that CFSs which are conveniently located enjoy increased number of customers but this is not to say that it would affect choice to a significant extent. Customers as realized from the study would be more willing to travel longer distances and spend more on transport but realize cheaper rates and better service delivery.

Finally the regulatory framework had an impact on the choice of CFS especially where KRA offices located in different CFSs tended to impose stiffer penalties on customers driving them away t self nominate their consignments elsewhere. However, the issue of regulation was noted thorny and delicate as it is not an optional factor since regulations are imposed by the government.

Conclusions

The researcher was able to draw various conclusions from this study as described herein below:

Consumers have become more enlightened and predisposed and will choose products from which they derive value. Container Freight stations need to develop tailor made products that are suitable and flexible across a wider range of different clients. Shipping lines, clearing agents and individual importers alike have different needs.

Firms need to offer their services which are above board and be willing to listen, empathize with their clients. They also need to come up with attractive benefits that will help lure consumers from their competitors especially in the provision of added benefits such as more free days prior to storage and waiver.

Marketing managers should come up with aggressive marketing campaigns that are tailored to stimulating demand in this industry, as this is largely a dormant industry when it comes to print or media advertising, they need to be creative and look for ways in which to market such as corporate luncheons, golf tournaments which will also attract potential clients.

From this research it is also evident that previous experience goes a long way towards retaining firms clients. This also marries with the fact that consumers are able to gauge the levels of satisfaction through experience with a company. Marketers must therefore ensure that customers are happy from the point of entry to the point of exit once a transaction.

Recommendations

Through the research carried out, the researcher was able to indentify key issues for recommendation towards achieving the purpose of the study and help Container Freight Stations realize greater revenues.

Despite there being in existence a positive relationship between the products characteristics and consumer choice, firms ought to identify their customer needs and package their products and service so as deliver market offerings which are both competitive and unique in order to achieve greater revenues.

Marketing managers ought to undertake intensive qualitative research on how to implement their pricing strategies in order to avoid industrial price wars but then remain competitive and profitable. The need to also research on effective marketing strategies can therefore not be over emphasized so as justify increased investments in marketing in the realization of revenues and avoid wastages and loss arising as a result of no improvement in revenue trends.

Seamless service delivery is key towards achieving and influencing consumer choice of CFS. This is because through this study, it has been established that the level of service is positively correlated to consumer choice. It is also important to note that quality of services enhance customer satisfaction which distinguishes between the perceived and the experienced level of quality. Operational efficiency would enhance good service from point of contact (entry) of a client to their exit through the various transaction chains in the company.

As noted from the literature review of this study, the role of innovation has great impact on choice through increasing faster transaction processing. CFSs need to invest in systems that will increase efficiency for their customers such as online tracking of consignments/ cargo and the ability to pay charges in faster and convenient ways such as through E-payments.

References

Angelova, M., Gunawardena, D., & Volk, D. (2006) Peer teaching and learning: Coconstructing language in a dual language first grade. *Language and Education, 20,* 173–90.

Berkman and Gilson (1986) Consumer Behavior: Concepts and Strategies, 3rd ed. Boston. Kent Pub.

Bernhardt and Kinnear (1991) Principles of Marketing, 4. ed., New York: Zusammen Mit H

Bitner, M. J. 1992 Service escapes: The Impact of Physical Surroundings on Customers and Employees. *International Journal of Marketing, pp. 57-71.*

Bitner, M. J. & Hubbert, A. R. (1994) Encounter Satisfaction versus Overall Satisfaction versus Quality. *In Service Quality*:

Danaher, P. J., Haddrell, V., (1996) A Comparison of question scales used For Measuring Customer Satisfaction. *International Journal of Service Industry Management, Vol.7 (4), 4-26.*

E. Rogers. (1995) *Diffusion of Innovation*, 5th ed. New York: Free Press

Garrett, Dennis E.; Mevers, Renee A. (1996)Verbal Communication Between Complaining Consumers and Service Representatives. *Journal of Consumer Affairs, Vol. 30, Issue 2, p444-476.*

Grönroos, C. (1984) A service quality model and its marketing implications. *European Journal of Marketing*. *Vol. 18, No. 4, pp. 36-44, 1984.*

Haasis, Horst,Langen and Zhang (2008) Inland container depot integration into logistics networks based on network flow model: *The Tanzanian perspective:* Tanzania.

Haasis HD.(2010) Seaport Container Terminal Services are Moving Inland: Challenges and Solution. In Proceedings of Logistics and Maritime Systems, Busan: Korea, pp. 302-305

Hayes, B.E. (1997), *Measuring customer satisfaction, survey design, use, and statistical analysis methods*. Milwaukee, WI: ASQ Quality Press, 1997.

Hayes, B. E. (2008), The True Test of Loyalty. *Measuring advocacy, purchasing and retention can increase profitability*. Quality Progress, Vol. 6

Horst and Langen. (2008) Coordination in Hinterland Transport Chains: A Major Challenge for the Seaport Community. *International Journal on Maritime Economics & Logistics (2008), Vol 10, pp. 108–129.*

Jay Kandampully, (1997). *Firms should give loyalty before they can expect it from customers*, Managing Service Quality, Vol. 7 Iss: 2, pp.92 - 94

Kenya Ports Authority, (1989) KPA ICD Handbook, Embakasi Nairobi

Notteboom T. (2008) The relationship between seaports and the intermodal hinterland in light of global supply chains: *European challenges*, Discussion paper no. 2008-2010, March, OECD/ITF, Paris.

Oliver, R. L. 1997. Satisfaction: A Behavioral Perspective on the Consumer. New York: McGraw Hill.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985) A conceptual model of service quality and its implications for future research. *The Journal of Marketing, pp. 41-50.*

Parasuraman, A. & Zeithaml, V. A. 2002. Understanding and Improving Service Quality: *A Literature Review and Research Agenda.*

Porter, M.E. (1990, 1998). *The Competitive Advantage of Nations*, New York: Free Press, 1990.

PRIMO BRAGA, C.A. 1996. "*Trade-Related Intellectual Property Issues*," in W. Martin and L.A. Winters, eds., The Uruguay Round and Developing Economies (Cambridge: Cambridge University Press).

Roso V, (2008) Factors influencing implementation of a dry port. *International Journal of Physical Distribution and Logistics Management, pp.782-798.*

Song, Yeo . (2004) A competitive analysis of Chinese container ports using the analytic hierarchy process. *International Journal of Maritime Economics & Logistics, Vol. 6 (1), pp.34–52.*

Zhang A. (2008), The impact of hinterland access conditions on rivalry between ports, *Discussion paper* no. pp. 2008-2088, February, OECD/ITF, Paris.

Zeithaml, Parasuraman & Berry, (1990) "*Delivering Quality Service; Balancing Customer Perceptions and Expectations*," Free Press,