INFLUENCE OF MARKETING STRATEGIES ON CUSTOMER RETENTION IN FAST MOVING CONSUMER GOODS COMPANIES:A CASE OF KENCHIC PROCESSING PLANT LIMITED IN KIAMBU COUNTY, KENYA.

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DECLARATION

This research project report is my original work and has not been presented for any award in any other University

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DEDICATION

This research project report is dedicated to my beloved children Angel Njanja,Warurii Mukuhi and Myles Kanyoro.

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ABSTRACT

Kenchic has been n market leader for years, the reports for financial year 2015-2016 the market share was 78% in but in 2017-2018 the market share reduced to 62%. This state of affairs is indeed alarming, various factors were concluded that have been the cause of this drop and they are; entry of competitors in the market leaving the customer with a higher bargaining and government policies and regulations which causes company operating costs becoming high. These factors have resulted to loss of loyal customers of the company, which has resulted to a significant link between loss of customers and reduction of the market share. Various marketing strategies such as branding, product diversification, effective pricing and advertising have been employed by the firm. However, these strategies appear somewhat defective and inefficient. This study therefore seeks to examine the influence of marketing strategies on customer retention at Kenchic limited in Kiambu County, Kenya. The study was guided by the following objectives: to examine the influence of branding on customer retention at Kenchic limited in Kiambu County, to establish the influence of product diversification on customer retention at Kenchic Limited in Kiambu County, to assess the influence of advertising on customer retention at Kenchic Limited in Kiambu County, and to verify the influence of pricing on customer retention at Kenchic Limited in Kiambu County. The study adopted descriptive survey design to carry out the investigation. 300 respondents responded to the questionnaires that were roled out.To ensure content validity, the researcher requested a panel of three experts to critically examine questionnaire items to determine their representativeness before large scale administration. Spearman-Brown Prophesy formula was used to determine reliability. A coefficient of 0.8 was obtained. Findings indicated that there was a strong positive correlation coefficient between Branding and Customer retention as indicated by correlation factor of 0.731. It was significant at 95% and was found to be statistically significant since the significant value was less than 0.05. Results show that there was a strong positive correlation coefficient between product diversification and Customer retention in fast moving consumer goods as indicated by correlation factor of 0.534. It was significant at 95% and was found to be statistically significant since the significant value was 0.022, which was less than 0.05. This agreed with the expectation that diversification of a product enhance customer retention since they can obtain a variety of products. Findings indicate that there was a strong positive correlation coefficient between Advertising and Customer retention as indicated by correlation factor of 0.656. It was significant at 95% and was found to be statistically significant since the significant value was 0.000, which was less than 0.05. This agreed with the expectation that increase advertising by the organization would lead to increase in customer retention. Results indicate that there was a strong negative correlation coefficient between and customer retention as indicated by correlation factor of -0.685. It was significant at 95% and was found to be statistically significant since the significant value was less than 0.05. This agreed with the expectation that increase in pricing would lead to decrease in customer retention. Based on the model employed, it was established that holding branding, product diversification, advertising and pricing to constant, Customer retention would be at 1.132. An increase in unit in branding would lead to an increase in customer retention by 0.486, an increase in unit in product diversification would lead to increase in customer retention by 0.649, unit increase in advertising would lead to an increase in Customer retention by 0.513, an increase in unit in pricing would lead to an increase in customer retention by 0.586. This confirms that there was a positive relationship marketing strategies and customer retention. The study recommends the following since the study focused on Kenchic Company as one of the organizations dealing with fast moving consumer goods only, this may not fully represent all the fast moving consumer goods companies in Kenya. Further studies can be carried out in other companies in order to obtain a conclusive results. More studies should be conducted on marketing strategies and how they influence customer retention in the economy.

ABBREVIATIONS AND ACRONYMS

BAI:	Board of Audit Inspection.
CBEF:	County Budget and Economic forum.
CIDP:	County Integrated Development Plan.
CREC:	Constitutional and Reform Education Consortium.
ICCPR:	International Convent on Civil Rights.
KHRC:	Kenya Human Rights Commission.
KNBS:	Kenya National Bureau of Statistics.
MTEF:	Medium Term Expenditure Framework.
UK:	United Kingdom.
UN:	United Nations.
UNDP:	United Nations Development Programs.
USA:	United States of America.
FMCG:	Fast Moving Consumer Goods.
DOC:	Day Old Chick.
CRM:	Customer Relation Management
KEBS:	Kenya Bureau of Standards
SPSS:	Statistical Package for Social Science
AMA:	America Marketing Association
ELM:	Elaboration Likelihood Model

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Organizations started realizing that customer centric and aggressive marketing strategies play a vital role in becoming successful market leader (Nischl 2015). Though globalization has opened the doors of opportunities for all, the market is still crowded with some unknown risks and lot of competition. Because of this competition, a marketing strategy must aim at being unique, differential-creating and advantage-creating. To obtain unique and differential advantage, an organization has to be creative in its marketing strategy.

According to Reicheld and Sasser (2010) it costs five times more to gain a new customer than to retain an existing customer as the acquisition costs are lowered in long run which means that customer retention is related to the profitability of the firm. Therefore recruiting new customers is costly as compared to retaining the existing customers and no company will want to incur extra costs in these tough times in the business market. The poultry industry allows no exceptions, it is very competitive and companies within this industry have to apply the right methods and know how to differentiate from each other to gain a competitive advantage (Anz.com 2007). Since the 1960s, the global production of poultry meat has been growing faster than that of any other meat in the developed and developing countries (Taha 2003).

The significant growth in poultry production in the developing countries has been possible because of application of competitive marketing strategies by poultry companies in developing countries (Landeset al.2004).The United States (US) is one of the world's largest producers and exports of poultry meat. The US poultry industry has been using cost effective production measures and competitive marketing strategies,for example use of advanced technology and pricing strategy which has made them a market leader (Ollinger et al, 2000)Brazilian poultry sector has experienced significant growth by applying competitive marketing strategies which are competitive pricing and market promotion which has helped in the significant growth of the poultry sector (Poultry International, 2005).

Kenchic Limited is Kenya’s largest producer of high quality and ethically sound poultry offerings across the board (standard mdi ,2007). The company has been in operation in Kenya since 1983, and over the years the operation has grown both in product quality and capacity. The company’s operations include sale of parent stock (Arbor Acres), Day Old Chicks (DOC) and Processes Chicken meat. Kenchic Limited is recognized internationally through its association with world leading breed suppliers such as Arbor Acres and Hendrix Genetics, for whom Kenchic has the exclusive distribution agreement in East and Central Africa.

Kenchic’s role as a market leader in the poultry industry over the years has been to sustain and increase demand for chicken products in the market both locally and regionally .To be able to serve their chosen market effectively, Kenchic has an effective distribution network that covers all the major towns in the country for both processed chicken and Day old chicks. Kenchic Limited is committed to developing customers and business partners by sharing with them the wealth of knowledge on breed management and offering technical staff visits, seminars and management guide manuals facilitates this. Over the years Kenchic Limited has endeavored to provide quality products at a competitive price to all her customers. To achieve this various departments in Kenchic works closely to create a synergy and ensure that customers is at the heart of everything that is done.

The quality of service and level of hygiene is maintained as the company carries audit from time to time to ensure compliance. Kenchic is renowned in the food industry as Kenya’s most progressive company when it comes to food standards. The traceability model used by the company ensures that the end product is of the highest standards and consumers can rest assured that, Kenchic Chicken is healthy, nutritious and safe. Currently the company’s production facilities are located in Ngoliba Processing Plant, Athi River broiler farm and hatchery, Mombasa (Hatchery) and six breeder farms on the plains of Kajiado and Naivasha. (Kenhic Business Analyst, 2017)

1.2 Statement of the Problem.

According to Kenchic analyzing team Kenchic has been n market leader for years , the reports for financial year 2015-2016 the market share was 78% in but in 2017-2018 the market share reduced to 62%. This state of affairs is indeed alarming, various factors were concluded that have been the cause of this drop and they are; entry of competitors in the market leaving the customer with a higher bargaining and government policies and regulations which causes company operating costs becoming high.

These factors have resulted to loss of loyal customers of the company, which has resulted to a significant link between loss of customers and reduction of the market share. Customer retention is important to the company because it has a positive effect to the company's' return which is an important goal of Kenchic. The company's marketing team with the help of management has decided to change the marketing strategies it has been using over the years and apply advanced competitive marketing strategies in order to maintain its market share hence retaining its key customers (Kenchic Ltd, 2016).

Various marketing strategies such as branding, product diversification, effective pricingand advertising have been employed by the firm. However, these strategies appear somewhat defective and inefficient. This study therefore seeks to examine how each of this strategies impact customer retention. Whereas numerous authors have critically examined customer retention, this study takes a different approach in terms of research philosophy and design.

1.3 Purpose of the study

The purpose of this study was to examine the influence of marketing strategies on customer retention at Kenchic limited in Kiambu County, Kenya.

1.4 Objectives of the Study

This was guided by the following objectives:

i. To examine the influence of branding on customer retention atKenchic limited in Kiambu County.

ii. To establish the influence of product diversification on customer retention at Kenchic Limitedin Kiambu County.
iii. To assess the influence of advertising on customer retention at Kenchic Limited in Kiambu County.
iv. To verify the influence of pricing on customer retention at Kenchic Limitedin Kiambu County.

1.5 **Research Questions**

This study sought to answer the following research questions:

i. How does branding influence customer retention at Kenchic Limited in Kiambu County?
ii. To what extent does product diversification on customer retention at Kenchic Limited in Kiambu County?
iii. At what level does advertising influence customer retention at Kenchic Limited in Thika Kiambu County?
iv. To what extent does pricing on customer retention at Kenchic Limited in Kiambu County?

1.6 Significance of the Study

This study was hoped to be significant to Kenchic Limited because it will help to show how important it is to maintain its customers so as to ensure its market share is maintained hence ensuring the market profit margin of the company is achieved. The study will help Kenchic Limited to adopt necessary marketing strategies to help in solving the problem in declining of the market share and customers retention. The study will also be important to the stakeholders that are employees and customers by ensuring they are satisfied resulting to attaining the company's long term and short term goals of the company.

It was also hoped that this study will influence policy development on marketing dynamics in Kenya. Information obtained from the study may be useful for the government because it will inform policy decisions and help improve future policies to be enacted. Secondly, it is anticipated this study will also contribute to the academia in terms of academic research in the discipline of marketing and project financing public finance.

1.7 Delimitation of the Study

The study will be delimited to the confines of Kenchic processing plant and its customers in the geographical boundaries of Thika town constituency of Kiambu County. The study shall also be delimited to study objectives and variables thereof.

1.8 Limitation of the Study

The researcher anticipates the following limitations: data analysis on determinants of will entirely depend on responses of respondents to the research questions. Respondents might be reluctant to provide their true feelings to the researcher for personal reasons; this may affect findings of the study. The researcher will overcome this by explaining to respondents the purpose of the study before data collection. Again, respondents may be unwilling to provide pertinent information. This will however be dealt with by assuring respondents of non- disclosure of information to unauthorized persons.

1.9 Assumptions of the Study

The study was conducted based on the following assumptions: that the sample chosen for the study were a true representation of the entire target population. Respondents were faithful while answering questions contained in the research tools during the data collection phase. It is also assumed that analysis of information captured in the research tools vividly revealed the extent to which the selected determinants influence the dependent variable.

1.10Definitions of Significant Terms

Advertising: This is an audio or visual form of marketing communication that employs an openly sponsored message to promote or sell a product, service or idea. Advertising informs consumers about product attributes and is often targeted to appeal to specific groups of consumers.

Branding: It is a unique design, sign, symbol and words employed in creating an image that identifies a product and differentiates it from its competitors. Branding is significant to a firm because the firm will be able to differentiate its branded products from those of rival and to communicate these differences to consumers. As a result of these communications, a consumer develop brand loyalty, which provide some bargaining power with buyers and assures process or that their products will find their way to retail shelves.

Customer Retention: This is the activity a company undertakes to prevent customers from defecting to alternative companies. It is increasingly being seen as a important managerial issue, especially in the context of saturated market or lower growth of numbers.

Pricing: This is the process whereby a business sets the price at which it will sell its products and services and may be part of the business's marketing plan. Pricing is influenced by the design of the product and segment of the market for which the product is targeted. A business may first set a penetration pricing which is where the firm price their products lowly so as to have a larger market share, after securing a large market they may then start increasing their prices.

Product Diversification: Theprocess of expanding business opportunities through additional market potential of an existing product. The desired product diversification can be achieved by developing new products or by reformulating and repackaging existing products.

1.11 Organization of the Study

The study is organized into three chapters; chapter one gives introduction, background o to the study, statement of the problem, purpose of the study, objectives, research questions, significance of the study, basic assumptions, limitations, delimitations and definition of significant terms used in the study. Chapter two provides a review of literature related to the study thematically as per the research objectives, the theoretical frame work, the conceptual framework as well as the summary of literature review. Chapter three focuses on the research methodology, research design, target population, sample size, sample selection, research instrument, pilot testing of instrument, validity of research instrument, reliability of research instrument, data collection procedures, data analysis techniques and ethical issues in research. Chapter four outline data analysis, interpretation and discussion while chapter five indicate summary of the study, conclusion an recommendation of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter examines both empirical and theoretical literature on the various factors that influence marketing and customer retention. The literature has been reviewed according to study themes organized derived from study variables. The chapter also entails a theoretical framework, a conceptual framework and a research gap.

2.2 Marketing strategies and customer retention

McCarthy (2011) explains that a marketing strategy specifies a target market and a related marketing mix. It's a big picture of what a firm will do in market. Two interrelated parts are needed: a target market that is a fairly homogenous group of customers to whom a company wishes to appeal; a marketing mix that is the controllable variables the company puts together to satisfy this target group. Cravens (2009) says that strategy consist of the analysis, development, and implementation of activities in: developing vision about the markets of interest to organization, selecting market target strategies, setting objectives ,and developing, implementing, and managing the marketing program positioning strategies and also designed to meet the value requirements of the customers in each market target.

Kotler and Amstrong (2012) stated that marketing strategy is the marketing logic by which the company hopes to create customer value and achieve profitability customer relationship. Mooradian (2012) claims marketing strategy specifies the who, what, when, where, why, and how the business: Who the firm will serve the customers and segments the business will serve; When the firm will serve the customers and those needs – that is, what "occasion" the firm will target; Where the firm will do business the geographic markets the firm will serve; What needs the firm will meet; How the firm will serve those customers and needs-the means (resources and distinctive competencies) the firm will bring to bear to serve those customers and their needs better than competition; and Why the firm will do these things – the compelling business model that specifies how long term revenues will exceed costs by reasonable rate of return on the capital employed.

Kotler and Keller (2012) Dan Levy and Grewal (2008) emphasis that an effective marketing requires marketers to: identify and determine the profile of various groups of the buyers who have needs and preferences different segmentation and market segmentation, choose one or more segments market should go in the determination of market targeting and for each segment of the target market determine and communicate many benefits market offering company positioning.

Kotler, author and professor of International Marketing at Kellogg School of Management, describes the evolution of marketing and the influence of customers. According to him, marketing has moved from a focus on the mass market to a focus on market segments to a focus on one-to-one customer relations. He thinks that current marketing is moving from a transaction-orientation to a customer-relationship-building orientation.

Today, customers are becoming better organized, well informed and more demanding. Those changes are the reason why companies may develop customer-orientation. In the literature, it is sometimes really hard to make the difference between customer-oriented and market-driven or customer-driven and market-oriented. The goals of those four concepts are to create or adapt products to the customers on the national or on foreign markets.

2.3 Influence of branding on customer retention

In modern society brands take a major role entering to all spheres of life: economic, social, cultural and even religion. As one of the leading symbol of our economies and postmodern society, brands should be analyzed through different perspectives such as macroeconomics, microeconomics, sociology, psychology, anthropology, history, semiotics and philosophy. (Jean-Noël Kapferer 2008) Brands can deeply affect on consumers by involvement in the socialization process of growing up, and from then brands can induce deep feeling of nostalgia and make to feel comfort from uncertainty. (Richard Rosenbaum-Elliott, Larry Percy and Simon Pervan 2011) The brand influences peoples' perceptions transforming the experience of an existing product (Richard Rosenbaum-Elliott, Larry Percy and Simon Pervan 2011). Since brand is a name, which has an impact on the market, it should increase power that people will recognize it, are convinced by it, and trust it.

After understanding the importance of the brand in the business comes the next step in the branding process – brand management. Brand management is focused on obtaining power, by making the brand concept more famous, more bought, and more shared (Jean-Noël Kapferer 2008). Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. According to Terence A. Shimp the concept of brand equity can be considered both from the perspective of the organization that owns a brand and from the customer's point of view because it is affected on brand success. (Terence A. Shimp 2010) A strong positive brand follows from effective marketing communication (marcom). Without marcom there is no brand. Marcom is a critical aspect of companies' overall marketing missions and a major determination of successes and failures. (Terence A. Shimp 2010.)

Brand positioning can also be understood as a 'super-communication' effect which tells to consumers what kind of brand it is, for whom it is, and what it offers. This effect represents the relationship between brand positioning and two core communication effects of brand awareness and brand attitude. Brand awareness and brand attitude are objectives for a brand's marcom. . (Richard Rosenbaum-Elliott, Larry Percy and Simon Pervan 2011) Branding or brand strategy is more thoughtful than just a name or brand logo, which is recognized all over the world. Customers use brands as resources for the symbolic building of the self, both for social identity and self-identity. The symbolic expenditure of brands can help to communicate and build relationship with the basic cultural categories such as status, gender, age, and main vital cultural values such as family, tradition, and authenticity. (Richard Rosenbaum Elliott, Larry Percy and Simon Pervan 2011) Over the past twenty-five years, a brand flag becomes a necessary element of forming a hotel development business. Industry has firmly embraced and accepted the value of branding as an essential component of its marketing strategy, especially given extensive for hotel brand segmentation. (John W. O'Neill and Anna S. Mattila 2010)

Brand strategy is one of the most replete areas of marketing, though, one of the most important. The key point of branding is that it is impossible to have a strategy without a clear objective. Federico Belloni describes branding as "a strategy of defining, building and managing the brands' portfolio", while Business Dictionary defines brand portfolio as follows "the total collection of trademarks that a company applies to its products or services. Each make or brand within a business' brand portfolio might be registered under applicable trademark laws and can represent a valuable asset to a company that is often actively promoted to potential customers”. Brand strategy achieves its goals when companies are able to define and support their distinctive and core competencies to provide the expected experience the customers have. The main goal of branding strategy can be achieved by a correct understanding of the product features and allocating them to one or more brands. (Federico Belloni 2009) The importance of brand strategy for the hotel industry is really high in its/their business tools. Branding allows companies having their own core business to focus on other economic sectors to enter into the hotel market by using their brand power. (Federico Belloni 2009) Brands strategy consists of different elements. One company decides for their strategy one element, another chooses other criteria. But there are three main elements of brand strategy that have great impact on future business successes and profits, and are used in all companies. The first element of brand strategy is targeting. In the best way how to choose target customers or a group for the brand, a company needs to answer to several questions such as Which customers or groups of customers are important to the market?, What factors are important to the company’s brand? and How can the company get more customers or do more business with each of them?. Nowadays analyzing what types of customers deliver the most value and as a result more profit to the company is crucial. That is not necessarily the largest number of the brand's customers - in fact it rarely is. The key strategic choice for the company is targeting the most valuable customers to keep them and the infrequent customers to make them more brand loyal, or trying to gain and find new customers. All those targeting objectives are important for building a strong brand, but the intensity may vary depending on the lifecycle of the brand. (Brand Strategy, The Charted institute of Marketing 2003)

The second essential element is values. Consumers buy and use brands because their values match the brands' value. To keep brands more unique, latest, relevant and at the forefront of customers' minds, it is necessary to have strong links between core brand values and positive customer experiences. Core brand values are differentiated from those of their competitors and can be expressed in a small number of words, and positive customer experiences are the fulfillment of the brand promises. (Brand Strategy, The Charted institute of Marketing (2003.)

The third element in the scheme is proposition. It means what kind of communication tools the company chooses to tell about the brand to the domestic or international markets and various stakeholders in the same business industries. This communication involves more than just the physical product or advertising. All the intangible communication of the brand, its customer service, availability, pricing policy have a relation to how the overall brand proposition is viewed by customers. In other words, proposition shows the expression of values of the brand through everything that the brand says and does. Although the proposal may change during the lifetime of the brand, the actual values should remain constant (The Charted institute of Marketing ,2003).

The area of branding has emerged to become a top priority for management the last 20 years. It is also one of the most valuable intangible assets that a firm holds (Keller & Lehmann, 2006). The term branding, embraces the years of advertising, goodwill, product quality, quality evaluation, product experience and other attributes that the market associates with the product. An important feature of branding is the creation of meaning, metaphors, and myths that are directly connected to and associated with products, and help customers to define their personal identities within the context of product benefits and the culture they are a part of (Heding, Knudtzen and Bjerre, 2008). The role of branding and brand management is primarily to create differentiation and preferences for a product or service in the mind of the customer (Knox and Bickerton, 2003), and that it is the basis for competitive advantage and profits (Keller, 2009). This is supported by Louro and Chuna (2001), who states that the managerial and academic perspectives on the potential roles and functions performed by brands, and hence their value for organizations, has experienced a significant development since its inceptive stage. According to Kapferer (2008), branding strategies are developed by the organization, in order to position the product and identify the brand with positive product attributes and benefits. The goal is to attract potential customers, create brand awareness and associations, build trust and confidence, and to increase the profitability of sales through the brand effects (De Chernatony and McDonald, 2003).

Kotler and Pfoertsch (2006) supports this by emphasizing the importance of brands, when they argue that brands that are used as a holistic marketing strategy communication tool, used to differentiate itself from competitors by offering additional value under severe competition in homogeneous global markets influenced by price pressure. The word brand is derived from the Old Norse word brand, which means, “to burn”. The notion developed as brands were, and still are the means by which owners of livestock mark their animals in order to identify them. With the development of trade, buyers started using brands as a means of distinguishing between the cattle of one farmer from another (Keller, 2013). Brand equity, positioning, culture, functions, environment, strategy and so on, are all conjugated of one single noun; brand. The most common definition of branding is developed by the American Marketing Association (AMA); a brand is a name, tern, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition” (Keller, 2013). The key to create a brand is to be able to choose a name, logo, symbol, package design, and other characteristics that identify a product and simultaneously distinguishing it from others. These different components of a brand that identify and differentiate it, is recognized as brand elements (Keller, 2013). Keller (2008) takes a wider perspective on branding, and adds tangible and intangible brand elements, rational and emotional brand elements, and symbolic brand elements, which differentiate and identify a brand. Kapferer (2008) argues that the brand is a source of influence; a system of interconnected mental associations (brand image) and relationships.

Van Gelder (2003) argues that brand strategy starts with an accurate understanding of the business strategy to ensure strategic consistency. The aim of a brand strategy is to enhance the internal and external opportunities of the brand (Heding, Knudtzen and Bjerre, 2008). Brand strategy is based on the brand core, brand values and brand associations using building blocks as brand mission, brand positioning, brand value proposition, brand promise and brand personality (Kotler and Pfoertsch, 2006). According to Aaker (2008) a brand strategy needs to be consistent with the business strategy, corporate vision, and culture. In order to build a strong brand, Aaker (2008) characterizes four tasks that organizations should strive to achieve: 1) Develop a comprehensive organizational structure, and thorough processes to build an effective and efficient brand organization, 2) Construct a clear brand identity and brand position to differentiate the brand(s) from its competitors within the appropriate markets, 3) Establish brand architecture to guide and develop a strategic brand direction. 4) Generate brand-building programs in order to plan, create, develop, implement, execute and monitor effective brand building programs.

Integral to business strategy, and to develop a strong brand is to create a cadre of loyal friends and customers to the brand based on a strong relationship (Aaker, 2014). Thus, a loyal customer base is the ultimate competitive advantage, because it is shielded from competitors and since the incentive to change brand is low among loyal customers. As guidance toward strong customer-brand relationship, Aaker (2014) presents a model that consist three factors that have impact on the brand relationship. First, brand touch points are regarded as every single one of the contact points between the customer and the brand. Thus, it is defined as “all the different ways that your brand interacts with, and makes an impression on, customers, employees, and other stakeholders” (Dunn and Davis, 2004). Every action, both tactic and strategy, must undertake to reach customers and stakeholders, whether it is through advertising, a cashier, a customer service call, or a person who represents a touch point. Over time, all of those touch points combine to define the brand experience, which directly influence the brand relationship (Aaker, 2014).

The overall benefits of creating brand relationships are that the brand can facilitate the engagement, loyalty, and attachment drawn from its consumer base. Thus, having established a relationship that provide these benefits, brand resonance is facilitated, which ultimately will benefit the brand. The objective of brand resonance is to have an intense and active relationship with the consumers, enhancing brand loyalty (Keller, 2008).

2.4 Influence of product diversification and customer retention

The desired product diversification can be achieved by developing new products or by reformulating and repackaging and existing product. Food marketing firms now introduce about 2,500 new food products each year, many of which are later withdrawn. Firms must develop new products or modify existing ones because most products have a lifecycle: Sales increase after introduction, but reach a plateau and then decline .Total sales of the firm would thus decline if new product as were not introduced. A firm will market a mix of products that vary in design, packaging, ingredients, quality, or other product and service attributes each product or variation of a product is targeted to a specific group of customers. This mix of sales is supposed to achieve sales goals and protect the firm from loss of sales to rivals.

The idea of diversification emerged rather late than specialization, which was in 1950, in 1950s, and the aim was to reduce risks by not sticking into one sector, to decrease volatility under uncertain economic conditions. During 1960s, diversification has been seen as a value – creating strategy, but this trend has reversed since 1980 (Osorio et al., 2012). There are many reasons for choosing diversification strategy, to name a few: increasing growth and productivity, utilizing internal resources efficiently, reducing the bankruptcy risk through allocation of the risks among different business segments, etc. (Osorio et al., 2012; Palich et al. 2000; Zhao, 2008). Economics and finance literature generally analyze the effects of diversification on a firm's value by comparing performance differences between diversified and specialized firms. However, one could conclude based on the empirical studies that results differ as to whether or not diversification would benefit improving a firm's performance. From the perspectives of the industrial organization economics, transaction cost economics and traditional financial theory, diversification and firm performance are linearly and positively related based on some assumptions. Moreover, firms applying diversification in their production strategy are equipped by some advantages as will be explained below.

According to industrial organization view, diversified firms gain "market power advantage" by using a different type of mechanism from their rivals in their production .Although there is little evidence of "predatory pricing mechanism" in some of the studies (Geroski, 1995), one of the advantages that diversification brings to the firms is predatory pricing mechanism (Osorio et al., 2012; and Palich et al. 2000). This can be explained by cross subsidization policy and cost advantages of firms. In this study, Miller (2006) shows that diversified firms increase profitability from technological diversification more than single segment firms do, and with increase in technological diversification, there will be diversification premium.

One of the advantages of product diversification which can be distinguished is the fact that companies which diversify into other product markets may activate customers to buy new products from the businesses the company is buying (Palich et al., 2000). A way in which a company reaches these goals, is the fact that employees, but also the management, develop strategies to highlight the other industries in which the company operates. Other advantages are put forward by Berger et al. (1995). He suggests that product diversification has different value-enhancing effects. He states: “The potential benefits of operating different lines of business within one firm include greater operating efficiency, less incentive to forego positive net present value projects, greater debt capacity, and lower taxes” As a consequence, those firms are more efficient, which results in a greater operating efficiency than when those divisions would operate apart. The greater debt capacity can be explained by the fact that the different sub-divisions of a company together can attract additional capital than when those businesses would operate apart Aw and Batra (1998). They state that “greater product diversification allows a firm to capture more of the spillovers between products” . According to Jovanovic and Gilbert (1993), these spillovers are for example the spread of knowledge among different production processes, which can be seen as an engine for economic performance of the firm Also the competences and knowledge of the management, even as marketing and distribution channels, can be used for the different products of the diversified firm (Jovanovic and Gilbert, 1993).

Food manufactures may label products with their brands, or with distributor brands,or sell unbranded products (ingredients and generic). This decision is greatly influenced by the channel soft trade that will be used and by product characteristics. (There is much less branding for highly standardized products such as milk, which are often subject to Government imposed identity standards.) The firm must be able to differentiate its branded products from those of rivals and to communicate these differences to consumers. As a result of these communications, consumers develop brand loyalty, which provide s some bargaining power with buyers (wholesalers and retailers) and assure process or that their products will find their way to retail shelves. Development of strong brands requires paying attention to packaging and positioning the product with an eye to the competition. Private label and unbranded products are often those which are difficult to differentiate and for which there may be few direct buyers. Efficiency and low cost are important to firms selling these types of products.

Consumers vote with their purchases in the grocery store every day. The interest in cost and taste by discerning consumers has led to a greater demand for quality and higher principles towards production standards (Food Marketing Institute, 2005). It is against this background that consumers can and do “drive” research programs that can ultimately improve on a retailer’s profitability. The key to understanding how consumers would “drive profitability” is to understand issues around research and development. Investment is needed on research into consumer factors affecting the production, dissemination and adoption of new ideas, new technologies and new products in the grocery shop market as this affects the product offering by a particular retailer (Food Marketing Institute,2005).

Although many studies abound on the diversification-performance relationship (Ofori and Chan, 2000; Choi and Russel, 2004) and why firms diversify or refuse to diversify (Hua and Pheng, 1998; Cho, 2003), the findings are somewhat inconsistent. For example, Choi and Russel (2004) found that the profitability growth rate of undiversified firms was lower than that of diversified firms. In contrast, Ofori and Chan (2000) found that undiversified firms have performed better by remaining focused despite the perceived risks and uncertainties resulting from inherent fluctuations. Furthermore, Teo and Runeson (2001) found that substantial proportions of firms are not prepared for diversification; rather, they elect to operate in one market only despite the advantages of diversification

Some studies assert that diversifying into related product markets produces higher returns than diversifying into unrelated product markets, and less diversified firms have been argued to perform better than highly diversified firms .Accordingly, it is not product-market diversity, but the strategic logic that managers use, that links firm diversification to performance, which implies that diversified firms without such logic may not perform as well.

The link between diversification and corporate performance is one of the most researched topics in strategic management, yet there does not seem to be available robust knowledge, and empirical studies are often contradictory. The variation in the results of empirical studies is so large that it often leads to confusion and contradicting interpretations (Mohindru and Chander, 2007). Rumelt (1974) compared the performances of corporations pursuing related diversification strategies with those of corporations pursuing unrelated diversification strategies. He found that related diversification strategies produced higher performance than unrelated diversification strategies. He also found significant performance differences between related firms on

the basis of the relatedness strategy they were pursuing. Recognizing that the inconsistencies in reported findings may be attributable to differences in methodologies and to sampling errors, Palich et al. (2000) conducted a study that synthesized over three decades of research on the impact of diversification on firm performance. They found that diversification is related to both accounting and market performance outcomes. For both the market- and accounting-based measures, diversification appears to be positive for firms up to a certain point. Beyond this point, diversification seems to cause problems. In general, they concluded that the relationship is an inverted-U, with related diversification being superior to unrelated diversification for both the market- and accounting-based measures. It is clear that the findings regarding the impact of diversification and firm performance are inconsistent, at least in the non-construction research fields.
According to Shin (2001), firms diversify by extending the scope of their operations into multiple markets.

From a contingency perspective, the likely success or otherwise of diversification may be greatly dependent and determined by the circumstances of an organization such as the level of industry growth, market structure, the firm size, the resource situation of the organization and the firm’s institutional environment. It has been found for example that underutilization of physical resources or intangible resources such as brand name is likely to encourage related diversification whereas excess financial resources may well predispose an organization to pursue unrelated diversification (Chartejee and Wernerfelt, 1991). Establishing a consumer franchise through brands and introducing new products requires large expenditures for advertising and promotion. Promotions may take many forms. Point of purchase displays, in store demonstrations and coupons are particularly effective in getting the consumer to try new or modified products. Sales persons may be needed to provide technical information to wholesale and retail buyers, to arrange displays and to inform the buyers about the merits of a firm's products.

Firms pursuing related diversification built around firms‟ strengths in their basic activities have been found to be generally more profitable and more successful than firms that pursue a strategy of unrelated diversification. Empirical research indicates that the most profitable firms are those that have diversified around a set of core resources and capabilities that are specialized enough to confer a meaningful competitive advantage in an attractive industry, yet adaptable enough to be advantageously applied across several others (Collins and Montgomery, 1997; McKinsey, 2001a; and McKinsey, 2001b). The least profitable are broadly diversified firms whose strategies are built around very general resources (e.g. money) that are applied in a wide variety of industries but are seldom instrumental to competitive advantage in those settings (ibid). Wernerfelt and Montgomery (1988) explain the differences in performance by pointing to the increased efficiency firms realize from transferring and leveraging competencies to widely varying markets. Unrelated diversification may increase market related risks, but it can achieve efficient capital management.

2.5. Influence of advertising on customer retention

More than $9billion more than 2percent of sales is spent annually on advertising and promoting food products (stafford 2003). Advertising expenditures as a percent of sales for food products are about double those for other consumer products, but they vary widely among food product groups. Advertising expenditure is less intensive and its content more informative for food products that are less differentiable, such as milk, meat, lettuce. For products that are differentiable, more persuasive advertising content is used. Advertising informs consumers about product attributes and is often targeted to appeal to specific groups of consumers.

Packaging plays a central role in promoting the appeal of products to first time users. The package serves as a strong image identifier among residents of townships. Blem (1995) stipulates that customers expect their goods and services to be packaged and presented conveniently. Attractive packaging, before purchase, is an aid to selling. Place is also known as channel, distribution or intermediary. It is the mechanism through which goods and/or services are moved from the manufacturer/service provider to the user or consumer (Meggison et al., 1997). Grocery retail stores sell all kinds of pro-ducts, and provide services needed to sell those pro-ducts. Most retail firms buy their products from wholesalers or other distributors in the form which they will sell to the consumer. The function of the retailers is to give products utility, that is, to add value by making them available to the consumer at a convenient location. Advertising has been seen as a tool to assist consumers through a challenging decision making process. The marketing mobile telecommunication products characteristics of tangibility, imperishability and ownership influence consumer behavior at a number of levels. Advertising ranks among the major tools of promotion in general and awareness in particular. The purpose of advertising is to deliver a message, usually in order to sell a product or service (Applegate. Konsynski and Nunamaker. 2002) In most cases, it is beneficial to deliver an organization's message to as many potential customers as possible. With several dozen million people connected worldwide, the Internet has become an excellent medium for advertising an organization's products and services. The advertiser offers multimedia delivery of information, including graphics, pictures, sound, video, and animation, all of which can be changed easily and frequently to reflect changes in the business or service offerings businesses can tailor the advertising to suit seasonal promotions and can update information, such us pricing. Businesses can also provide interactive services such as electronic mail, on-line registration or ordering, and payment through credit facilities (Mortimer. 2005). Advertising may influence consumers in many different ways, but the primary goal of advertising is to increase the probability that consumers exposed to an advertisement will behave or believe as the advertiser wishes (Stafford and Stafford, 2003).Thus, the ultimate objective of advertising strategies is to sell things persuasively and creatively.

Advertising is used by commercial firms trying to sell products and services; by politicians and political interest groups to sell ideas or persuade voters by not-for-profit organizations to arise funds, solicit volunteers, or influence the actions of viewers; and by governments seeking to encourage or discourage particular activities, such a wearing seatbelts, participating in the census, or ceasing to smoke. The forms that advertising takes and the media in which advertisements appear are as varied as the advertisers themselves and the messages that they wish to deliver (Schmidt and Spreng 2000).

An especially important issue in the creation of advertising is related to understanding how much information consumers want about a given product. For some products ,consumers may want a great deal of information and may wish to exert a great deal of effort in processing the information. In fact, consumers may differ with respect to the amount of information processing they are willing to do even for the same product.

Thus, the advertiser must understand how much information individual consumers desire and how much variability exists among consumers with respect to their willingness to process information. Such an understanding not only indicates how much information to put in an advertisement, it also suggests which media may be most appropriate for delivering the message. Complex messages are generally better delivered in print advertising, while simple messages can generally be delivered on television or radio (Harris and Attour, 2003.).

2.5.1 Mode of Advertising

Advertising is no more just another aspect which organization might consider or even ignore for your business (Stern and Resnik2001). The success of every service, product or entrepreneurship depends on the kind of advertising campaigns adopted by the owner. With gradual advancement of technology quite a number of mediums have come up which you can use for advertising purposes. In fact outdoor advertising helps a great deal in catching the eyes of millions of people (Vaughn, 1996).

A large body of literature is available on business to business advertising focusing largely on the advertising content and its effectiveness (Levitt. 1993), comparisons and variations in advertising and promotional expenditures in consumer, industrial and service markets(Harris and Attour, 2003). the type of advertising such as copy, length and leadership. Other works have reported on business to business advertising can be improved documenting the state of a given type of practice (Stevenson, and Swayne ,1988) or making comparisons between practices in different media or markets (Solberg, 2000).

2.5.2 Television advertising/Music in advertising

The TV commercial is generally considered the most effective mass-market advertising format, as is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual Super Bowl football game in the United States is known as the most prominent advertising event on television. The average cost of a single thirty-second TV spot during this game has reached USS3 million (Nowak.Cameron and Krugman. 2003). The majorities of television commercials feature a song or jingle that listeners soon relate to the product. Virtual advertisements may be inserted into regular television programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. The main objective in an inform crucial is to create an impulse purchase, so that the consumer sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website. Infomercial' describe, display, and often demonstrate products and their features, and commonly have testimonials from consumers and industry professionals (Schmidt and Sprcng, 2000).

2.5.3.Radio advertising

Radio advertising is a form of advertising via the medium of radio. Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and a thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the obvious limitation of being restricted to sound, proponents of radio advertising often cite this as an advantage (Vaughn. 2006).

2.5.4 Online advertising

Online advertising is a form of promotion that uses the Internet and World Wide Web forth expressed purpose of delivering marketing messages to attract customers. Examples of online advertising include contextual ads that appear on search engine results pages, banner ads. in text ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam (Solberg,2000)

2.5.5 Press advertising

Press advertising describes advertising in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals on very specialized topics. A form of press advertising is classified advertising, which allows private individuals or companies to purchase a small, narrowly targeted ad for a low fee advertising a product or service. Another form of press advertising is the Display Ad, which is a larger ad (can include art) that typically run in an article section of a newspaper (Turley and Kclley,1997).

2.5.6 Billboard advertising

Billboards arc large structures located in public places which display advertisements to passing pedestrians and motorists. Most often, they arc located on main roads with a large amount of passing motor and pedestrian traffic; however, they can be placed in any location with large amounts of viewers, such as on mass transit vehicles and in stations, in shopping malls or office buildings, and in stadiums. The *Red Eye* newspaper advertised to its target market at North Avenue Beach with a sailboat billboard on Lake Michigan (Kubacki and Skinner 2006).

2.5.7 Advertising message Appeals

The message strategy, also referred to as the appeal, is the general overall approach that the advertisement adopts. Despite an array of terminology there is general agreement that there are two types of message appeal. The first of these appeals is of a rational nature. This has been defined by Khanh and Hau, (2007) as a presentation of factual information in a straightforward way, characterized by objectivity. Mai, (2005) refers to this rational approach as informational advertising. Denning, (2006) categorizes it as the functional congruity route, which they define as the match between the beliefs of the product utilitarian, attributes and the consumer's ideal attributes. They suggest that the functional congruity route is similar to the central processing route in the Elaboration Likelihood Model (ELM) (Keegan, 2008). Such an offering is generally consumed inconspicuously and therefore self-image is not important (Lin, 2001).The second appeal type is of an emotional nature and has been associated with such feelings as adventure, fear, romance and status (Garreston and Burton, 2005).

Mortimer,(2005) refer to this emotional approach as the self-congruity route which is defined as the matching of the product's value-expressive attributes and the consumer's self-concept and likened to peripheral processing in the ELM. An important feature of many self-congruity products is that they are consumed publicly and therefore the matching of the brand and consumer image is paramount. This type of appeal has also been defined as transformational where the brand is linked with a positive and enjoyable experience(Rossiterand Percy, 1997).

2.5.8 Advertising effectiveness

Although the primary objective of advertising is to persuade, it may achieve this objective in many different ways. An important function of advertising is the identification function, that is. to identify a product and differentiate it from others: this creates an awareness of the product and provides a basis for consumers to choose the advertised product over other products. Another function of advertising is to communicate information about the product, its attributes, and its location of sale; this is the information function (Kendall, 2004). The third function of advertising is to induce consumers to try new products and to suggest reuse of the product as well as new uses; this is the persuasion function. The identification function of advertising includes the ability of advertising to differentiate a product so that it has its own unique identity or personality.

Advertising has existed in ancient times in the form of signs that advertised wares in markets. In Europe and colonial America, criers were often employed by shopkeepers to shout a message throughout a town. Medicine shows, in which there was a combination of entertainment and an effort to sell a product, usually a patent medicine or elixir, presaged modem advertising by creating an entertainment context in which advertising was embedded. Advertising became especially important in the second half of the nineteenth century as retailers began to advertise products and prices that would bring customers to their stores. Advertising for patent medicines also played a prominent role in the development of advertising, and by the end of the nineteenth century, the firms that would become advertising agencies had already begun to form (Kubacki and Skinner2006).

2.6 Influence of Pricing on customer retention

The prices that food manufacturers are able to obtain may yield thin profit margins for products that are difficult to differentiate, unbranded products, and private label products. Efficiency and low production and distribution costs are thus important for survival. Pricing branded products is more flexible, but manufacturers are still subject to competitive forces by rival firms. The uncertainty about how rival firms will react to pricing strategy means that the firm must be prepared to make counter moves. Pricing is influenced by the design of the product and the segment of the market for which the product is targeted.

Food stores and eating places likewise establish prices that are consistent with the mix of products and services they have targeted. Food stores use the concept of blending within departments and among departments to achieve an overall gross margin that will achieve the profit objective. This involves weighing changes in margins by product movement to determine the impact of margin changes on the total margin for the department or store.

Price variation policy represents the firm’s price position, one that can range from stable pricing, featuring consistent, everyday prices and few price discounts, to highly promotional pricing, featuring frequent price discounts. Price variation and price promotion is a set of pricing and promotional decisions designed to communicate a price position to consumers and influence short term sales response and overall market performance (Lal and Rao, 1997). Price promotion advertising volume is the volume of advertising dedicated to communicating a price position. The importance of service to the customer is often overlooked from the perspective of the firm. Firms may assume that a competitive advantage centers primarily on price and that the customer focuses on price and will, therefore, only buy the product that is the cheapest. Research has, however, indicated that the following factors also play an important role in customer decision making and could provide a competitive advantage to the firm, namely (Brink and Berndt, 2004).

This dimension is independent of price variation policy in that retailers can elect to advertise everyday prices that promote a stable price position or sale events that emphasize discounted prices. The pricing policy that is favored by customers will stimulate repeat purchases and eventually profitability. It has been observed that many retailers who operate in South Africa’s informal settlements have been accused of charging exorbitant prices (Cant and Brink, 1999).

Product differentiation is the modification of a product to make it more attractive to the target market. This involves differentiating it from competitors' products as well as the firm’s own product mix (Bennet, 2002). The changes are usually minor; they can be merely a change in packaging or may include change in the advertising theme. The objective of a product differentiation strategy is to develop a position that potential customers will see as unique. If the target market of a business views the product as different from the competitors', the firm will have more flexibility in developing its marketing mix. A successful product differentiation strategy will move the product from competing primarily on price to competing on non-price factors such as product characteristics, distribution strategy or promotional variables.

Research by Gilmore (1999) and Koskinen (1999) has, consistently, determined that consumers value highly the quality, choice and convenience offered by major supermarkets. They also want access to a wide range of goods at competitive prices and a convenient time, regardless of whether they live in a major city or suburban, regional or rural centers. Arnauld et al. (2002) defined perceived quality "whether in reference to a product or service as the consumer's evaluative judgment about an entity's overall excellence or superiority in providing the desired benefits".

Yan (2008) thinks that the marketing configuration of a company forms the underlying base of pricing strategies for instance the non-intergraded competitive pricing. Fall (2008) brought into light that various strategies of pricing are coached under guidelines of a couple of resolutions embracing the financial, commercial and psychological factor. Donald (2004) informed that in the marketing environment, pricing strategy is a hard and complicated element and has a necessity to show the supply and demand relations.

The available strategies used in pricing provide a simpler base for firms to attain therefore set objectives, share of the market and gain index. Hinter Huber (2008) informs that a company's rate of profitability and retention levels are highly affected by pricing. He highlights that the pricing strategies differ variously depending on the available industry, country of operation, available clients and as well the way companies offer the value of their products and services which will in the long run determine their productivity. Hinterhuber (2008) moved forward to identify the existence of three pricing strategies known as Cost based pricing that derives its base from the costs incurred and these include cost-plus pricing, mark up pricing and target return pricing.

Competition based pricing whose base is on the over sight of how competitors set their prices as a major ground of setting price and include Parallel pricing, Umbrella pricing, Skim pricing and giving the price as valued to the average market value of the goods and services. Doctors et al "2004, p.16) as well identifies value based pricing as a part of pricing strategies .Michael (2004) explains about the existence of

Competitive pricing which he explains as the type of pricing that involves the use of competitor prices as a base for setting own prices. Prices set are a little bit lower, higher or the same as the competitor depending on the strategy you employ to position your products and services. Chin(2008) educates that Prices of competitors can be observed from the market environment and be used to offer guidance in setting personal prices though this needs to be done with extra care and clarity after a detailed research on the financial standing of the products and services.

Michael (2004) as well identifies another pricing strategy known as Multi-dimensional Pricing strategy which involves pricing of a company's service or product using an idea of multiple numbers. In this case, price no longer stands as a single monetary amount but rather carries other dimensions like monthly payments, number of payment and down payments. Biggs and Kelly (2006) brought forward 3 strategies of pricing for broadband and include; Flat rate pricing where customers are charged a constant non changing amount irrespective of use, Volume based pricing where clients are charged depending on the data amount downloaded, Time based pricing where customers are charged depending on the amount of time spent online. Flat rate pricing is gaining more attractiveness as time goes by due its firm positive impact on subscriber base and broadband industry with other countries. Bundling and Quantity discount pricing strategy as discussed by Thomason, (2007) is another pricing strategy where a client receives a benefit for doing bulk purchases. This is measured through lower per unit pricing such that a customer pays less when he buys more of the product like a product being cheaper if he buys a bulk of 5 than buying a quantity of one .This is so important in helping to create product awareness.

Heskett (2009) talked about Price-Quality Pricing Strategy as another type of pricing strategy where customers carry an opinion that products or services that have a high price carry a high level of quality. The opinions carried in this are always with complex products and are not easy to test but can be associated with constant use and discovery of value. Natal(2006) as well opened up that quality pricing is a one way pricing strategy to carry market segmentation where a certain class of customers desiring a certain quality are identified and targeted and companies adjust their prices higher than those asked by competitors. Foreman and Hunt(2005) identified Premium pricing strategy where by companies decide to lower the prices of their products and

services below the normal re known price so as to attract those customers that value the smallest difference in commodity prices.
Kyle (2009) discovered that Version pricing Strategy is commonly used in industries that offer technical services and products where the same identified product is sold in more than two structures or conformations. A first trial version of a structure may behold out at a very cheap value or given out for free .She as well discovered the Loss leader pricing strategy where you see the service or product in order to attract a large number of customer to do purchases who when in the customer basket are willing to buy the prices products which in the long run leads to increase of profit. She fatherly explained that this type of strategy is best applied when there exist customers that do bulk purchasing at the same time.

These days, firms mainly rely on the positive performance of sales to achieve profits and thus are sensitive with the way they price their products and services and companies that are in favor of customer orientation always prefer lower prices as to have a large pool of customers flowing their way (Donalds 2004). On the same note, Wiley (2005)informed that the whole idea of adequate pricing of company products and services is mainly targeted to positively influence a company's sales volume which brings the reason why companies at entry stage use penetrative pricing where they put their products in the market at a slightly lower price than that of competitors.
Customer retention is mainly determined by the pricing strategies put in place by a firm. The way management of firms decide to price their products has a high effect on the rate of customer retention, for example, Considering the existence of 2 companies offering products of the same make and quality with one offering a less monetary value to the market, Clients will highly desire and decide to purchase from the company that offers the products at a lower price as opposed to the one charging highly. (Thomson, 2005)Hilton et al (2005),Dawes et al(2006) spoke out that customer retention is highly affected by the pricing strategies that are put in place and the formula companies position their products and services in the global competitive ,market will determine the extent of retained customers. Taking a look of penetrative pricing strategy for accompany that is new in the market is the best to apply for it will provide products at lower prices and thus attracting more customers who are willing to buy the less priced products and with good management, this will in the long run uphold the high rate of customer retention. Johnston (2005) says that there are various

factors that determine the rate of customer retention like Personal traits, Organizational factors and many more but he puts more24emphasis on pricing strategies as the major determinant for customers in a company fo rthey are mainly moved and impressed by the price differences between companies.

The weight of pricing strategies on customer retention highly depends on their effective application in the existent whole market. For customers who perceive value more than anything, then application of value based pricing strategies should be seriously taken into consideration so as to bring observable rate of customer retention. Naumann (2008)

In order to maximize customer retention, it has to be linked to the marketing goals of the company and closely be associated to customer loyalty and pricing through critically observing the reactions of customer price sensitivity. (Anderson et al 2003).Customer retention is highly achieved when customers are observed and their interests met regarding the increase and fall of prices.

2.7 customer retention

Customer retention refers to the percentage of customer relationships that, once established a small business is able to maintain on a long-term basis. It is a major contributing factor in the net growth rate of small businesses. For example, a company that increases its number of new customers by 20 percent in a year but retains only 85 percent of its existing customers will have a net growth rate of only 5 percent (20 percent increase less 15 percent decrease). But the company could triple that rate by retaining 95 percent of its clients.

Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. This is especially true when you remember that 80% of your sales come from 20% of your customer and clients. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company’s ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the market place.

Establishing relationship with new customers and maintaining existing customers are vital factors for companies to keep their business alive. Evaluating the effects of marketing strategies on customer behavior is one of the important concerns for companies to increase their sales and creating long term relationship with customers. Most of companies are trying to find the best relationship marketing strategies to increase the loyalty of customers.

One of the main outcomes of strong relationship between buyer and seller is customer retention (Crosby et al., 1990). (O'Connell and Keenan, 1990; Reichheld and Sasser, 1990; Jones and Sasser, 1995) states that Cost saving and increasing profitability has priority for all businesses and customer retention can be considered as a key element to achieve these goals. Many studies and available evidences have shown existing customers are more profitable in compare with establishing relationship with new ones Thus applying strategies that have positive impacts on customer relationship and customer retention can be one of the best tactics to achieve the highest potential of customer profitability.

Waterfield (2006) defines customer retention as keeping customers coming back and Nirmala (2009) says that a substantial time exceeding five years is regarded as a successful effort of customer retention. It indicates a stable and positive growth in the monetary financial institutions as well as the national economy of a country. Koy, (2003) concluded that a direct and measurable relationship exists between customer satisfaction and retention on the one hand and between customer retention and a firm's performance on the other hand exists. Firms have adopted various retention strategies depending on the type of business and the environment they find themselves in. Some prefer for quality service, some switching barriers while others try to venture into customer retention programs.

According to Richheld, (1996) success in retaining customers is attributed to a combination of strategies being pursued such as: Define measure retention; Looking for loyalty in the right places with a focus of getting the right customers and not just a lot of them; Changing the channels of distribution; Minimizing adverse selection of customers through creative filtering; Rewarding the sales force for retaining customers ,not just winning new customers; Paying for continuity, not just conquests, and this may involve using coupons or vouchers to discriminate and reward customers that re-buy; Designing special programs to attract and hold the most valuable customers.

Lions (2010) argued that customer service is one of the surest ways of retaining customers. It means that your customers feel that you understand them and their needs outstanding service is what customers require and if this is offered then the customers feel worth of the relationship. (Jill & Lowenstein, 2007) states that a successful business is defined by the relationship it has with its customers. Relationships with customers should be caring and on-going.

2.8 Theoretical Framework

A theoretical framework is the structure for the support of theories which introduce research study and describe why the research problems exist. it is important to state what others scholars hold as knowledge and what those theories have in common. This study is based on two theories: Holistic approach by Reichheld and Relationship commitment Model.

2.8.1 Holistic approach by Reichheld.

Reichhelds thoughts are based on the fact that loyal employees and investors who share similar dream of longer relationships will be able to grow a crop of loyal customers for the firm. In attracting new customers he urged firms to be conscious of the diverse loyal coefficient which is the sum of economic forces required to switch customers from one provider to another. Reichheld urges that there are some customers who do not desire relationship with the firm. In contrast, there are other who desire lasting relationship with the organization and as result buy frequently ,are ready to pay premium promptly and its costs less to serve them. To be successful in keeping customers, a firm should implement combination of strategies.

In summary as markets grow and become increasingly competitive, institutions are more likely to endeavor to uphold their market share by concentrating on retaining existing customers .In addition, studies done by Bin and Company (2007)the companies with the highest customers ’retention rates , earn the best profit”. To avoid imitation by competition, customer retention strategy should embrace total customer and lock in systems (Reichheld ,2003).according to Mullins(2003) ,the baseline of business is retaining the existing customers while acquiring new one continues. To achieve high level of retention loyalty hence retention of its customers, a company has to retain an equally high number of its customers. Towards this end, the company has to keep monitoring the fast changing dynamics that affect as well as influence its customers.

2.8.2 Relationship commitment model.

Sharma and Patterson (1999) provide model showing the determinants of relationship commitment. The model consist of three factors which re communication effectiveness, technical quality and functional quality , all affected by trust in the relationship which in turns affect relationship commitment. According to Sharma and Patterson, 1999 trust is defined as the belief that service provider can be relied on to behave values. In such that the long term interests of the buyer will be served.It implies confidence in the process or person Morgan and Hunt 1994 also urges that trust has positive relation to the extent through which the firms share similar values.

According to Sharma and Patterson (1999) service quality is divided into two components; technical quality and functional quality. Technical quality is related to the actual outcomes or the core service as perceived by the client .Here ,the competency of the professionals in achieving the best return on investment for their client at acceptable levels of risks is viewed. Functional quality is concerned with what is delivered, deals with how the service is delivered. The author urges that trust had great impact on how quality is delivered, both functional and technical quality .Communication effectiveness is referred to the formal as well as the informal sharing of meaningful and timely information between client and an advisor in an empathetic manner. The purpose is to educate and keep clients informed about their investments in manner they understand. Effective communication also helps customers through the unavoidable ups and downs of variable investment performance. Hence the greater the communication effectiveness the stronger is the relationship.

2.9 Conceptual Framework

The Figure 1 below shows conceptual framework of effects of marketing strategies in customer retention hence shows the interrelationship among the study variables.

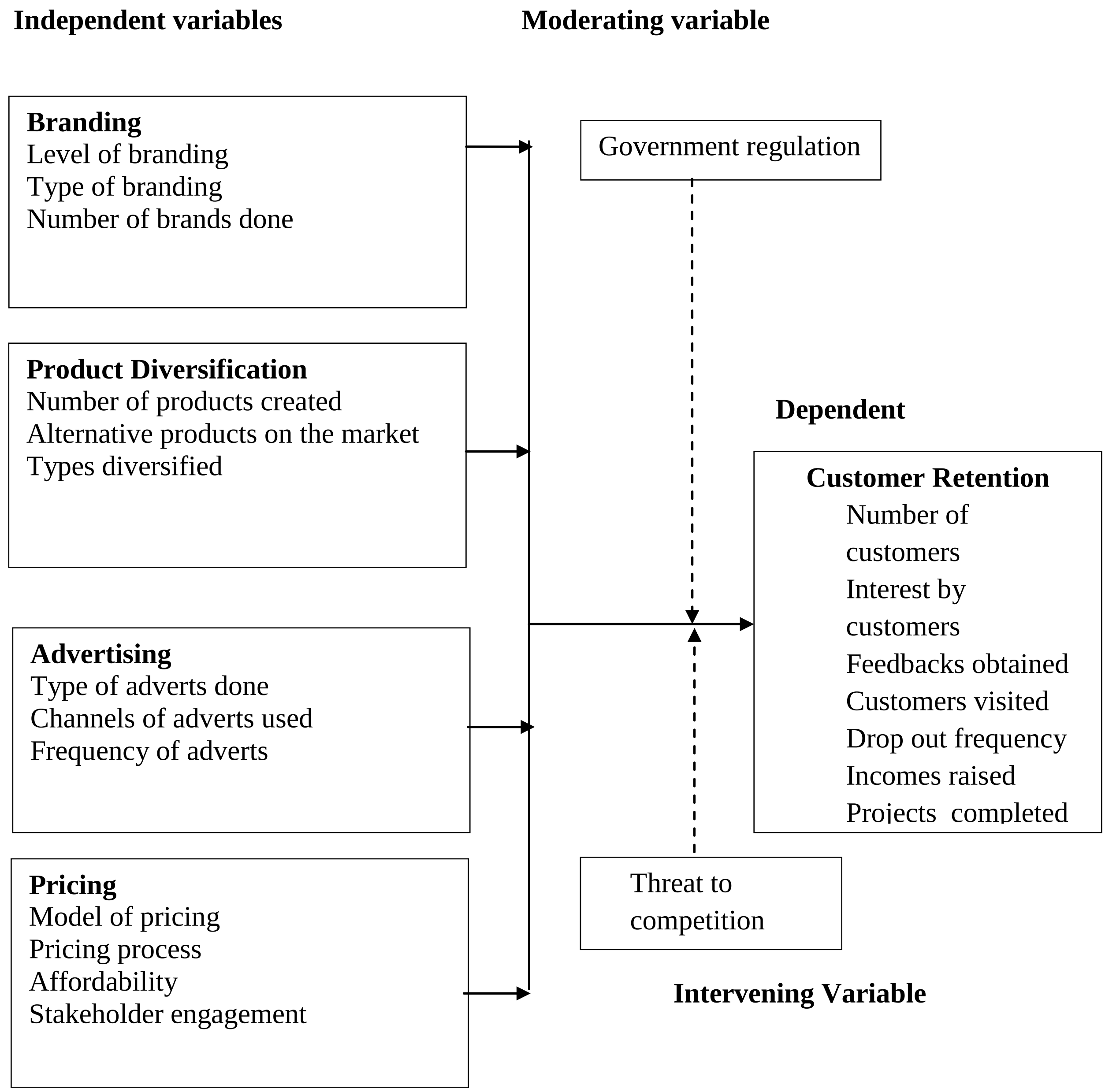

Figure 1: Conceptual Framework

The independent variables for this study are the marketing strategies namely: branding strategies, product diversification, advertising strategies and pricing strategies. Meanwhile the dependent variable that reflects the outcome of a research study which is customer retention.

2.10 Knowledge Gap

A summary of knowledge gap is as shown in Table 2.1

Table 2.1: Knowledge Gap

Author (Year)	Focus of the Study	Methodology	Findings	Knowledge Gap	Focus of the Current Study
Orato, (2010)	Role of branding on market performance	Descriptive survey	Significant relationship between branding and market performance	Methodology used not clear	Examine the relationship between branding and customer retention using correlation and regression models
Wanyoike (2015)	Influence of product diversification on business performance	Cross-sectional research design	Significant relationship between branding and market performance	Study did not focus on all parameters related to product diversification	Examine the relationship between product diversification and customer retention using correlation and regression models
Ongera, (2016)	Influence of advertising on business performance	Descriptive survey design	Significant relationship between advertising and customer retention	How to measure attitude not well conceptualized	The study will clearly examine this relationship
Maina, (2015)	Influence of pricing on business performance	Descriptive survey method	Significant relationship between pricing and customer retention	Study did not focus on clear institutional arrangement parameters	Focus on the relationship between and bring out correlation and regression parameters

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains research design, target population, sample size and sampling procedures, research instruments, pilot-testing, validity and reliability of research instruments, data collection procedures, analysis techniques, operationalization of variables and ethical issues.

3.2 Research Design

The study adopted descriptive survey design to carry out the investigation. According to Gupta and Gupta (2011) a research design is a process that helps a researcher to understand the significance of a research. Descriptive survey design is used to get information on current situation and describe what exists in relation to variables (Mugenda and Mugenda, 2003). This design shows the relationships that exist, ongoing processes and developing trends. The study adopted this design in order to provide analysis and interpretation of views in relation to marketing strategies on customer retention in fast moving consumer goods companies.

3.3 Target Population

According to Pilot and Hungler (1999) a population is a collection of all objectives or members that conform to a certain set of specifications. The target population for the study was as shown on the table 3.1.

Table 3:1 Target Population

Description	**TOTAL**
Customer	1000
Consumer	2000
Competitors	5
Government bodies	5
Kenchic Staff	100
Total	**3110**

3.4 Sample Size and Sampling Procedure

This subsection outlines the sample and the sampling procedure that was used for the study.

3.4.1 Sample Size

Sample size for this study will be 354 individuals determined by the use of the simplified Yamane, (2003) formula for proportions, which is:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size required, N is the number of people in the population while e is the allowable error. The target population being 3110, assuming a 95% confidence level meaning an allowable error of 0.05 then substituting, we obtained:

n= 354

$n = 3110/ 1+3110(0.05)^2 = 354$

3.4.2 Sampling Procedure

In this study, simple random sampling method was used for the study. The population was divided into strata based on location within Thika Sub-county individual sample sizes was determined using proportionate sampling method followed by simple random sampling. Kothari (2004) defines sampling design as a plan for obtaining a sample in a population.The study targeted a population of 3110 individuals out of which 3110 were sampled using simple random sampling method.

3.5 Research Instruments

The researcher collected primary data using the structured questionnaire. Primary data is that which is collected for very first time (Creswell, 2011). The questionnaire was used to collect quantitative data. Structured questionnaire was administered to target respondents. The structured questionnaire contained 5 Likert-type questions in four sections. The Likert scale was generated and to conform to the following connotation (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree.

3.5.1 Pilot Testing of Research Instruments

In order to strengthen data collection, a pilot survey was carried out through personal interviews. The purpose of pilot-testing was be to elicit initial appropriate responses, determine clarity, relevance and appropriateness of questions asked and check on the suitability of the wording in all the instruments. Information gathered from the pilot study was cross-checked to establish deficiencies, made appropriate modifications and corrected anomalies before administering them to targeted respondents on large scale. Pilot testing process was done 2 weeks prior to the study. This was done to refine instruments' mechanics and show inconsistencies and determine unclear questions. Once all the deficiencies are addressed, the instruments were then rolled out. The pilot study was drawn from retail supermarket that is Naivas, Tuskeys and Carrefour.

3.5.2 Validity of Research Instruments

This study utilized content validity to determine the appropriateness, usefulness and meaningfulness of instruments. This helped to ensure that qualitative items desired achieved the desired appropriateness in regard to the subject matter and the inferences made. Guest, (2013) agrees with this assertion. There are two types of content validity; face validity and sampling validity. Face validity is concerned with extent to which an instrument measures what it appears to measure according to researcher's subjective assessment while sampling validity is the degree to which a measure adequately samples the subject matter under consideration.

In this study, both face validity and sampling validity were utilized. Content validity therefore yields a logical judgment as to whether the instrument covers what it was supposed to cover (Kyalo and Nyonje, 2015). To ensure content validity, the researcher requested a panel of three experts to critically examine questionnaire items to determine their representativeness before large scale administration. Appropriate modifications were done on the questionnaire.

3.5.3 Reliability of the Research Instruments

Reliability concerns itself with whether the research instrument yields the same or similar results consistently. It is the degree of consistency the instrument or tool demonstrates on repeat trials (Kyalo and Nyonje, 2015). Two methods of estimating reliability exist; repeated measurements and internal consistency. These methods involve the procedure of correlating sets of scores. In this study, reliability of qualitative instruments was determined by Test-Retest method which involved measuring individuals on the same instrument on different occasions and correlating the scores obtained by the same person.

Split half method was used to determine the reliability of the questionnaire where the quantitative questionnaire was split into two parts with each part being treated as a separate measure. Each part was scored accordingly to the scores correlated. This procedure is corroborated by Kyalo and Nyonje, (2015) who add that the Spearman-Brown Prophesy formula was used to determine reliability.A coefficient of 0.8 was obtained. Mugenda and Mugenda (2003) note that a value of 0.7 is considered reliable, thus for this study the instrument was considered reliable.

3.6 Data Collection methods

This study utilized primary data which refers to data originally collected for the very first time. The use of primary data has been demonstrated by numerous authors who postulated that primary data has revolutionized growth of social science discipline. The unit for data collection was an administrative division. Prior to data collection, letters of transmittal expressing the desire to undertake research were dispatched. A research permit authorizing this study was photocopied and given to the research assistants. A total number of 354 questionnaires were be printed and distributed equally to the three research assistants with clear instructions on modalities for their administration. Once a questionnaire wereissued, the research assistants obtained contact details of respondents. A follow up schedule was agreed upon.

The entire data collection process took one month to be completed. Structured questionnaires were collected physically by research assistants and given to the researcher for verification purposes. After responses are received; grouping, checking for inconsistencies and data cleaning process was carried out. Data clean-up process that entailed editing, coding and tabulation in order to detect errors was undertaken.

3.7 Data Analysis Techniques

Analysis of quantitative data entailed Pearson product moment correlation, multiple regression and stepwise regression. Pearson product moment correlation is a measure of linear correlation between two variables X and Y and gives a value between +1 and −1, where 1 is total positive correlation, 0 is no correlation, and −1 is total negative correlation. This model will be used to show extent of the relationships A regression model: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ will then be developed.

Where:

Y is the dependent variable; customer retention

$\beta_0$is a Constant

$\beta_1X_1$is the first variable; branding

$\beta_2X_2$is the second variable; product diversification

$\beta_3X_3$is the third variable; advertising

$\beta_4X_4$is the fourth variable; pricing

The level of significance for each statistical test will be set at probability $p< 0.05$.

3.8 Ethical Issues

In this study, ethical considerations was made on basis of basic concepts identified as important components of social science research as ascribed by Morgan, (2014).The researcher obtained a research permit from the National Commission of Science, Technology and Innovation (NACOSTI). A research permit was a requisite instrument needed for undertaking research in Kenya. The researcher wrote a letter of transmittal of data collection instruments that was sent together with questionnaires to respondents informing them on the need to help facilitate the research process. This letter was crucial in assuring respondents that the study was for academic purposes only. Respondents were then be assured that their identity would be kept in utmost confidentiality.

Research ethics as advocated by Creswell and Plano, (2011) was incorporated in this study. This means the study adhered to ethical norms meant to promote knowledge, truth and avoidance of error. These was achieved through prohibitions against data fabrication, falsifying information or misrepresenting data.

3.9 Operationalization of Variables

Operational definition of variables is as shown on Table 3.3:

Table 3.3:Operationalization of Variables

Variable	Indicators	Measurement Scale	Tools of Analysis
To examine the influence of branding on customer retention at Kenchic limited in Kiambu County.	Level of branding Type of branding Number of brands done	Ordinal	Correlation to test relationships Multiple regression
To establish the influence of product diversification on customer retention at Kenchic Limitedin Kiambu County	Number of products created Alternative products on the market Types diversified	Ordinal	Correlation to test relationships Multiple regression
To assess the influence of advertising on customer retention at Kenchic Limited in Kiambu County	Type of adverts done Channels of adverts used Frequency of adverts	Ordinal	Correlation to test relationships Multiple regression
To verify the influence of pricing on customer retention at Kenchic Limited in Kiambu County	Model of pricing Pricing process Affordability Stakeholder engagement	Ordinal	Correlation to test relationships Multiple regression

Customer Retention	Number of customers Interest by customers Feedbacks obtained Customers visited Drop out frequency Incomes raised Projects completed	Ordinal	Correlation to test relationships Multiple regression

CHAPTER FOUR
DATA PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter outlines data analysis, presentation and interpretation on the findings in the study. Subtitles are outlined in accordance to the objectives of the study. Data was collected from Kenchic Customer, Consumer, Competitors and Government bodies, and Kenchic Staff based on influence of marketing strategies influence of marketing strategies on customer retention in fast moving consumer goods companies: a case of Kenchic processing plant limited in Kiambu County, Kenya. Data collected was interpreted as per the research questions. Frequencies and percentages, Pearson correlation and multiple regressions were used for data presentation and were guided by the study questionnaire.

4.2 Questionnaire Return rate

Questionnaires were distributed to the respondents with the help of the research assistant. They were then collected and results tabulated in Table 4.1

Table 4.1 Questionnaire return rate

Target respondents	Actual respondents	Return rate
354	300	85%
TOTAL	**300**	**85%**

The study targeted 354 respondents, however, only 300 questionnaires that were duly filled and returned. This translates to 85% response rate. Mugenda and Mugenda (2003) state that a return rate of 50% is acceptable for the study therefore this response rate was considered fit for the study.

4.3 Respondents Bio-data

This part outlined the data that was collected from respondents regarding their personal profile. It is based on Gender of the respondents, Age of respondents' highest level of education, and duration that they have using Kenchic products

4.3.1 Gender of the respondents

The study sought to know the gender of the respondent in order to establish its influence customer retention. Data was obtained and presented in the Table 4.2.

Table 4.2 Gender of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	90	30	30	30
	Female	210	70	70	100.0
	Total	300	100.0	100.0	

Majority of the respondents are female at 210 (70%) as indicated in table 4.2 while 90 (30%) are male. Results indicate that there are more women who trade Kenchic products compared to men.

4.3.2. Age of the respondents

The study sought to establish the age of the respondents in order to assess its influence in customer retention in fast moving consumer goods. Results obtained are tabulated in table 4.3

Table 4.3: Ages of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
20 - 30 years	70	23.3	23.3	23.3
31 - 40 years	150	50	50	73.3
41 - 50 years	77	25.7	25.7	99
51 and above	3	1	1	100.0
Total	300	100.0	100.0	

Results in table 4.3 indicate that majority of the respondents 150 (50%) are of ages between 31-40 year, 77 (25.7%) of the respondents are between 41 – 50 years, (23.3%) of the respondents are between 20-30 years while those ones at 51 and above are (1%).

4.3.3 Education level of the respondents

The study sought to know the highest level of education of the respondent in order to know its influence on customer retention. Data was obtained and presented in the Table 4.4.

Table 4.4 Education level of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
No formal education	0	0	0	0
Primary	20	6.7	6.7	6.7
Secondary	195	65	65	71.7
certificate	68	22.4	22.4	94.1
Colleges	12	4	4	98.4
University	3	1	1	99.1
Adult education	2	0.9	0.9	100.0
Total	300	100.0	100.0	

Findings in Table 4.4, Majority 195 (65%) of the respondents indicated that they had reached secondary level, 12 (22.4%) of the respondents had attained certificate level, 20 (6.7%) of the respondents had reached primary, 3 (1%) had reached university level, while 2 (0.9%) of the respondents had adult education. From the finding it is clear that most of the respondents have formal education and can run their businesses well.

4.3.4 Duration with Kenchic products

The study sought to know the duration that they have been trading Kenchic product and verify whether it has any influence Customer retention in fast moving consumer goods. Results obtained were tabulated in Table 4.5

Table 4.5 Distribution of responses on duration with Kenchic products

	Frequency	Percent	Valid Percent	Cumulative Percent
below 1 year	26	8.7	8.7	8.7
1 -5 years	82	27.3	27.3	36.0
6 - 10 years	92	30.7	30.7	66.7
11 - 15 years	33	11	11	77.7
over 15 years	67	22.3	22.3	100.0
Total	300	100.0	100.0	

Findings in Table 4.5 indicate that majority of the respondents 72 (36%) had been trading Kenchic products for 6-10 years, 62 (31%) of the respondent had been trading Kenchic products between 1-5 years, 47 (23.5%) of respondents had been trading Kenchic products for over 15 years, 13 (6.5%) respondent had been trading Kenchic products for 11-15 years while 6 (3%) of the respondent had been trading Kenchic products less than 1 year.

4.5 Branding on customer retention

In this section Pearson correlation between Branding and Customer retention was done and data tabulated in Table 4.6.

Table 4.6 Pearson Correlation between Branding and Customer retention

		Branding	Customer retention
Branding	Pearson Correlation	1	.731
	Sig. (2-tailed)		.000
	N	300	300
Customer retention	Pearson Correlation	.731	1
	Sig. (2-tailed)	.000	
	N	300	300

Findings in Table 4.6 indicate that there was a strong positive correlation coefficient between Branding and Customer retention as indicated by correlation factor of 0.731. It was significant at 95% and was found to be statistically significant since the significant value was less than 0.05..

4.6 Product diversification and Customer retention

In this section correlation analysis between product diversification and customer retention was done and data tabulated in Table 4.7

Table 4.7Correlation Analysis between product diversification and Customer retention

		Product diversification	Customer retention.
Product diversification	Pearson Correlation	1	.542*
	Sig. (2-tailed)		.002
	N	300	300
Customer retention.	Pearson Correlation	.542*	1
	Sig. (2-tailed)	.002	
	N	300	300

Results in Table 4.7 show that there was a strong positive correlation coefficient between product diversification and Customer retention in fast moving consumer goods as indicated by correlation factor of 0.542. It was significant at 95% and was found to be statistically significant since the significant value was 0.022, which was less than 0.05. This agreed with the expectation that diversification of a product enhance customer retention since they can obtain a variety of products.

4.7 Advertising and Customer retention

In this section correlation analysis between Advertising and Customer retention was done and data tabulated in Table 4.8.

Table 4.8PearsonCorrelation between Advertising and Customer retention

		Advertising	Customer retention
Advertising	Pearson Correlation	1	.656
	Sig. (2-tailed)		.000
	N	300	300
Customer retention	Pearson Correlation	.656	1
	Sig. (2-tailed)	.000	
	N	300	300

Findings in Table 4.8 indicate that there was a strong positive correlation coefficient between Advertising and Customer retention as indicated by correlation factor of 0.656. It was significant at 95% and was found to be statistically significant since the significant value was 0.000, which was less than 0.05. This agreed with the expectation that increase advertising by the organization would lead to increase in customer retention

4.8 Pricing and Customer retention

In this section Pearson correlation between Pricing and Customer retention was carried out and data tabulated in Table 4.9

Table 4.9PearsonCorrelation between the Pricing and Customer retention

		Pricing	Customer retention
Pricing	Pearson Correlation	1	-.685
	Sig. (2-tailed)		0.001
	N	300	300
Customer retention	Pearson Correlation	-.685	1
	Sig. (2-tailed)	.001	
	N	300	300

Results in Table 4.9 indicate that there was a strong negative correlation coefficient between and customer retention as indicated by correlation factor of -0.685. It was significant at 95% and was found to be statistically significant since the significant value was less than 0.05. This agreed with the expectation that increase in pricing would lead to decrease in customer retention

4.9 Multiple Regression Analysis

Data obtained was regressed using SPSS 20 statistical application, and inferences made on the findingsas shown in Table 4.10

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Table 4.10 Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
1		B	SE	B	t	P
	(Constant)	1.132	0.178		6.074	0.005
	Branding	0.486	0.109	0.402	4.673	0.013
	Product diversification	0.649	0.089	0.589	7.292	0.000
	Advertising	0.513	0.091	0.489	5.637	0.004
	Pricing	0.621	0.102	0.586	2.088	0.006

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$.

Where:

Y is the dependent variable; customer retention, β_0 is a Constant, $\beta_1 X_1$ is the first variable; branding, $\beta_2 X_2$ is the second variable; product diversification, $\beta_3 X_3$ is the third variable; advertising, $\beta_4 X_4$ is the fourth variable; pricing

Therefore, $Y = 1.132 + 0.486X_1 + 0.649X_2 + 0.513X_3 + 0.621X_4 + \varepsilon$.

Based on the model employed, it was established that holding branding, product diversification, advertising and pricing to constant, Customer retention would be at 1.132. An increase in unit in branding would lead to an increase in customer retention by 0.486, an increase in unit in product diversification would lead to increase in customer retention by 0.649, unit increase in advertising would lead to an increase in Customer retention by 0.513, an increase in unit in pricing would lead to an increase in customer retention by 0.586. This confirms that there was a positive relationship marketing strategies and customer retention.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, DISCUSSION CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines major summary of the findings from the study results and conclusions made. It further present researchers' recommendation for further research.

5.2 Summary of the Findings

Majority of the respondents are female at 210 (70%) as indicated in table 4.2 while 30 (30%) are male. Results indicate that there are more women who trade Kenchic products compared to men. Majority of the respondents 150 (50%) are of ages between 31-40 year, 77 (25.7%) of the respondents are between 41 – 50 years, (23.3%) of the respondents are between 20-30 years while those ones at 51 and above are (1%). Majority 195 (65%) of the respondents indicated that they had reached secondary level, 12 (22.4%) of the respondents had attained certificate level, 20 (6.7%) of the respondents had reached primary, 3 (1%) had reached university level, while 2 (0.9%) of the respondents had adult education. From the finding it is clear that most of the respondents have formal education and can run their businesses well. Majority of the respondents 72 (36%) had been trading Kenchic products for 6-10 years, 62 (31%) of the respondent had been trading Kenchic products between 1-5 years, 47 (23.5%) of respondents had been trading Kenchic products for over 15 years, 13 (6.5%) respondent had been trading Kenchic products for 11-15 years while 6 (3%) of the respondent had been trading Kenchic products less than 1 year

5.2.1 Influence of Branding on customer retention

The aim of this objective was to examine the influence of branding on customer retention at Kenchic limited in Kiambu County. Findings indicated that there was a strong positive correlation coefficient between Branding and Customer retention as indicated by correlation factor of 0.731. It was significant at 95% and was found to be statistically significant since the significant value was less than 0.05. Consumers buy and use brands because their values match the brands' value. To keep brands more unique, latest, and relevant and at the forefront of customers' minds, it is necessary to have strong links between core brand values and positive customer experiences. Core brand values are differentiated from those of their competitors and can be expressed in a small number of words, and positive customer experiences are the fulfillment of the brand promises. (Brand Strategy, The Charted institute of Marketing (2003.)

5.2.2 Influence of Product diversification on customer retention

The aim of this objective was to establish the influence of product diversification on customer retention at Kenchic Limited in Kiambu County. Results show that there was a strong positive correlation coefficient between product diversification and Customer retention in fast moving consumer goods as indicated by correlation factor of 0.534. It was significant at 95% and was found to be statistically significant since the significant value was 0.022, which was less than 0.05. This agreed with the expectation that diversification of a product enhance customer retention since they can obtain a variety of products. One of the advantages of product diversification which can be distinguished is the fact that companies which diversify into other product markets may activate customers to buy new products from the businesses the company is buying (Palich et al., 2000).

5.2.3 Influence of Advertising on customer retention

The aim of this objective was to assess the influence of advertising on customer retention at Kenchic Limited in Kiambu County. Findings indicate that there was a strong positive correlation coefficient between Advertising and Customer retention as indicated by correlation factor of 0.656. It was significant at 95% and was found to be statistically significant since the significant value was 0.000, which was less than 0.05. This agreed with the expectation that increase advertising by the organization would lead to increase in customer retention. The success of every service or a product depends on the kind of advertising campaigns adopted by the owner. With gradual advancement of technology quite a number of mediums have come up which you can use for advertising purposes. In fact outdoor advertising helps a great dealing catching the eyes of millions of people (Vaughn, 1996).

5.2.4 Influence of Pricing on customer retention

The aim of this objective was to verify the influence of pricing on customer retention at Kenchic Limited in Kiambu County. Results indicate that there was a strong negative correlation coefficient between and customer retention as indicated by correlation factor of -0.685. It was significant at 95% and was found to be statistically significant since the significant value was less than 0.05. This agreed with the expectation that increase in pricing would lead to decrease in customer retention. The available strategies used in pricing provide a simpler base for firms to attain therefore set objectives, share of the market and gain index. Hinter Huber (2008) informs that a company's rate of profitability and retention levels are highly affected by pricing. He highlights that the pricing strategies differ variously depending on the available industry, country of operation, available clients and as well the way companies offer the value of their products and services which will in the long run determine their productivity

5.2.5 Customer retention on fast moving consumer goods

Based on the model employed, it was established that holding branding, product diversification, advertising and pricing to constant, Customer retention would be at 1.132. An increase in unit in branding would lead to an increase in customer retention by 0.486, an increase in unit in product diversification would lead to increase in customer retention by 0.649, unit increase in advertising would lead to an increase in Customer retention by 0.513, an increase in unit in pricing would lead to an increase in customer retention by 0.586. This confirms that there was a positive relationship marketing strategies and customer retention.

5.3 Conclusion

Based on the results obtained in the first objective which aimed at examining the influence of branding on customer retention at Kenchic limited in Kiambu County, The study can conclude that branding had a positive influence in customer retention.

Based on the findings of objective two which aimed at establishing the influence of product diversification on customer retention at Kenchic Limitedin Kiambu County.The study can conclude that product diversification had a positive influence on the customer retention. The relationship was statistically significant.

According to results of the study on the third objective which aimed at assessing the influence of advertising on customer retention at Kenchic Limited in Kiambu County, it can be concluded that advertising has a positive influence on customer retention.

Based on the findings of objective fourth which aimed at verifying the influence of pricing on customer retention at Kenchic Limitedin Kiambu County, it can be concluded that pricing has a negative influence on customer retention. The relationship was statistically significant.

5.4 Recommendation of the study

Based on the finding of the study, This study recommends the following;

i. Top management in FMCG should maintain its expansion strategy and endure that promotional and marketing are well harmonized within its business units to facilitate good running of their outlets.
ii. Since price may negatively affect the running of business, Kenchic should come up with pricing strategies that are competitive in the market.
iii. FMCG should embrace updated marketing strategies especially through the social media so that they can increase their market base.

5.5 Areas for further studies

The study recommends the following.

i. Since the study focused on Kenchic Company as one of the organizations dealing with fast moving consumer goods only, this may not fully represent all the fast moving consumer goods companies in Kenya. Further studies can be carried out in other companies in order to obtain a conclusive results.

ii. More studies should be conducted on marketing strategies and how they influence customer retention in the economy.

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APPENDIX I: LETTER OF TRANSMITTAL OF DATA COLLECTIONINSTRUMENTS

Jane MukuhiKanyoro

P.O Box 6968,

Thika

9th July, 2018

Dear Respondent,

RE: <u>REQUEST FOR INFORMATION</u>

I am a Master of Arts student at the University of Nairobi conducting research study "Influence of marketing strategies on customer retention in Thika town constituency of Kiambu County, Kenya".

You have been selected as one of the respondents to assist in providing the requisite data and pertinent information for this research. I kindly request you to spare a few minutes and answer the attached questionnaire. The information you shall offer will be used for academic purposes only. Your identity will be kept in utmost confidence. Kindly do not append your name anywhere on this questionnaire.

On this basis, I beseech you to respond to questions asked with utmost honesty. If you have any queries, kindly contact the undersigned.

Yours Sincerely,

Jane MukuhiKanyoro

L50/84411/2016

APPENDIX II: QUESTIONNAIRE

This questionnaire is designed to gather information regarding factors influencing public participation in budget making in Kenya. Kindly respond as appropriate.

Date……………………………Interviewer………………………………………....

Location………………………….. ……………………………………...

1. Bio-Data

Questions	**Codes**	**Response**
Gender of Respondent	1=Female; 2= Male	
Age of Respondent	20 - 30 years 31 - 40 years 41 - 50 years 51 and above	
Highest Level of Education	1= No formal education 2=Primary school level 3=Secondary level 4= Certificate level 5=Diploma level 6=Degree level 7= Adult education 8= Others (Specify)	
No of years you have handled Kenchic products	below 1 year 1 -5 years 6 - 10 years 11 - 15 years over 15 years	

1. Branding

To what extent do you agree or disagree with the following statements?

Statement	1=Strongly Disagree	2=Disagree	3=Neutral	4=Agree	5=Strongly Agree
Branding is critical for business growth					
Branding makes it possible to sell merchandise					
Branding reduces the cost of doing business					
I often brand my products to make them marketable					
Kenchic branding has made its products more marketable					

2) How do you rate the level of appreciation of the following clusters to Kenchic products?

Statement	1=Poor	2=Fair	3=Neutral	4=Good	5=Excellent
Customers					
Consumers					
Competitors					
Government body					
Kenchic staff					

3) Product Diversification

To what extent do you agree or disagree with the following statements?

Statement	1=Strongly Disagree	2=Disagree	3=Neutral	4=Agree	5=Strongly Agree
Diversification has helped Kenchic remain a float					
Diversification is critical for growth					
Diversification is a good decision					
All business should diversify					

4) Pricing

How do the following pricing factors in the contest of Kenchic products and services?

Statement	1=No extent	2=Low extent	3=Neutral	4=Some extent	5=High Extent
Attitude					
Environment					
Business growth					
Customer appreciation					
Customer trust					
Profits					
Customer's appreciation					

5) Advertising

1) To what extent do you agree or disagree with the following statements?

Statement	1=Not at All	2=Not Very Well	3=Neutral	4=Quite Well	5=Very Well
Advertising impacts business growth					
Advertising increases sales					
Advertising increases customers appetite to buy Kenchic goods					
Adverts by Kenchic has improved sales					

6) Customer Retention

How do you rate the following performance statements?

Statement	1=Poor	2=Fair	3=Neutral	4=Good	5=Excellent
Strategies by Kenchic have increased customer retention					
Kenchic customers are loyal to the brand					
Kenchic's is a good business model					

Thank You

APPENDIX II: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:
MISS. JANE MUKUHI KANYORO
of UNIVERSITY OF NAIROBI, 200052-200 NAIROBI,has been permitted to conduct research in *Kiambu County*

Permit No : NACOSTI/P/18/18697/24755
Date Of Issue : 15th September,2018
Fee Recieved :Ksh 1000

on the topic: *INFLUENCE OF MARKETING STRATEGIES ON CUSTOMER RETENTION IN FAST MOVING CONSUMER GOODS COMPANY:A CASE OF KENCHIC PROCESSING PLANT IN KIAMBU COUNTY,KENYA.*

for the period ending:
14th September,2019

Jane
....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation