THE PERCEIVED INFLUENCE OF MARKETING PROMOTION ON BRAND EQUITY: A CASE OF KENYA COMMERCIAL BANK

BY

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DECLARATION

This management research project is my original work and has not been presented for award of a degree in any university

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This management research project has been submitted for examination with my approval as the University supervisor.

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ABSTRACT

This paper examines the influence of marketing promotion on brand equity from two perspectives; the value of the brand to the firm (Financial Perspective), and the value of the brand to customers (customer based brand equity).

The value of brand to the firm is based on the incremental discounted future cash flows that would result from a branded product's revenue over the revenue of an unbranded product (Simon and Sullivan, 1993). The value of brand to the customer according to Keller (2004) is the differential effect that brand knowledge has on consumer response to the marketing of that brand.

The study was carried out in Kenya Commercial Bank as a case study of the banking industry. Two questionnaires were used to collect data, one was administered to the bank customers in the banking halls and ATM points to assess the influence of marketing promotion on customer attitudes dimensions (brand knowledge, association, and perceived quality and customer loyalty) towards KCB and consequently brand equity. The other questionnaire was used to collect data from the bank managers through interviews to assess the promotion strategies applied by the bank and the effects of these efforts on KCB and brand equity.

The results of the study indicate that Marketing Promotion plays a role in creating brand equity by creating, and enhancing brand knowledge which influences the customer attitudes. It was also established that the word of mouth is an equally important promotion tool to recruit new customers and create awareness of new products to the existing customers. The respondent agreed that they would ask for a product if they had either heard about from media advertisement, family or friends. The promotion strategy implemented by the bank with other brand building efforts have ensured KCB improved profits over the last five years.

The study further established that Kenya commercial bank marketing promotion mainly through events organizing for instance Safari rally, Golf tournaments had created a lot of brand awareness. Social marketing (corporate social responsibility) through various initiatives like Education, Environment had worn the bank a responsible citizen award which ensured brand publicity and equity. Other promotion vehicles have been applying depending on the product/service and the target market.

CHAPTER ONE: INTRODUCTION

1.1.0 Background of the Study

The concept of brand equity first emerged in the marketing literature of the late 1980s. The use of a financial term for what was actually a customer-based construct was a highly effective technique for communicating the idea that brands are long-lived business assets that can have significant financial value. The term gained widespread acceptance in the marketing community through the writings of Aaker (1991) and Keller (1997) among others. The idea of “brands as business assets” was also reinforced in the mergers and acquisitions boom of the late 1980s and early 1990s when a number of strongly branded companies were taken over. For example, Nestlé bought Rowntree for five times its book value, while Philip Morris bought Kraft General Foods at a multiple of six (Kapferer, 2004). These takeover multiples dramatically illustrated the relative importance of the value of brands vis-a-vis. the value of factories. This has led to a growing interest in brands and other forms of intangible assets.

1.1.1 The Concept of branding and Brand Equity

The practice of branding has been conducted for centuries as a means for producers to distinguish their goods against those of competitors by creating a recognizable and memorable image. Farquhar (1989) defines brand as a name, symbol, design, or mark that enhances the value of a product beyond its functional purpose.

A brand has also being defined as a bundle of functional, economic and psychological benefits for the end-user (Ambler, 1995). Every brand retains a certain amount of brand equity as reflected in buyers' willingness to pay a premium price for a favored brand in preference to others, recommend it to peers, and give consideration to other company offerings (Hutton, 1997). Brand is a distinctive symbol or name created with the intention to identify and recognize the goods or services of one seller or a particular group of sellers and differentiates such goods or services from its competitors. A brand signals to its customers the specific source of product and attempts to protect both the producer and customer from competitors who ultimately endeavor to provide products that seem to be identical (Kotler and Armstrong, 1996).

A brand reflects a relationship between the buyer and the product bought (and so indirectly with the supplier). This relationship like all others is based on trust, the fulfillment of promises and common values. This brand will deliver these functional features and emotional benefits to a customer. However, brands can also suffer chronic damage over time - constant failure to deliver on promises, failure to be reliable and deliver on specification can diminish and destroy brand value (Kapferer 2004). For example, the 3 day workers strike threatened Kenya Airways brand perceptions.

Not surprisingly, brand-focused companies spend a great deal of effort nurturing and developing their brands to maintain their status, value and relevance to the target audience over the long term. In this age of constant innovation and constant newness searching for a better product, it is worthy recognizing that the strongest brands such as Coke and Guinness have been selling the same product for more than one hundred years through marketing promotion, rather than product innovation.

The term brand equity first came into wide spread use in the 1980s and was defined by Farquhar (1989) as the added value with which a brand endows a product. According to Aaker (1996) brand equity is a set of brand assets and liabilities linked to a brand its name and symbol that adds to or subtracts from the value provided by a product or service to a firm or to the firm's customers. Blackston (1995), on the other hand, referred to brand equity as brand value and brand meaning, where brand meaning implies brand saliency, brand associations, and brand personality and where brand value is the outcome of managing the brand.

1.1.2 Branding by Commercial Banks in Kenya

Branding is not new in Kenya as a matter of fact it is the most developed in East Africa. Banks have taken advantage of the experienced marketing agencies to put out their best qualities using different promotion vehicles such as sponsorship, media, outdoor advertising and sales promotions among others to entice their target customer. The main Banks to be considered in this study are; Barclays, Standard Chartered, Equity, Cooperative Bank. These Banks are in the first tier and target the same clientele (Table 1).

Table 1: Banks ranking for year 2008 by value of assets and profit before tax

Bank	**Total Assets (Kes in Millions)**	**Rank**	**Pbt (Kes in Millions)**	**Rank**
Barclays Bank	168,510	2	8,016	1
KCB	191,212	1	6,013	2
Equity Bank	78,837	5	4,988	3
Standard Chartered	99,020	3	4,720	4
Co-operative Bank of Kenya	83,871	4	3,353	5

Source: The Banking Survey, 2009

As shown in Table 1 Barclays Bank takes the first position in profitability while Kenya Commercial Bank takes first position in terms of Total assets. Barclays Bank and the Standard chartered Bank are multinational Banks, with a competitive edge for people who prefer international Banks because of the prestige status. They are positioned as high end market Banks, but recently Barclays has reopened branches targeting low end clientele and thereby intensifying competition in this segment. The Standard chartered Bank targets niche market for instance Diva account targets working Woman.

The Cooperative Bank positions itself as a Savings and Credit Cooperative Societies (SACCOs). Bank, mainly for the low end retail segment. The Equity Bank made a revolution in the Banking industry by positioning itself as Bank "ya mwananchi" (common man) for small and micro depositors revealing there is a lot of resources in this segment. Equity had already created brand loyalty when it was a micro finance by issuing loans against house hold goods to its customers which no other Bank was willing to do. It has recently won almost all the awards in the Banking industry since it became a Bank, creating competitive advantage and brand awareness. The shift of power to the customer as a result of competition and advances in ICT has forced the Banks to come up with innovative ways of attracting customers. The introduction of top up loan, for instance, where a competitor buys a loan from another Bank is a strategy to win non-loyal customers. Banks have also come up with loyalty building programs. For instance The Standard Chartered Bank has Diva club for career woman, Kenya Commercial Bank (KCB) has Biashara club for business people, and Equity clients are "all members".

Competition remains intense and is centered on expansion of branch and ATM networks to reach new customers and improve customer Banking convenience. Beyond convenience, issues of product/service range, location, Banking hours, quality of service, sales culture and feedback-handling are critical competitive factors around which market share is won and lost. Pricing is important, but, the small niche Banks continue to thrive despite the premium they charge. This shows customers value quality service & convenience and are willing to pay the price for them. This competitive environment has forced the Banks to tighten operating efficiencies, deploy more resources to front-end activities to increase the customer enrolment, lower operational costs and improve profitability. Competition in the domestic market has also forced some Banks like Equity, Fina Bank and Diamond Trust to accelerate expansion in regional markets and reach new customers. Changing customer lifestyles has ensured Banks invest more in technology and add technology-driven services on the customer menu. But ultimately, it is the sales culture, operational efficiency, service quality and a measured risk appetite that will guarantee growth, and returns.

The directive to commercial Banks to increase core capital to a minimum of Kenya shillings 1 billion by 2012 will generate a lot of recapitalization and, perhaps, merger & acquisition activity in the market. Many downstream Banks may be challenged in raising capital thus attracting potential suitors especially from West African Banks yearning for a Kenyan Banking license. While macro economic variables remain unfavorable due to political and climatic conditions causing decline in economic activities in the industries where Bank's clients operate, the micro economic variables indicate that competition will intensify when the foreign Banks take positions to acquire the small Banks. The only Banks that will remain competitive in the industry are those that have fostered relationships with their customers through creation of brand loyalty, innovativeness, and fast quality service delivery (KCB, Business analyst)

1.1.3 Brief History of KCB

KCB was established in 1896 as National Bank of India (NBI). By the time NBI merged with Grindlays Bank in 1958, it had spread and solidified business operations. The Kenya Government acquired the operations of National and Grindlays Bank in 1970 and the Bank was renamed Kenya Commercial Bank (KCB) to reflect the new ownership. Thereafter KCB acquired The Savings & Loan (S&L) in 1972 to specialize on mortgage financing. Prior to this, KCB had incorporated a subsidiary, Kenya Commercial Finance Company (KCFC) to focus on long-term lending. Privatization of KCB started in 1988 when the Government off-loaded 10% of its shareholding to the public. Subsequent floatation has seen the Government's stake in the Bank reduce considerably to 23.6%, still the majority single shareholder.

Having consolidated the domestic branch network, KCB decided in 1987 to establish an international presence first by opening a representative office in London. Currently the Bank has an East Africa presence with a regional network of 183 outlets, 156 in Kenya, 7 branches in Tanzania, 5 branches in Southern Sudan, 11 in Uganda and 4 branches in the youngest subsidiary Rwanda, and over 330 automated teller machines. The Bank management believes its wide network and regional footing puts it in a competitive position to provide unmatched access to Banking services and to leverage the wide range of products and services to enhance stakeholder value.

The bank specializes in offering financial services in areas of Corporate, Institutional banking, Retail, SME banking and mortgage to retail and estate developers. The Bank has an employee population of 4,500 including casual employees engaged from time to time. KCB has applied various brand equity strategies in the last five years in order to turn around from loss to profit making. For instance in 2004 the Bank engaged a brand consultant to do a brand revitalization program in order to create new image by positioning itself as a Bank willing to change, using a slogan "KCB making the difference" from the old fashion image of a parastatal. The Bank has made tremendous improvement starting from the state of the art distribution outlets management of queues and improvement in technology and infrastructure. KCB was voted the best Bank in Kenya in 2009 by Euro money Magazine. The Bank has made a come back benefiting from the heritage of being the oldest Bank in the industry. It remains the "Bank of choice" to many especially the older generation. To show its commitment to customer care the Bank launched a contact centre which is a dedicated call centre to deal with all customer queries.

1.2 Statement of the Problem

Marketing scholars and practitioners have increasingly become interested in understanding the extent to which various marketing actions affect performance. There is a rising concern that failure to demonstrate the impact of marketing could not only weaken the influence of the marketing function (Webster, Malter, and Ganesan 2005) but also challenge its credibility.

As managers strive for improved performance, a common criticism is an emphasis on short-term results rather than long-term returns. Accordingly, scholars are exploring the long-term effects from various marketing efforts to offer insight into marketing strategies that deliver a sustainable competitive advantage (Pauwels et al. 2004). However, brands vary in their positional advantage and thus may realize differential permanent and cumulative effects from marketing actions. Recent research in marketing has substantiated the importance of the brand in generating differential effects from marketing actions. For example, higher-equity brands are able to generate higher immediate returns from their marketing-mix efforts (Slotegraaf, Moorman, and Inman 2003), and higher-loyalty brands generate greater stockpiling from promotions (Bell, Chiang, and Padmanabhan 1999). Therefore, rather than succumb to the conclusion that there is little potential for long-term marketing effectiveness, we argue that the underlying value of a brand affects the permanent and cumulative effects of different marketing actions.

Brand equity is felt in all areas of the production and promotion of a product, and improved insight of the factors that build brand equity will provide financial rewards to companies. This has been an important research topic for the production of goods for centuries, and is now receiving attention in the field of services. Berry (2000) concluded that branding will be the cornerstone of services marketing for the twenty-first century.

Although some research has shown that marketing promotion generates high cumulative effects on brand choice and purchase quantity (Mela, and Gupta 1999) and on category incidence (Gupta, and Wittink 2003), rigorous research aimed at assessing the effects of marketing promotion on brand equity has not to the best knowledge of the current author been conducted in the banking sector in Kenya. The proposed study will therefore investigate the influence of marketing promotion on brand equity using KCB as the case study.

1.3 Objectives of the Study

The research objectives for the study were to:

i) determine the relationship between marketing promotion and customer attitudes

ii) determine the relationship between customer attitudes and brand equity

iii) establish the influence of marketing promotion on brand equity intervened by customer attitudes.

iv) determine the relationship between marketing promotion and brand equity

1.4 Significance of the Study

The policy makers will find the study useful as a basis of formulating accounting policies, which can be effectively implemented for better and easier accounting for brands equity assets in the balance sheet.

The study will bridge the gap between the Accountant and the marketers regarding the issue of investing in brand building costs. It is also anticipated that the research findings will prompt marketing professions to more actively participate in setting up standards committee like the accounting profession to set standards of practice affecting their field. It's hoped that the marketer will develop keen interest in tracing the numbers from the source to reporting in the balance sheet and the income statement.

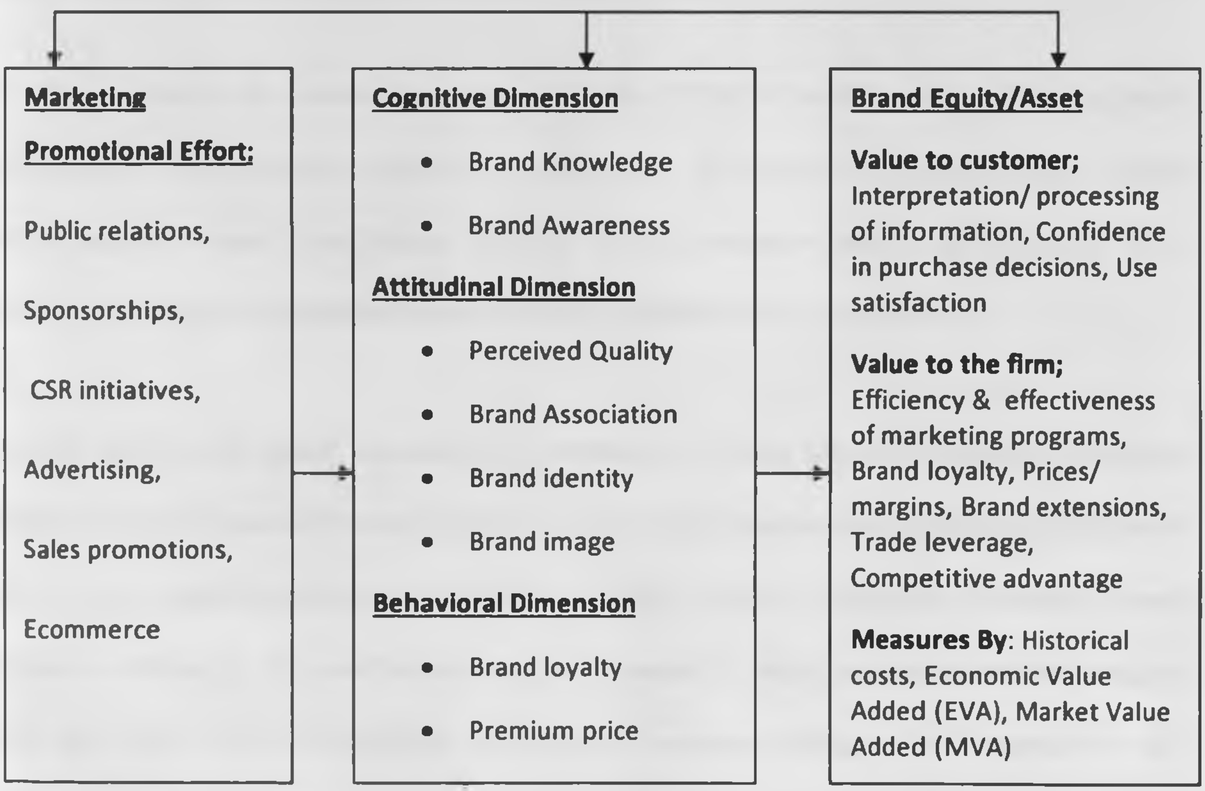
The researchers and academic community could use this study as a foundation for further research on brand equity creation and value measurement. The research findings may serve as guidelines to KCB managers when they develop strategies for building and maintaining corporate brand image.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

In this chapter, the researcher will use a conceptual framework to explore how marketing promotion influence customer attitudes and consequently brand equity to the firm and to the customer. Figure 1 will be used by the researcher to discuss the influence of marketing promotion on consumer brand equity dimensions (Cognitive, Attitude and Behavior) used as mediator variables to create brand equity and finance brand equity to the firm.

Figure 1: Influence of Marketing Promotion on Brand Equity Framework



Source: Adopted from David A. Aaker, 1991

2.1 The concept of brand Equity

Although brand equity can be defined from a variety of perspectives, usually two perspectives are adopted: the value of the brand to the firm (Financial Perspective), and the value of the brand to customers (customer based brand equity).

The value of brand to the firm is based on the incremental discounted future cash flows that would result from a branded product's revenue over the revenue of an unbranded product (Simon and Sullivan, 1993). Feldwick (1996) defines brand value as the total value of the brand as a company's intangible asset resulting from management's ability to leverage brand strength via strategic actions to provide superior current and future profits.

The value of brand to the customer according to Keller (2004) is the differential effect that brand knowledge has on consumer response to the marketing of that brand. A brand is said to have positive customer-based brand equity (CBBE) when consumers react more favorably to a product and the way it is marketed when the brand is identified than when it is not.

Customer based brand equity increases the probability of brand selection leading to customer loyalty to a specific brand (Pitta and Katsanis, 1995). One of the benefits provided by high brand equity is the possibility of brand extension to other product categories. Generally, brand extension is defined as the use of an existing brand name for entry into a new product category (Aaker and Keller, 1990). In addition, brand equity increases willingness of consumers to pay premium prices, possibility of brand licensing, efficiency of marketing communication, willingness of stores (outlets) to collaborate and provide support, elasticity of consumers to price reductions, inelasticity of consumers to price increases, and reduces the company vulnerability to marketing activities of the competition and crises (Smith and Park, 1992; Yoo et al., 2000, among others). In general, brand equity represents a source of sustainable competitive advantage (Bharadwaj et al., 1993; Hoffman, 2000). In addition the relevant literature assesses the impact of brand equity on the stock market reactions (Lane and Jacobson, 1995; Simon and Sullivan, 1993).

2.2 Marketing Promotion Efforts

Promotion is concerned with any vehicle employed for getting people to know more about a product or service. Advertising, public relations, point-of-sale displays, and word-of-mouth promotion are all traditional ways for promoting a product. Promotion can also be seen as a way of closing the information gap between would-be sellers and would-be buyers. The choice of promotional strategy is dependent upon the budget, the type of product or service to be sold, and availability of said promotional vehicle.

Long-Term Effects from Marketing Promotion efforts are recognized as a potent tool for creating and managing brands, with in-store displays, feature advertising, and temporary price reductions key components of a traditional promotional mix (Blattberg and Neslin, 1990). In examining the effects from promotional efforts, scholars are increasingly pointing to the value of understanding their long-term impact (Srivastava and Fahey, 1998).

Consumers are purported to react differently to marketing efforts for a branded product in comparison with unbranded product (Keller, 1993). When a brand has stronger equity, consumers hold more favorable, powerful, and unique associations with the brand and has a more established familiarity with the brand (Keller, 1993). Because of the highly firm-specific, legally protected, and socially complex processes by which a brand is created and managed over time, a positional barrier is generated (Wernerfelt, 1984) that likely influences the effectiveness of its marketing promotions. Moreover, research indicates that these effects may be long-term, with marketing promotion garnering greater effects for familiar brands (Alba, Hutchinson, and Lynch, 1991) and higher-price, high quality brands (Blattberg and Wisniewski, 1989). In addition, exposure to high-equity brands through visual means, such as displays or feature advertisements, may enhance a brand's competitive advantage (Alba, Hutchinson, and Lynch, 1991).

Kotler (2003) Companies must balance their communication expenditures among the following communication vehicles; advertising, public relations, trade and sales promotions, consumer promotions; direct marketing even marketing and internal employee communications. Companies are increasingly moving their brand building budgets to public relations, direct marketing, event marketing and employee training.

Although print and broadcast advertising have played a large role in building strong brands, other forces are now playing an increasing role. Customers come to know a brand through a range of contacts and touch points: personal observation, use, word of mouth, meeting company personnel, telephone experience, seeing the web page, receiving invoices and so on. Any of these experiences can be positive or negative, the company must put in as much quality in managing these experienced as it does in producing ads.

A brand campaign will create name recognition, brand knowledge maybe even some brand preference but an ad campaign does not create brand bonding no matter how much the company spends on advertising and publicity. Brand bonding occurs when customers experience the company delivery on its benefit promise. The fact is that brands are not build by advertising but by the end experience. All of customers' contacts with company employees and company communications must be positive. The brand idea will not take unless everyone in the company lives the brand.

Companies engage in Corporate Social Responsibility initiatives to support the communities around them as KCB Chairman in the half year press briefing said, KCB will continue to support communities in the various markets in which the Bank operates through the KCB Foundation in order to empower and improve the quality of their lives. Investment in community development initiatives in the areas of health, education, environment, entrepreneurship and welfare position KCB as a proactive partner for the communities and will continue to be a part of KCB business strategy into the future.

2.3 Value of Brand Equity to the Customer

Value of brand to customers also known as consumer-based brand equity (CBBE) usually falls into two groups (Yoo, 2001): consumer perception (brand awareness, brand associations, perceived quality) and consumer behavior (brand loyalty, willingness to pay a high price). The key sources of brand equity suggested by (Aaker, 1991) incorporate both perceptual and behavioral dimensions, whereas (Lassar et al, 1995) strictly distinguish the perceptual dimension from the behavioral dimension so that behavior is a consequence of brand equity rather than brand equity itself. Other writers (Srivastava and Shocker; 1991, Feldwick, 1996) view customer-based brand equity from brand strength (the strength of consumer commitment to a particular brand – behavioristic approach) and brand description (associations and beliefs consumers have about particular brands – cognitive approach). From different writers views, customer based brand Equity is the summation of brand knowledge, brand awareness, perceived quality, brand attributes and associations and price premium resulting from brand loyalty, each of these factors and contribution to brand equity are discussed below;

2.3.1 Brand Knowledge

From CBBE model, brand knowledge is the key to creating brand equity, because it creates the differential effect that drives brand equity. What marketers need, then, is an insightful way to represent how brand knowledge exists in consumer memory. In particular brand knowledge can be characterized in terms of two components: brand awareness and brand image.

Brand awareness is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions (Rossiter, and Piercy, 1987). It is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category (Aaker, 1991; Keller, 1993). Brand awareness consists of brand recall and brand recognition. Brand awareness makes it easier for consumers to identify products with the well-known brand names (Sullivan, 1998).

Brand image can be defined as perceptions about a brand as reflected by the brand association held in consumer memory. A positive brand image is created by marketing programmes that link strong, favorable, and unique associations to the brand in memory. Therefore brand knowledge entails significant activities leading to brand loyalty and equity. In brief brand knowledge encompasses the consumer's ability relating to the awareness of the product, product features, where the product is available, company that makes the product, how the product is used and for what purpose and the specific and distinctive features of the product.

2.3.2 Perceived quality

Perceived quality is one of the key dimensions of brand equity, and among all brand associations has been shown to drive financial performance. Consumers are willing to pay the price premium for the product and services they perceive higher quality. A product has to live up to certain quality standards, which may or may not be tests of true quality (Aaker, 1996).

Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives (Zeithaml, 1988). Perceived quality is an intangible, overall feeling about a brand. However, it usually will be based on underlying dimensions which include characteristics of the products to which the brand is attached such as reliability and performance. Perceived quality is a major determinant of brand strength. Quality helps increase market share, which results in lower unit costs through scale economies. So it provides a competitive edge over the rivals in securing potential market area by inspiring the customers.

2.3.3 Brand Associations

Aaker (1998) purported that brand equity is supported in great part by associations that customers make with a brand; these include product attributes, a celebrity spokesman, or a particular symbol. Brand associations are driven by the brand identity that the organisation wants the brand to stand for in the customers mind. Keller (2003) argues that the first step in building strong brand equity is to ensure the correct brand identity.

To create brand equity, it is important that the brand have some strong, favourable and unique brand association. Creating strong, favourable and unique associations is a real challenge to marketers, but essential in terms of building customer-based brand equity. The favourable brand associations are created by convincing consumers that the brand possesses relevant attributes and benefits that satisfy their needs and wants such that they form positive overall brand judgments. Basically brand associations can be classified into three major categories; attributes, benefits and attitudes. Attributes are those descriptive features that characterize a product or service. Attributes are further sub divided into product related and non-product related. Benefits are the personal value consumers attach to the product or service attributes can be further distinguished into three categories i.e. functional benefits, experimental benefits and symbolic benefits. Brand attitudes are consumers overall evaluations of a brand, which is most important one because it is directly associated with the consumers buying behaviour.

2.3.4 Brand loyalty

Brand loyalty, a long central construct in marketing, is a measure of the consumer attachment to the brand. If the customer continue to purchase one particular brand even in the face of competitors with superior features, price and convenience there is brand loyalty. It reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. It is one indicator of brand equity which is demonstrably linked to future profits. Brand loyalty is qualitatively different from the other major dimensions of brand equity in that it is tied more closely to the use of experience. Brand loyalty cannot exist without prior purchase and use experience. It is a basis of brand equity that is created by many factors, chief among them being the use experience. Aaker (1991) defines loyalty as "the attachment that a customer has to a brand" and consider it to be a primary dimension of brand equity. In contrast, Keller (1993) views loyalty as a consequence of brand equity, for instance when favorable attributes results in repeated purchase. Yoo and Donthfu (2001) define brand loyalty from the attitudinal perspective as "the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice.

2.3.5 Price Premium

A basic indicator of loyalty is the amount a customer will pay for the brand in comparison with other brand offering similar or fewer benefits. The price premium may be the best single measure of brand equity because it directly captures the loyalty of customers in the most relevant way (Aaker, 1996).

The value of the brand is therefore the discounted future sales premium. The major advantage is that it is transparent and easy to understand. The relationship between brand equity and price is easily explained. The disadvantages are where a branded product does not command a price premium; the benefit arises on the cost and market share dimensions (Aaker, 1991)

2.3.6 Managing brand equity

According to Aaker (1996) a brand needs to be carefully managed so that its equity does not depreciate. This requires maintaining or improving brand awareness, perceived quality, functionality, and positive associations. These tasks require continuous R&D investment, skilful advertising and excellent trade and customer service. Proctor & Gamble believes that well managed brands are not subject to a brand life cycle. Many brand leaders of 70 years are still today's brand leaders: Kodak, Wingley's Gillette, and Coca cola, KCB and so on.

2.4.0 Value of Brand Equity to the Firm

Brand equity is understood to mean the incremental cash flow that accrues to the company as a result of owning a brand. To meet the requirements of finance, brand equity has to be defined in terms of behavior that will create current and future cash flow.

Brand valuation development in the 1980s was stimulated by a spate of mergers and takeovers, the object of which was to acquire brand-owning companies (Farquhar, Han & Ijiri, 1991). Companies made these acquisitions because they wanted the cash flows these established assets would generate at a cost less than creating new brands themselves. At a rate of failure of three out of four new product introductions (Aaker, 1991), the Net Present Value associated with buying an existing portfolio of brand leaders with loyal customers, distribution, and legally protected trademarks was and remains an attractive proposition. What distinguished these acquisitions was the high multiple of price paid to book value. The difference between price paid and Net Asset Value (NAV) has been described by accountants as goodwill.

In July 1990, the man who bought the Adidas Company summarized his reasons in one sentence: after coca cola and Marlboro, Adidas was best known brand in the world. Kapferer (2004) noted, brand value justifying prices paid in mergers and acquisitions on a scale of 8 to 10 times the earnings of the bought company was not appearing nowhere in the companies balance sheets.

Financial practitioners view brands as intangible assets that are frequently bought and sold. Brand value from this perspective is the price the brand brings or could bring in the financial marketplace. Research scholars assessing a brand's value from the financial-based perspective have used such variables as the stock price, economic value added, value in a sale, or unexplained market value (Randall, Ulrich, and Reibstein, 1998).

Financial perspective treatment of brands has traditionally stemmed from recognition of brands on the balance sheet (Barwise et.al, 1989, Oldroyd, 1998), which presents problems to the accounting profession due to the uncertainty of dealing with the future nature of the benefits associated with brands, and hence the reliability of the information presented. Tollington (1989) has debated the distinction between goodwill and intangible brand assets. Further studies investigated the impact on the stock price of customer perceptions of perceived quality, a component of brand equity (Aaker and Jacobson, 1994) and on the linkage between shareholder value and the financial value of a company's brands (Kerin and Sethuraman, 1998).

Simon and Sullivan (1993) developed a technique for measuring brand equity, based on the financial market estimates of profits attributable to brands. The co-dependency of the marketing and accounting professions in providing joint assessments of the valuation of brands has been recognized by Cravens and Guilding (1999) and provides useful alternatives to the traditional marketing perspectives of brands (Aaker, 1991; Kapferer, 1997; Keller, 1998; Aaker & Joachimsthaler, 2000).

2.4.1 Brand as an Identifiable Asset

According to standard accounting practices, an asset can only be entered in the accounts if it can be identified and clear future economic benefits can be attributed to it. Under current International accounting standards (IAS), an asset is deemed to be identifiable if we hold rights over it: in other words if these rights can be protected. Logically therefore according to this concept the company can exercise no legal rights over market share or a client base. From IAS 38 intangible assets can be recorded if; the recorder controls, holds the aforementioned legal rights; It is transferable (separable); and is the source of specific future revenue extending beyond the yearly accounting period.

Kapfer (2004) notes that other countries such as France; market share can be activated and posted in the balance sheet. Although UK accounting profession is not opposed to the recognition of brand assets on the balance sheet (ASB, 1997) they are subject to criteria which, paradoxically, relate to the reliability of measurement rather than recognition: brand assets extracted from a purchased goodwill asset are recorded at a fair value which does not exceed the amount paid for purchased goodwill and internally created brand assets may be capitalized provided there is a readily ascertainable market value.

Intangible assets, therefore, provide potential competitive advantage, but as assets they clearly demand expert management and communication. Management's ability to deliver its strategy is highly reliant on its customer relationships, brands and performance of key employees all of which are typical intangible assets for accounting purposes.

2.4.2 Financial Brand Equity Measurement:

When one company is bought by another there is often a huge difference between the book value of the company assets and the price paid, especially if there are strong brands, the positive forecasts of growth difference is called goodwill (Kapferer, 2004). In modern accounting systems and norms, goodwill must be allocated to the specific items that have created it. Brands are one of these, as well as patents, know-how and databases. So far, all over the world, the principle of prudence has led national and international accounting norms and standards to forbid the posting in the balance sheet of internally grown brands. According to Hart and Murphy (1998) it is possible to propose brand valuations, but as long as brands have not been bought or sold, there is too much doubt about the validity of these estimates which creates a gap in the reporting of these intangible assets.

Whereas the consumer-based method of measuring brand equity is based on the feedback of consumers, the financial-based brand equity methods are more focused on valuating brand equity upon financial performance. This methodology involves highlighting key financial measures and factoring these results into a formula for evaluating brands. Winters (1991) provides three methods accountants use when determining the value of a brand as: (1) Cost approach – amount of money required to replace a brand, including the costs of product development, test marketing, advertising, etc. (2) Market approach – present value of the future economic benefits to be derived by the owner of a property and (3) Income approach – net income derived from the brand divided by the risks associated with the brand achieving the prospective earnings. The approaches (cost, market and economic) used to measure the value of brand to the firm are explained here below.

2.4.2.1 Cost-based approaches

Cost-based approaches consider the costs associated with creating the brand or replacing the brand, including research and development of the product concept, market testing, promotion, and product improvement. The accumulated cost approach will determine the value of the brand as the sum of accumulated costs expended on the brand to date. This method is the easiest to use as all the data should be readily available (Aaker, 1991; Keller, 1998).

The formulae used here takes into account all the investments in brand building over a period of six years from 2004 when brand revitalization started. The cost was calculated by adding the costs from past income statements in such a way that Total cost = Development cost + Marketing costs + Advertising + Communication costs.

2.4.2.2 Market-based approaches

Market-based approaches are based on the amount for which a brand can be sold. The open market valuation is the highest value that a "willing buyer and willing seller" is prepared to pay for the asset. This would exclude a strategic buyer who may have other objectives (Reilly and Schweihs, 1999). This valuation basis should be used when one wishes to sell the brand.

Barwise et al. (1989) suggest that the market value of an asset should reflect the possible alternative uses; the value of future options as well as its value in existing activities; and realism rather than conservatism. Modern financial theory states that one should sell off assets if the value that a buyer is willing to pay exceeds the discounted benefits of the brand (Brealey and Meyers, 1991).

2.4.2.3 Net Book Value

Net book value also referred to as book value is the total firm value of all of a company's outstanding assets less liabilities. This is the most widely used method for measuring the value of the firm. The formula is expressed as NAV = Value of assets - Liabilities "book value".

2.4.2.4 Market Capitalization

Market capitalization is the total market value of all of a company's outstanding shares, calculated by multiplying a company's outstanding shares by the current market price of one share. The investment community uses this figure to determine a company's size as opposed to sales or total asset figures. The relationship here is expressed as Market Capitalization = Number of shares Issued * market price per share.

2.4.2.5 Market Value Added (MVA)

Market Value Added shows the difference between the market value of a company and the capital contributed by investors (both bondholders and shareholders). In other words, it is the sum of all capital claims held against the company plus the market value of debt and equity. This is calculated as MVA = Company's Market Value – Invested Capital.

2.4.2.6 Economic Use Approach

Economic use approaches, also referred to as "in-use" or income-based approaches, consider the valuation of future net earnings directly attributable to the brand to determine the value of the brand in its current use (Keller, 1998; Reilly and Schweihs, 1999; Cravens and Guilding, 1999).

This basis is often appropriate when valuing an asset that is unlikely to be sold as a flanking brand that is being used for strategic reasons. This method reflects the future potential of a brand that the owner currently enjoys. This value is useful when compared to the open market valuation as the owner can determine the benefit foregone by pursuing the current course of action.

2.4.2.7 Economic Value Added (EVA)

Economic Value Added is a measure of a company's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit adjusted for taxes on a cash basis (also referred to as "economic profit".) The formula for calculating EVA is expresses as EVA = Net Operating Profit after Taxes (NOPAT) - (Capital * Cost of Capital)

The chapter has reviewed the literature on the influence of marketing promotion on brand equity from customer's and firm's perspective using a conceptual framework. The conceptual framework which depicts relationships between marketing promotion effort, consumer responses and brand equity has guided the review. The following chapter discusses the research methodology that was used to study the pertinent relationships.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the research design, sample design, data collection method and data analysis techniques that were used to conduct the study.

3.1 Research Design

The research design for this study is a descriptive one. A descriptive research is a conclusive research that aims to describe phenomena associated with a subject population or to estimate proportions of population that have certain characteristics. According to Cooper and Schindler (2003) such studies provide answers to the questions of who, what, how, why and where of given subject. A case study of Kenya Commercial Bank was used to collect the relevant data.

3.2 Data Collection

The data was collected using two sets of questionnaires from KCB retail customers and Bank managers. Primary data was gathered by use of Likert five scale questions and interviews. Questionnaires were self administered to the customers while interviews and observation were used on the managers.

The first questionnaire targeting Kenya Commercial Bank retail customers was administered to 60 respondents on the Banking halls, ATM points and others sent out through communication champions to collect data from customers in branches out of Nairobi. This questionnaire was aimed at investigating the impact of marketing promotion on knowledge, attitudes, and customer's behavior towards KCB brand.

The second questionnaire targeting KCB managers was administered to 30 respondents representing 2% of KCB managers. The branch managers were selected on a simple random and discriminatory basis for marketing, public affairs and finance managers. Some questionnaires were self administered, others sent via email while others were supervised and integrated with interviews to get the insight on the subject from the marketing and finance managers.

Other sources of secondary data were obtained from the Kenya Commercial Bank's published accounts, internal management reports, journals, circulars, company website and the library.

3.3 Data analysis

Data was first edited to identify and eliminate any errors made by the respondents, then coding was done to translate responses in various categories. Data was analyzed with the aid of a computer software program (SPSS) where descriptive statistics such as percentages, frequencies and tables were used to more succinctly present the data.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

This chapter presents the results of the study and analysis of the data collected from the respondents. Data is analyzed and evaluated according to research objectives. The data was analyzed using descriptive statistics such as mean scores, percentages and standard deviations. The data was presented in tables, charts and graphs where necessary

4.1 Sample characteristics

The study covered a sample of 50 Kenya Commercial Bank customers drawn from different regions. Out of 60 questionnaires sent out to customers 50 (83.3 percent) were filled and returned which was considered sufficient for the study.

The respondents sampled were distributed in different regions with Nairobi having majority (60 percent) of the sample while the other regions in Kenya shared (30 percent) the subsidiaries were represented by the remaining 10 percent with Rwanda having 4 respondents and Tanzania 1 respondent as tabulated in Table 4.2.1 below.

Table 4.2.1: Respondents Distribution

Region	**Frequency**	**Percent (%)**
Nairobi	30	60
Central	3	6
Coast	3	6
Eastern	4	8
North	1	2
Rift valley	2	4
Western	2	4
Rwanda	4	8
Tanzania	1	2
Total	**50**	**100**

Period the respondents had banked with KCB

The researcher required the respondents to indicate the periods they had banked with KCB in the ranges of five years shown in Table 4.2.2.

Table 4.2.2: Customers banking period

Period the customers have banked with KCB	Frequency	Percent (%)
4 years or less	22	44
5 – 10 years	19	38
11 – 15 years	4	8
16 + years	5	10
Total	**50**	**100**

Most of the respondents (82 percent) had been with the Bank for less than eleven years. That is, only 18 percent of the respondents had banked with KCB for more than eleven years.

Communication Mode That Made Customers Aware Of KCB

The research findings indicated that about 30 percent of the respondent first heard about KCB from the radio, 14 percent from Television advertisement, 26 percent from friend recommendation, and 18 percent from family as per Table 4.2.3 below.

Table 4.2.3: communication mode that made Customers aware of KCB

Where the customers heard of KCB first	Frequency	Percent (%)
Radio advertisement	15	30
Television advertisement	7	14
Friend recommendation	13	26
Family recommendation	9	18
Bill boards	3	6
Sales people	3	6
Total	**50**	**100**

The respondent's distribution among different modes of communication indicated 44 percent of respondents heard about KCB from family and friends while 44 percent were reached through radio and Television. This could imply both word of mouth and Radio and TV advertisements has created equal (44 percent) brand awareness.

The implication of the relationship between marketing promotion and brand equity is that existing customers should be satisfied with KCB services and product in order to recommend the Bank to others.

How the Customers Opened Account's with KCB

The results in Table 4.2.4 below indicate that 40 percent of the respondent opened accounts with KCB through employers request mostly as the salary clearing bank or through loan negotiations, 30 percent own initiative, 18 percent were introduced to KCB by friends while family and others accounted for merely 12 percent of the respondent customers.

Table 4.2.4: Customers Contact with KCB

How the customers opened account's with KCB	Frequency	Percent %
Own initiative	15	30
Friend recommendation	9	18
Family recommendation	3	6
Employer request	20	40
Other	3	6
Total	**50**	**100**

4.1.1 Brand Knowledge

The researcher required the respondents to indicate the extent they agreed with the statements regarding brand knowledge in the table 4.2.5. The researcher then used percentages, mean scores and perception index to present the findings for easy interpretation in Table 4.2.5.

Table 4.2.5: Brand Knowledge

Statement	**Strongly agree**	**Agree**	**Indifferent**	**disagree**	**Strongly disagree**	**Total (%)**	**Perceptio Index (%)**
Advertising campaigns for KCB are frequent	26	60	8	4	2	100	**80**
I can differentiate KCB ads from those of competitors	34	48	10	8	0	100	**74**
When I think of a bank I think KCB.	26	60	8	4	2	100	[illegible]
Mean in (%)	**28.7**	**56**	**8.7**	**5.3**	**1.3**	**100**	**[illegible]**

Using the perception index KCB enjoys high brand knowledge of 78 percent from the existing customers. With a mean of 84 percent agreeing to the statements on brand knowledge it was clear that advertising campaigns are frequent and the respondent had been frequently exposed to KCB advertisement both having a high score of 80 percent.

According to Aaker (1996) customers respond positively to familiar brands, if this was to apply in this case this knowledge could translate to sales and new customer acquisition. The respondents also agreed that they could differentiate KCB adverts from competitor and when they think of a bank KCB was top of the mind. This was a positive feedback from respondent where KCB's consumers' can confirm exposure to the brand when given the brand as a cue.

4.1.2 Brand Associations

Brand associations making up the brand image may be reinforcing, helping to strengthen or increase the favorability of other brand associations, or may be unique, helping to add distinctiveness or offset some potential deficiencies. The following statements in table 4.2.6 were used to measure customers brand association.

Table 4.2.6: Brand Associations

Statement	**Strongly agree**	**agree**	**Indifferent**	**disagree**	**Strongly disagree**	**Total (%)**	**Perception Index (%)**
I recommend KCB products and services to others	26	54	14	6	0	100	**74**
KCB anticipates customer needs and requirements	0	46	40	12	2	100	**32**
I am happy with the way KCB treats me	2	54	40	4	0	100	**52**
KCB staff are kind, warm and welcoming.	8	50	28	12	2	100	**44**
Mean in (%)	**9**	**51**	**30.5**	**8.5**	**1**	**100**	**50.5**

The results from Table 4.2.6 indicate an equal feeling towards KCB brand association with a brand association perception index of 50.5. The respondents who agreed to have recommended the bank to others (80 percent) suggested that the bank needed to improve on a products portfolio and service delivery.

The respondents also had suggestions on product that competitors offered and KCB did not. The researcher established that the products mentioned were available and the customers were not aware of their existence either because the products had not been promoted well or were new in the market for example foundation account offered by Housing Finance Corporation of Kenya (HFCK).

The respondents (44 percent) who didn't feel strongly about how the bank treated them cited various reasons among others the main issues related to slow service, incorrect account balances, service charges and ATM down time.

The researcher also wanted to find out how the respondents felt about the bank's personality tested by caring attitude of the employees. The perception index indicates that only 44 percent felt that KCB staffs are kind, warm and welcoming. This implies that the banks might need to do more on this area as one cannot separate the person with the service. Those who disagreed cited incidences when they felt un appreciated as bank customers. This shows the customer's attitudes towards the bank and staff personality staffs are important in delivering excellent services from the observation the bank might need to spend more on training its staff about customer service.

4.1.3 Perceived Quality

The respondents expressed their opinions on Perceived quality on the banks products and services as a brand equity creator and the following were recorded in Table 4.2.7 below.

Table 4.2.7: Perceived Quality

Statements	**Strongly agree**	**agree**	**Indifferent**	**disagree**	**Strongly disagree**	**Total (%)**	**Perception Index (%)**
KCB fully satisfy my product needs	12	44	32	10	2	100	44
KCB care about my opinions	0	34	42	18	6	100	10
I am satisfied with services offered by the bank	6	44	40	10	0	100	40
I am delighted with banking experience at KCB	8	50	6	30	6	100	22
Mean in (%)	**6.5**	**43**	**30**	**17**	**3.5**	**100**	**29**

From the findings this had the lowest perception index with only 29 percent. The respondents' views on KCB fully satisfy product needs differed slightly where percentage (56) of those who agree and those who were indifferent or disagreed (44) differed with a small margin. The results shows that customers are either not aware of all the products offered by the bank or are not marketed well.

The results show that the respondents believe that KCB does not care about the customers' opinions. A perception index of 10 percent should flag this as an area that requires more resources.

An overall score of 29 percent could mean that the bank is not tailor making the products to match its customer's needs. The delivery of services also needs to be given the weight and the staff to be trained on how to delight the customers and cross sell the banks products.

4.1.4 Customer Loyalty

Customer loyalty focuses on the ultimate relationship and level of identification that the customer has with the brand. The following KCB customer loyalty results were recorded in Table 4.2.8 below.

Table 4.2.8: Customer Loyalty

Statement	Strongly agree	agree	Indifferent
I will always bank with KCB	20	34	30
I want to be with KCB	32	42	22
I would go out my way to use KCB service.	28	24	40
Mean in (%)	**26.7**	**33.3**	**30.7**

The findings indicate a perception index of 50.7 percent on brand loyalty. Only 38 percent of the respondents who said they will always bank with KCB, this index should raise a flag and efforts should be put to enhance this group loyalty. Others indicated that they will either not be banking with KCB for long or are already banking with competitors.

The customers expressed their attitude towards the brand KCB where majority of (72 percent) respondent agree they want to be with KCB. Creating band loyalty requires deeper attitudinal attachment, which can be generated by developing marketing, products and services that fully satisfy consumer needs.

The findings indicate that majority (52 percent) would go out of their way to use KCB services while 40 percent were indifferent, only 8 percent would not endure inconvenience to use the services. There were various reasons why majority would go out of the way to use KCB services, some reasons were not brand loyalty related. For instance where a customer has been forced to open a salary clearing account they must endure the inconvenience to make a withdrawal as a matter of necessity.

Findings from respondents in the study of customer attitudes places KCB at high perception index on brand knowledge rating 78 percent, brand association index 51 percent, customer brand loyalty index 51 percent. However customers perceived quality index (29 percent) was low, this should be an area of interest to the management in order to raise this score.

4.2 Respondent Managers' characteristics

The study surveyed a sample of 30 employees representing 2 percent of Kenya Commercial Bank managers drawn from different departments. From the Table 4.3.1 the sample comprised 13 branch managers, 4 marketing managers, 2 public affairs managers, 3 finance managers' 1 KCB Foundation manager and 7 subsidiaries managers.

Table 4.3.1: KCB Managers departments

Function area	Frequency	Percent (%)
Branch in Kenya	13	43
Marketing department	4	13
Finance department	3	10
Public affairs	2	7
KCB Foundation	1	3
Branch in Subsidiary	7	24
Total	**30**	**100**

The survey was aimed at testing the value derived from brand equity created using various marketing promotion strategies. The following findings in Table 4.3.2 were recorded in percentages.

Table 4.3.2: KCB managers' perceptions on influence of marketing promotion on brand equity

Statements	Yes	No	Not sure	Total (%)	Perception Index (%)
Does the bank have a marketing promotion strategy?	100	0	0	100	100
Do you believe the marketing promotion efforts have created brand knowledge to the target customer?	87	13	0	100	74
For the last five years, the bank have been aggressive in brand creation, do you think the improved profits is a result of these efforts?	83	13	4	100	70
Are the customers responding to the brand loyalty program KCB Biashara club started early last year?	80	13	7	100	67
Do you think sponsorships like safari rally contributes to the brand awareness?	73	27	0	100	46
Do you believe bank participation in CSR has an effect in brand equity?	80	20	0	100	60
Do you belief marketing promotion is an important tool of enforcing brand equity?	94	3	3	100	91
Does KCB report brand value in the management or financial accounts?	33	60	7	100	-2
Do you believe this value should be reflected in the balance sheet?	77	13	10	100	64
Mean in (%)	**78.5**	**18**	**3.5**	**100**	**60.5**

Table 4.3.2 presents the responses of the respondent regarding the relationship between marketing promotion and brand equity from the firm's perspective. An average perception index of 61 percent was recorded.

All the respondents (100 percent) agreed that there was a well laid out marketing promotion strategy executed using different channels. Examples include advertising in the media through corporate news where business weekly a KTN program was mentioned, sales promotion an example of "shinda acre na KCB" was cited as an example of a marketing promotion carried out to mobilize deposits, sponsorship where athletics Kenya sponsorship was given as an illustration, event marketing, public relations and outdoor advertising were mentioned among others.

The results indicated that marketing promotion efforts have created brand knowledge to the target customer with 86 percent yes. Those who responded negatively were of the opinion that the bank advertisements on the Television using black and white were old fashion while the bank was trying to target the young generation.

The findings about last five years aggressive brand creation relationship with improved profits were majority of 83 percent agree that branding efforts have led to increased profits. Some respondents were not sure either because this numbers are not available to them or cannot relate the two.

The results to how the customers were responding to (Biashara club) brand loyalty program started early last year were overwhelming 80 percent positive. However the loyalty club benefits had not reached some areas for example Rwanda the youngest KCB subsidiary the respondents were optimistic that the club will enhance brand loyalty in the long run.

The responses on how the sponsorships like safari rally had contributed to the brand awareness were; while majority (73 percent) agrees that sponsorships create brand awareness 27 percent disagree with the statement. However some managers felt despite the sponsorships creating brand publicity and new customer recruitment by sales people on the ground during the events most of those accounts remain inactive and eventually are closed after some time.

The findings on the relationship between the Bank participation in CSR and brand equity were; 80 percent agreed that caring for the community creates brand equity. This implies that community initiatives were giving the bank the much needed reputation hopefully they will translate to profits in future where the bank worn an award of being a responsible corporate in 2008.

The findings were marketing promotion is an important tool of enforcing brand equity; there was a 93 percent agree that promotion is an important tool to enforce brand equity through creation, enhancing and building brand loyalty. The respondent observed that the only way to get customers to know what the bank is offering was though communication. Various communications channels used were manly Television to broadcast KCB business news corporate news and any new products launching, newspapers and bill boards.

There was a negative response (70 percent) on whether KCB reports brand value in the management or financial accounts. Those who agreed either did not understand the question or had no idea what brand equity means in financial terms. As to whether the value should be reflected in the balance sheet majority of 77 percent feel that this value should be reflected in the financial statements. The respondents that felt strongly about this value inclusion in the balance sheet were the marketers arguing that the expenditure on marketing promotion was too high to be ignored see appendices 3.

The research findings indicated that the bank had a clear marketing strategy and budgets. However it was still not clear how these values contributed to brand equity citing reasons of measurability and validity of the values. The respondents also gave suggestions on how the bank could ensure that marketing promotion was effective and resulted to the much needed brand loyalty. Other comments were ranging from ideas to better communicate to KCB customers, improve customer service and various methods that could be used to report brand value.

CHAPTER FIVE: SUMMARY, DISCUSSIONS AND RECOMMENDATIONS

5.1 Summary

The study intended to find out the influence of marketing promotion on customer attitudes and brand equity in KCB. From the analysis and data collected thc following discussions, conclusions and recommendations were made. The analysis was based on the objectives of the study. The study revealed that the majority of respondents (60 percent) were from Nairobi branches. The majority of these respondents had banked with KCB for less than ten years which was a clear indication that they were well versed with the banks changes from the loss making to the current market leader in the banking industry. It was also observed that most of respondents were introduced to the bank or opened the accounts through employer's recommendation (40 percent).

5.1.1 Marketing Promotion and Consumer Attitudes

Marketing promotional efforts are achieved through various channels of communication mainly Television, radio advertisement, Bill boards among others. It was observed that a huge number of customers learn about KCB bank from the employer, family and friends.

It is important to monitor the communication media to certify that various ads are run as organized for with the media houses.

It was found that community marketing (CSR) drives the banks awareness and visibility with other events like safari rally and golf for corporate clients; this should probably be allocated a higher budget.

From the findings the main challenge for the bank manager is to offer a wide rage of products offered by competitors and know the right communication channel to create the product/service awareness to the target market.

5.1.2 Customer Attitudes and Brand Equity

Marketing promotion creates perceptions which in turn create customer attitudes. The customer attitudes variables covered in this study were brand knowledge, Brand association; perceived quality and customer loyalty. The findings revealed that customers must acquire knowledge for them to develop an attitude which may either lead to trial or seek further information from different sources. When the customer tries the product they may either become loyal, move to competitor or stay depending on the exit costs. The bank had developed loyalty club (Biashara club and developers) for business people and property to enhance the loyalty behavior and in turn create brand equity.

Kenya commercial bank has various brand equity creation initiatives although not well developed are yielding returns for example the contact centre launched in August is a way to ensure customer queries are handled promptly by a dedicated team. There were various reasons why majority would go out of the way to use KCB services, some reasons were not brand loyalty related. For instance where a customer has been forced to open a salary clearing account they must endure the inconvenience to make a withdrawal as a matter of necessity.

5.1.3 Marketing promotion and Brand Equity

Kenya commercial bank had a marketing promotion strategy and had embraced branding concept. The bank had put in place various mechanisms to enforce brand equity and communicate to its existing and prospective clients. Customer brand equity is created by communicating using different channels and training the personal bankers on how to impact on customers positively.

The firm's improved performance in profits and market share price in appendices 3 and 4 was a result of increased confidence in the bank. The banks profits growth over the years and turnaround from loss making in year 2002 to six Billion in 2008 can be associated with brand equity this figure is not reported anywhere in the bank's books.

5.2 Recommendations

A good balance between different marketing communications tools needs to organized in order to reap the benefits in the long run.

Research should be carried out regularly to measure the customer attitudes on the banks brand equity as it has a relationship with the banks performance.

Brand equity is an important asset to the firm therefore KCB needs to invest in it for the long term benefit.

Use promotion efforts in supporting communication through CSR and PR to drive the banks brand, image and the development of an emotional connection with the client that is targeted and relevant to the market segments the bank serve supported by CSR approach that endears KCB brand to the community to create the necessary brand equity and convert potential customers into customers and retain existing customers.

Develop an internal brand campaign to first buy in the staff so they can live the brand and offer excellent customer service.

5.3 Suggestions for Further Study

Further research should be carried out on various brand valuation methods and the possibility of including these results in the financial statements. The future research should also be extended to other financial and non financial institutions.

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APPENDICES 1

Questionnaire for Customers

An investigation of marketing promotion effects on consumer attitudes and brand equity.

Please complete the questionnaire by putting a tick () in the box that closely match your personal view or by writing in the space provided.

Part 1

Please indicate the name of the branch that holds your account.

Branch Name............................Town/Area..

1) How long have you banked with KCB?

4 years or less ☐

5 – 10 years ☐

11 – 15 years ☐

16 + years ☐

2) Where did you first hear of KCB? Specify from the list...

(Advertisement i.e. radio, TV, from family or friends recommendation, bill boards, sales people)

3) How did you come to open an account with KCB? Specify from the list;................

(Own initiative, friend or family recommendation, employer request, other)

Part 2

Please indicate the extent to which you agree with the following statements by ticking on the box that closely matches your personal view (1 will mean strongly agree and 5 strongly disagree)

	Brand Knowledge	Strongly agree	agree	Indifferent	disagree	Strongly disagree
4	Advertising campaigns for KCB are frequent					
5	I can differentiate KCB ads from those of competitors					
6	When I think of a bank I think KCB.					
	Brand Associations					
7	I recommend KCB products and services to others					
8	KCB anticipates customer needs and requirements					
9	I am happy with the way KCB treats me					
10	KCB staff are kind, warm and welcoming.					
	Perceived quality					
11	KCB fully satisfy my product needs					
12	KCB care about my opinions					
13	I am satisfied with services offered by the bank					
14	I am delighted with banking experience at KCB					
	Customer satisfaction/loyalty					
15	I will always bank with KCB					
16	I want to be with KCB					
17	I would go out my way to use KCB service.					

18) Any other comments regarding KCB..

....

APPENDICES 2

Questionnaire for Bank Managers

An investigation of marketing promotion effects on brand equity

(Kindly tick in the box that closely matches your view on the statements)

Kindly indicate your department/Branch..

	Statements	Yes	No	Not sure
1	Does the bank have a marketing promotion strategy?			
2	Do you believe the marketing promotion efforts have created brand knowledge to the target customer?			
3	For the last five years, the bank have been aggressive in brand creation, do you think the improved profits is a result of these efforts?			
4	Are the customers responding to the brand loyalty program KCB Biashara club started early last year?			
5	Do you think sponsorships like safari rally contributes to the brand awareness?			
6	Do you believe bank participation in CSR has an effect in brand equity?			
7	Do you belief marketing promotion is an important tool of enforcing brand equity?			
8	Does KCB report brand value in the management or financial accounts?			
9	Do you believe this value should be reflected in the balance sheet?			

10) Any other comments regarding KCB brand equity and management..

....

APPENDICES 3

The last five years aggressive brand creation efforts has improved profits

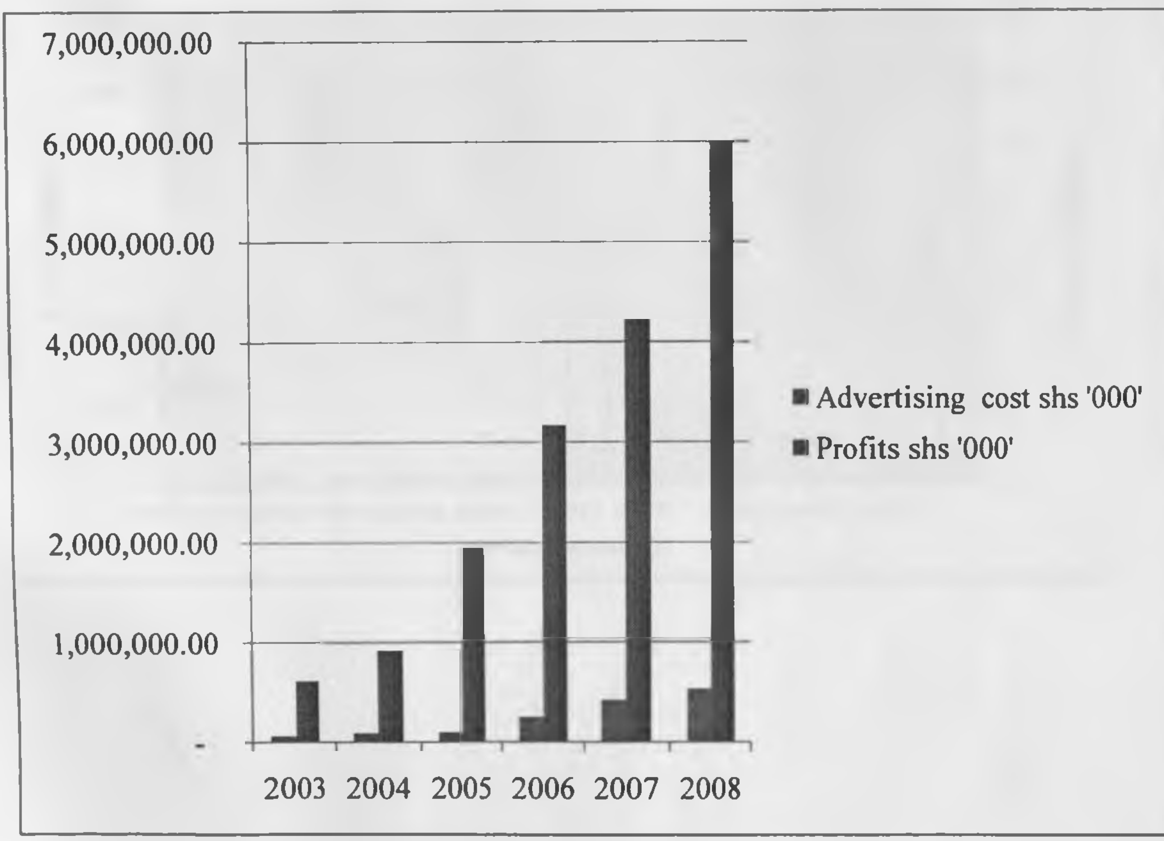
A majority of 83 percent agree that branding efforts have led to increased profits, while 13 percent disagree 3 percent are not sure either because this numbers are not available to them or cannot relate the two.

Table 2. Promotion Expenditures and profits before tax over the last six years.

Amounts KES '000'						
Year	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Promotion expenditures	60,000.00	93,000.00	97,000.00	251,000.00	425,000.00	535,000.0
Profits	612,441.00	920,198.00	1,947,608.00	3,166,753.00	4,225,982.00	6,012,862.

Source; KCB published accounts and internal accounts.

Figure 2. A graph of Advertising cost and profits before tax over the last six years.



Source; KCB published accounts and internal accounts.

The above graph shows that from 2003 profits and marketing promotion costs have increased in the same direction depicting a positive direct relationship. Increases in advertisement costs have seen the bank profits before tax rise from KES 613 Million in 2003 to 6.013 Billion in year 2008. However there could be other factors leading to increased profits, the management feels that brand efforts have given the bank more visibility and confidence in the stake holder's eyes thus brand equity cannot be ignored as key player in increasing this value.

APPENDICES 4

KCB Share Price Movement for the Last Six Years