Marketing Strategies and Market Share Growth in the Rwanda's Coffee Industry; A Case of Coffee Business Centre

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Abstract

The purpose of this study was to assess the effect of marketing strategies and market share growth in Rwanda's coffee industry. The study was guided by the following specific objectives: To determine effect of product strategy on the market share growth for coffee business centre ltd; to examine the effect of pricing strategy on the market share growth for coffee business center ltd and to assess the effect of digitalization strategy on the market share growth for coffee business center ltd. This study adopted a descriptive design. The study's target population as well as sample size was 110 respondents; the sample size was selected to yield reliable results. The study conducted inferential and descriptive statistics. The showed that there is strong positive correlation between product strategy and market share growth of coffee business center at r=.836; On the other hand, the results showed that there is positive correlation between pricing strategy and market share growth for coffee business center ltd at r=. 818, Furthermore, digitalization strategy influences the market share growth for coffee business center ltd at positive correlation of. 807. Based on the regression analysis, product strategy, pricing strategy and digitalization strategy effect market share growth at R^2=0.765; the study concluded that combination of product strategy, pricing strategy and digitalization strategy influence highly the market share growth for coffee business center. Furthermore, the research recommend that pricing strategy should be implemented in effective manner as the way of increase company profitability as well as expanding market share. Further, digitalization facilitates company to increase sales, hence regularly posting and updating company products on website and social media is needed to increase market share for coffee business centre.

Keywords: *Marketing strategies, market share growth, coffee industry, Rwanda*

1.0 Background of the study

For many years, various companies and business institutions implemented different marketing strategies to expand their market share as well as build strong competitive advantage over the competitors. Marketing strategy is a vital tool and is essential for any company seeking to remain in competitive market environment and was stronger. Aremu and Lawal (2021) saw marketing strategy as a pattern of resource allocation decisions made throughout a company. This encapsulates both desired goals and beliefs about what are acceptable and most critically unacceptable means for achieving them. Further, the scholars established that marketing strategies refer to the analysis of the market and its environment, customer buying behavior, competitive activities and the need and capabilities of marketing intermediaries, which is vital in the decision-making process.

The market share of business companies is critical in determining its sustainability and growth. A firm's market share relies upon marketing approaches to attain marketing goals that will undoubtedly lead to the expansion of market share (Anderson, Fornell & Rust, 2019). In order to achieve specific goals, companies develop and implement various strategies. The marketing approach has focused on organisations and serves as a means for corporations to enhance their performance by generating a larger market share. Organisations' sales, customer, and financial performance, as well as market share, are influenced by promotion, price, distribution, and item standardisation and modification. Marketing strategy is now a crucial instrument globally for any company to maintain a competitive edge and enhance its strength in the market (Knight, 2020).

1.1 Problem Statement

Marketing strategy is a strategy that companies use to provide their target customer with quality products, at affordable price, offer effective promotional strategy and interact with their distribution outlets hence creating demand for their products and increasing market share. However, high competition in coffee industry increases, the companies are encouraged to invest more in marketing activities in order to attract and retain customers and differentiate themselves from their competitors. . On the other hand, the study carried by Johnatta (2021) showed that coffee business in Malawi lost 16% of their annually customers due to poor quality of coffee and distribution channels. Lack of effective product strategy, pricing strategy, distribution channel and digitalization system lowered the sales volume of Coffee companies in Tanzania at 13% in 2021 (Silva, Styles, 2022). Ignoring marketing strategies in Coffee industry decreased market share at 9% in Rwanda (Shoham, Kropp, 2019). Although Rwanda's coffee industry has over the years demonstrated capacities for high-quality coffee production, the industry has faced challenges in establishing its brand internationally and increasing its market share. These challenges range from exacting international quality requirements, high marketing costs, and intense competition both from international and local rivals (Jena, Grote, 2020).

Furthermore, some issues declining market share growth in coffee industry such as poor product strategy, ineffective pricing strategy and inadequate digitalization, therefore there is need of research about effect of marketing strategies on the market share growth in coffee industry in Rwanda. Even if various researches have been conducted to show the effect of marketing strategies on the market share growth, the following gaps were discovered by researcher, all researches were done outside of Rwanda, second Shoham and Kropp in 2019 showed that ignoring of marketing strategies decreased 9% of market share for coffee industry in Rwanda, but they missed to elaborated these strategies, in this research researcher assessed the effect of product strategy, pricing strategy and digitalization strategy on the market share growth in the Rwanda's Coffee Industry.

1.2 Objective of the study

The study was guided by the following objectives;

  i. To determine effect of product strategy on the market share growth for coffee business center ltd
  ii. To examine the effect of pricing strategy on the market share growth for coffee business center ltd
  iii. To assess the effect of digitalization strategy on the market share growth for coffee business center ltd

2.0 Literature Review
2.1 Theoretical Framework

This research refers to different theories provides constructive information about the contribution of marketing strategies on the market share growth, different studies have been conducted using diversity theories clarifying the influence of marketing strategies on the market share growth.

2.1.1 Porter's Five Forces

Porter's Five Forces of Competitive Position Analysis were developed in 1979 by Michael Porter The theory provides a simple framework for assessing and evaluating the competitive strength and position of a business organization. This theory is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market. Porter's five forces help to identify where power lies in a business situation. This is useful both in understanding the strength of an organization's current competitive position, and the strength of a position that an organisation may look to move into. Strategic analysts often use Porter's five forces to understand whether new products or services are potentially profitable. By understanding where power lies, the theory can also be used to identify areas of strength, to improve weaknesses and to avoid mistake. Porter's Five Forces is considered a macro tool in business analytics – it looks at the industry's economy as a whole, while a SWOT analysis is a microanalytical tool, focusing on a specific company's data and analysis.

2.1.2 Porter's Generic strategy

 Tanwar (2013) provides that the bases on which an organization may seek to achieve a lasting position in its environment are known as generic strategies. According to Michael Porter, there are three fundamental ways in which firms might achieve on market share growth. These are: cost leadership strategy, differentiation strategy, and focus strategy. It is in the context of the overall generic strategy which a firm may be pursuing that strategic options may be usefully considered. The theory further posits that cost leadership strategy is all about a firm finds and exploits all sources of cost advantage. Additionally, differentiation strategy emphasizes on a firm seeking to be unique in its industry along some dimensions of its product or service that are widely valued by customers is said to have adopted differentiation strategy. In the focus strategy, the company seeks to narrow competitive scope, selects a segment or a group of segments in the industry and tailors its strategy to serving them to the exclusion of others.

2.1.3 Ansoff Matrixes model

The model focuses on the three strategies which business or organization may apply to expand its market share without exhausting its resources. These strategies are classified as penetration where firms grow its market share through selling existing products in existing market(s). For this reason, it is a low risk strategy, as the firm is not risking developing new products or venturing into new markets. The strategy works in a growing market, where maintaining the current market share will result in growth.

Furthermore, firms apply the market development model through launching products or services on the new market or areas of market. Besides the existing strategy, an additional strategy as provided in tehb Ansoff Matrix model related to developing or 'acquiring'a new product to sell in an existing market. The new product could be developed, or acquired through acquisition of another company. This may be a good strategy for a company that already has a strong market share of a particular market and wishes to diversify its product range. This strategy would need a strong research and development capability. Developing new products for new markets is the riskiest strategy, as the company would be venturing into new areas for both, product and market. It is advisable to carry this strategy out as a supplement to the existing core business.

2.1.4 Resource Based View

Resource Based View (RBV) analyses and interprets resources of the organizations to understand how organizations achieve sustainable competitive advantage. The RBV focuses on the concept of difficult-to-imitate attributes of the firm as sources of superior performance and competitive advantage (Hamel & Prahalad, 2019). Resources that cannot be easily transferred or purchased, that require an extended learning curve or a major change in the organization climate and culture, are more likely to be unique to the organization and, therefore, more difficult to imitate by competitors. According to RBV, an organization can be considered as a collection of physical resources, human resources and organizational resources (Amit & Shoemaker, 2013). Resources of organizations that are valuable, rare, imperfectly imitable and imperfectly substitutable are main source of sustainable competitive advantage for sustained superior performance.

2.2 Conceptual Framework

A conceptual framework is a synthetization of integrated components and variables which help in capturing and solving a real-world problem. It is analytical tool used for viewing the deductive resolution of an identified issue. In this research, Conceptual Framework guides researcher is shown in Figure 1
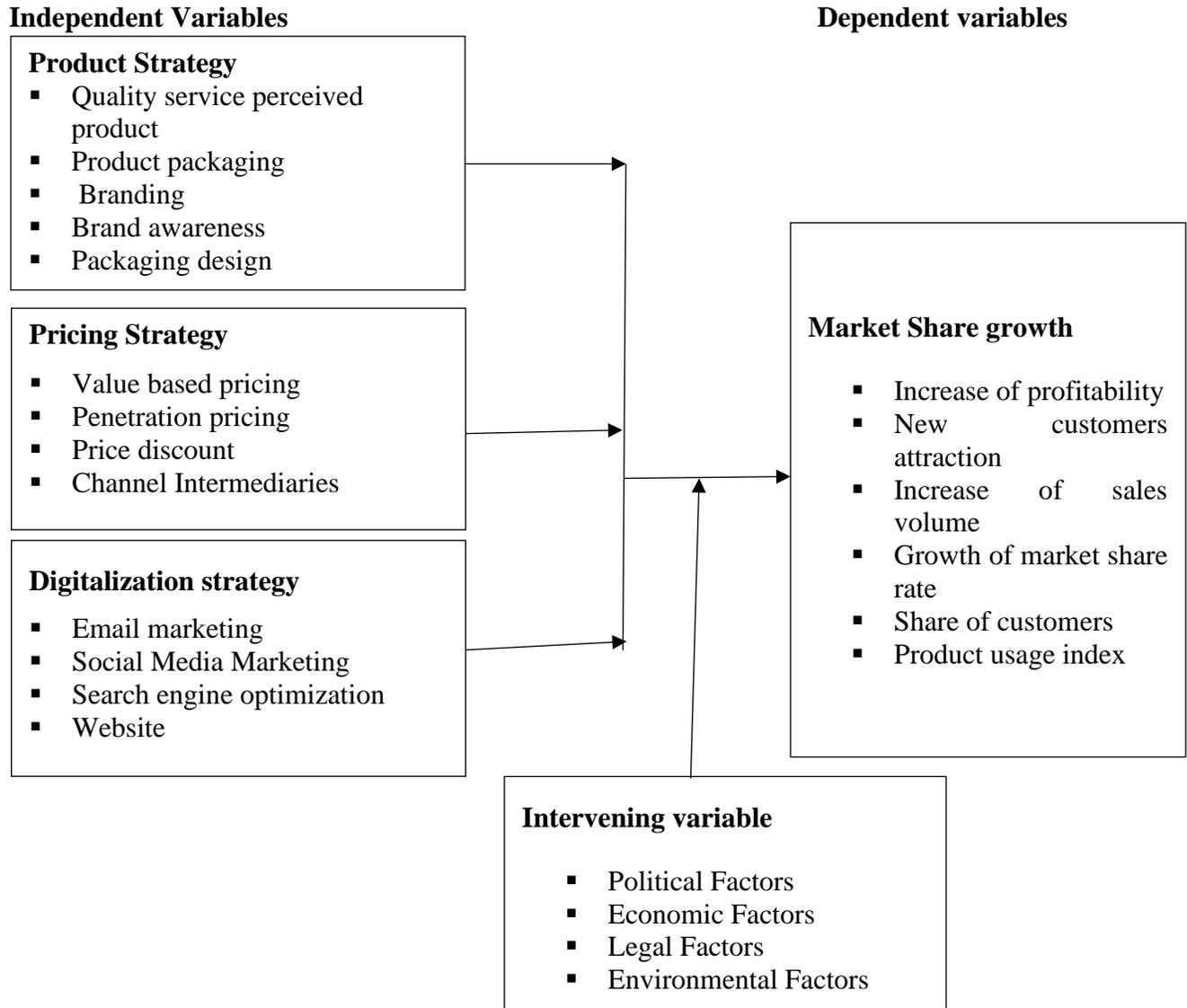
Independent Variables   **Dependent variables**

Product Strategy
- Quality service perceived product
- Product packaging
- Branding
- Brand awareness
- Packaging design

Pricing Strategy
- Value based pricing
- Penetration pricing
- Price discount
- Channel Intermediaries

Digitalization strategy
- Email marketing
- Social Media Marketing
- Search engine optimization
- Website

Market Share growth
- Increase of profitability
- New customers attraction
- Increase of sales volume
- Growth of market share rate
- Share of customers
- Product usage index

Intervening variable
- Political Factors
- Economic Factors
- Legal Factors
- Environmental Factors

Figure 1: Conceptual Framework

Source: Researcher (2023)

3.0 Research Materials and Methods

This study adopted a case study and descriptive design to get results expected from this study. In this study the target population was 110 taken from different departments of Coffee business center. In this study, the sample size is equal to the population due to the population is small i.e. all 110 participants were considered during data collection. In this study, census sampling was applied. A census sampling technique allows researcher to select all members of population to be questioned in data collection. This study adopted the questionnaire for collecting primary data and documentation review to collect secondary data. The structured questions were formulated in form of a Likert scale. The Likert scale rated the question from 1 to 4 where 1 indicates strongly disagree and 4 indicates strongly agree. Data

collected through drop and pick later after three to four days. The questionnaires were given face to face while an appointment was made by the selected respondents to plan according to their availability.

4.0 Research Findings and discussions

The validity of this study was constructed by the use of sources of evidence during the data collection; the establishment of a chain of evidence was adopted on the principle of allowing the external observer to follow the source of any evidence from initial research questions to the conclusions of the case study. The validity of the data collection instrument was based on the intervention of external experts. In order to make sure that the research is reliable, the researcher made a pre-test. The researcher conducted a pilot study to test reliability using Cronbach coefficient (Alpha). 6 questionnaires administered to the expert to provide the feedback about the preparation questions. After receiving the filled questionnaires served to the expert, researcher analysed data to indicate whether Cronbach coefficient (Alpha) was greater than 0.7

Table 1: Cronbach's Alpha Values

Variable	Cronbach's Alpha	No of items
Product strategy	.87	5
Pricing strategy	.84	5
Digitalization strategy	.81	4
Market share growth	.83	5

Source: Primary data (2022)

According to the findings observed in table 1, all variables has Cronbach 's alpha values of greater than 0.7 which indicates that instrument used by researcher was valid and reliable. The following values were obtained after performing pilot test, product strategy had Cronbach's Alpha of 0.87 while distribution strategy had Cronbach's Alpha of 0.84. On the other hand, digitalization indicated Cronbach's Alpha of 0.81. Finally, market share growth showed Cronbach's Alpha of 0.83. Based on the Cronbach's Alpha values, data collection instruments are reliable and valid. As recommended by Bujang, Omar, & Baharum (2018) who indicated that Cronbach Alpha coefficient should be greater than 0.7 to ensure data collection instrument is reliable and valid. Descriptive statistics such as mean, standard deviation and frequency distribution was used to analyse the data. The collected data was present using frequency tables for social characteristic demographics while Central tendency was used to analyse the data related to the specific objectives. Lastly, coefficient of correlation was used to determine the relationship between the independent variables and dependent variable. Pearson's coefficient of correlation indicated correlation and regression analysis was applied to indicate effect of independent on dependent. Regression analysis was performed to test effect of independent variable on the dependent variable, regression formula helped researcher to obtain the effect of marketing strategy as independent variable to market share growth as dependent variable. Researcher applied correlational analysis to measure the relationship between independent variables and dependent variable as shown in Table 2.

Table 2: Correlation Matrix.

		Product strategy	Pricing strategy	Digitalization strategy	Market share growth
Product strategy	Pearson Correlation Sig. (2-tailed)	1.000			
	N	110			
Pricing strategy	Pearson Correlation	.794**	1.000		
	Sig. (2-tailed)	.000			
	N	110	110		
Digitalization Strategy	Pearson Correlation	.792**	.795**	1.000	
	Sig. (2-tailed)	.000	.000		
	N	110	110	110	
Market share growth	Pearson Correlation	.836**	.818**	.807**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	110	110	110	110

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

Source: Primary data (2023)

The Table 2 indicates how independent variables correlated with dependent variable, the results showed that there is high positive relationship between product strategy and market share growth because of the positive value for correlation coefficient. The contribution of product strategy on the market share growth of business in coffee business has positive correlation of .836 correlations. Thus, company needs to implement effective product strategy to enhance the performance as well market share growth. Further, the findings indicate that there is strong correlation between pricing strategy and market share growth of coffee business center at positive strong positive correlation, the results generated by software computed .818 (81.8%), this value confirmed that marketing strategies play significant level to the market share growth of coffee business centre. About the relationship between digitalization strategy and growth of market share of coffee business centre at .807 (80.7%) According to the findings there is strong positive correlation through consideration of all sub-variables of independent to the dependent variable. Hence marketing strategies contributes highly to the growth of market share of business centre. Marketing strategies raises the performance of business as well as stimulate growth of business mainly coffee business centre, growth of business is influenced by various strategies such as product strategy, pricing strategy and digitalization strategy.

4.1 Regression analysis between independent variable and dependent variable

The regression analysis determines influence of marketing strategies as independent variable and growth of market share of business center as dependent variable. In this study model summary, variances and coefficients of variables were determined as follow.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871[a]	.765	.619	1.01618

Source: Primary Data (2023)

 a. Predictors: (Constant), product strategy, pricing strategy and digitalization strategy

The Table 3 shows that regression analysis revealed (R = 871.) which is a favourable connection while the R coefficient of 0.871 indicated that the model's predictors, product strategy, pricing strategy and digitalization strategy computes an 76.5% correlation with the dependent variable as market share growth of business coffee center. Combination of product strategy, pricing strategy and digitalization strategy influence market share growth of coffee business centre.

Table 4: Analysis of Variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1145.665	24	511.537	495.377	.000[b]
Residual	351.94	86	1.033		
Total	1497.600	110			

a. Predictors: (Constant), product strategy, pricing strategy and digitalization strategy Dependent variable: Market share growth

Source: Primary data (2023)

The findings in Table 4 show analysis of variance between independent variable and dependent variable whereby F=495.377 and p value of 0.000<0.05 which is significance level confirming the effect of marketing strategies and market share growth in the Rwanda's coffee industry. product strategy, pricing strategy and digitalization strategy as dependent variable which is market share growth of coffee business.

Table 5: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.687	.659		-2.558	.000
Product strategy	.545	.271	.984	-2.011	.000
Pricing strategy	.315	.350	.523	2.900	.000

Digitalization strategy	.478	.287	.739	2.016	.000

Dependent Variable: Market share growth

Source: Primary data (2023)

The responses of the regression coefficients. Market share growth was established through determination of standardized coefficients (Beta). In reference to the T-statistics, the effective marketing strategies influences market share growth of coffee business at significantly Where the results indicated that pricing strategy contributes to market share growth through product strategy, pricing strategy and digitalization strategy The results showed that pricing strategy (=.984), pricing strategy (=.523), digitalization (=.739). In addition to, a unit change in marketing strategy mainly pricing strategy influences growth of market share at multiple of 0.984, the greatest predatory of the study, any factor change in pricing strategy would improve growth of market share at 0.523 times, and a section change in digitalization strategy influences growth of market share at 0.723 times. All p-values in the research were less than 0.05, it explains that variables are statistically confirming independent variables influence market share growth as dependent variables significantly.

4.2 Results of Hypothesis Testing

The researcher tested whether he should accept or reject the hypothesis based on the data produced by applying the summary of the linear regression model. As consequence of this, the table demonstrates, using the findings of the hypotheses that were tested, the key effects needed to either affirm or reject hypotheses.

Table 6: Results of Hypotheses Testing

Hypothesis developed	Beta (β)	P-values	Decision on Ho	R^2
Product strategy	.984	.000	Rejected	
Pricing strategy	.523	.001	Rejected	.765
Digitalization strategy	.739	.000	Rejected	

Source: Primary Data, 2023

Three hypotheses relevant to research objectives were explored in the study. The first hypothesis stated that there is no significance effect of effect of product strategy on the market share growth for coffee business center ltd, the second hypothesis states that Pricing strategy has no effect on the market share growth for coffee business center lt and the third hypothesis states that digitalization strategy has no significance effect on the market share growth for coffee business center ltd. All hypotheses were rejected since the p-value was less than 0.005, indicating that all variables had a positive effect on market share growth. The findings corroborate those of a study conducted by Franco, Mutua, and Karuti (2019), who also concluded that impact of marketing strategies on the growth of business sing pricing, product and distribution strategy

5.0 Conclusion

Based on the findings in relation to influence of product strategy on the market share growth in the Rwanda's coffee industry, a case of coffee business center, it can be concluded that product quality has a positive influence on sales performance, brand awareness influences market share growth for coffee business center, packaging influences consumer-perceived product quality, packaging is used to

describe the product, its use, product visibility and recognition and attract attention, brand image, and loyalty influences company's profitability. Concerning to the influence of pricing strategy on the market share growth in the Rwanda's coffee industry, specifically coffee business center, the study concluded that use of pricing strategy increases sales volume, price promotion influences customer's perception towards product quality, penetration pricing influences purchase intention and value-based pricing has a positive influence performance of company as well as market share growth of coffee business center. The study also concluded that digitalization strategy contributes significantly to the market share growth of business, development of technology motivates people to use digitalization as tool to improve performance of business company, digitalization strategy contributes to market share growth through attracting new customers, notifying new products to the customers. Digitalization increases customers, spreading products and service information and boost performance of company. The study concluded that combination of product strategy, pricing strategy and digitalization strategy influence highly the market share growth for coffee business center as powerful to the performance of coffee industry.

6.0 Recommendations

The recommendations were formulated basing on the research findings and conclusions as follows:The findings in this study reemphasized the effect of marketing strategies on the market share growth in coffee industry, the findings affirmed that discount strategy contributes to the growth of market share in coffee business center. Therefore, the study recommended that price discounts should be continuous used to encourage customers to buy products and services leading to building company competitive advantage and sustainability. The pricing strategy should be implemented in effective manner as the way of increase company profitability as well as expanding market share. Digitalization facilitates company to increase sales, hence regularly posting and updating company products on website and social media is needed to increase market share for coffee business center. The findings showed that product strategy is very important to create market share growth. Hence, research recommended coffee business center to design suitable products satisfying customers.

7.0 Suggestions for Further Study

The study was conducted on the effect of marketing strategies and market share growth in the Rwanda's coffee industry, therefore research advised future researchers to conducted research about the contribution of marketing strategies on the profitability of coffee business companies, since company invests in marketing strategies as the way of maximizing the profit and ensure sustainability of company.

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