

A study of export behaviour by fresh produce enterprises: a case of selected horticultural exporters in Kenya

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Abstract:

The objectives of this study were to identify behavioural characteristics of enterprises involved in fresh produce exportation as well as their firm's characteristics. The study also intended to give insight into the operations of these enterprises based on their behavioural and firm's characteristics and also give recommendations on the way forward for the sector. The primary data was collected by use of a structured questionnaire. The target population of the study was the fresh produce growers and exporters in Nairobi and Kiambu areas. The sample comprised sixty exporting enterprises in Nairobi and Kiambu district. The data was analyzed by descriptive statistics such as percentages and frequencies and chi-square test was used to show dependence of variables. The study revealed that indirect exporting enterprises are smaller in size as compared to direct exporting ones. The volume of production and the number of employees was used to determine the size of an enterprise. Indirect exporting enterprises were found to lack necessary infrastructure to effectively run business. They had no access to fax, email, website and basic computer services unlike direct exporters. The study established that direct exporters are motivated to export when global market opportunities are more promising than domestic ones. Observing other related businesses that seem to be successful in export business also inspires them to export. Exporting enterprises use indirect market entry strategy and initiate their first export sale by selling to an overseas agent. Many firms exporting directly identify foreign market opportunities by attending international trade fairs, investigating activities of those already in export business and lastly through chance. Exporting firms achieve a competitive edge if they have a broad resource base to finance various marketing strategies and if their products are of top quality. Most exporting enterprises finance their operations from own capital reserves and through bank loans. The research found that many direct exporting enterprises apply the elements of marketing mix considerably. They ensure that they product is fresh and of high quality to win best prices. On the price, the forces of supply and demand play a critical role and so does the quality of the product. These firms carry out promotion through the services of an agent abroad but a considerable number do not carry any promotional initiatives. The distribution channels are through the auctions and supermarkets abroad to the end users.