

**FACTORS AFFECTING THE SUCCESS OF PRIVATE LABEL
BREAD BRANDS OF LARGE SUPERMARKETS IN NAIROBI,
KENYA**

By

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Masters in Business Administration, School of Business, University of
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DECLARATION

This research project is my original work and has never been presented in any other University or College for the award of degree or diploma or certificate

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This research project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

To my beloved wife Ndigwako, daughter Neema, father Charles, mother Mary, mother in law Subila, brothers, sisters and all my friends

ACKNOWLEDGEMENTS

Foremost to Almighty God for his greatness and without whom I would not have made it.

My appreciation goes to my family for their enormous support and encouragement which has been inspiring.

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ABSTRACT

This study investigated the factors that affected the success of private label bread brands in the large supermarkets in Nairobi. A census of the large supermarkets in Tier one and two according to Neven and Reardon (2004) was studied. The factors studied included perceived quality, perceived value, perceived price, perceived risk and perceived intention to purchase bread. The findings show that quality, value and price are significant factors that have led to success of private label bread brand in large supermarkets. This is significant in that supermarkets will be able to identify the key factors that are valued by consumers of bread and therefore be in a position to re-strategize how to expand their market share and remain competitive. This study recommends that in order to have successful bread brands supermarkets should ensure that they offer reasonable priced bread that is of high quality in terms of freshness, hygiene and packaging.

ABBREVIATIONS AND ACRONYMS

KFC: Kentucky Fried Chicken

S. D.: Standard Deviation

S/D: Strongly Disagree

D: Disagree

N: Neutral

A: Agree

S/A: Strongly Agree

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In order to meet consumer needs, the market has to identify and incorporate the values that are attractive to consumers into their product and marketing. Consumer awareness and sophistication is increasing in most areas of consumption. For certain commodities, the marketing actions of a brand may or may not influence the behaviour of buyers depending on the degree to which its actions are distinguishable from the actions of its competitors. A variety of other factors such as the quality and price of the product also influence the consumers' decision to purchase a certain brand.

Different brands of bread are sold by retailers in Nairobi. The brands that are sold by the retailers can be classified into national (manufacturer) brands and private label or store specific brands. Some brands are more successful than others. The project that is proposed for study aims to identify the factors that affect the success of private label bread brands.

1.1.1 The concept of private label brands

Healey (2008) defines brand as a promise of satisfaction. It is a sign, a metaphor operating as an unwritten contract between a manufacturer and a consumer, a seller and a buyer, a performer and an audience, an environment and those who inhabit it, an event and those who experience it. A brand resides primarily in the minds of customers, and is often synonymous with reputation, when consumers respond favourably to a brand it can be said to have brand equity (Granell, 2012). Consumers

view a brand as an important part of a product and, consequently, branding can add value to a product.

The private labels are defined as brands distributed by retailers which have the name of the retail store clearly labelled on the packaging of the product thus claiming ownership of the brand for the retailer. Private label brands are generally brands created for, controlled by, and/or sold to specific retailers (Narasimhan & Wilcox, 1998; Suthuraman & Cole, 1999). The private label brand is sold only at the outlets that have ownership of the brand. In contrast, a brand product sold by the manufacturer through several retailers is called a national¹ or manufacturer brand (Narasimhan & Wilcox, 1998).

According to Private Label Manufacturer Association (PLMA, 2012) private label brand products encompass all merchandise sold under a retail store's private label. That label can be the chain's own name or a brand name created exclusively by the retailer for their stores.

1.1.2 The concept of Success

Private label brands are typically more multi-sensory in nature than manufacturer brands and can depend on rich customer experiences to influence brand equity. Retailers can make their brand images in diverse ways namely; their product assortment and merchandise, layout and service quality. These factors are antecedents of store image (Ural, 2008).

According to Superbrands East Africa, Supa Loaf is a major brand of bread produced by Mini Bakeries and although it has a 55% market share in Nairobi on a national scale its market share is only 35%. Supa Loaf was introduced in Nairobi's market in

¹ It is noted that some commodities such as bread are more of regional rather than national brands due to the fact that they are marketed regionally rather than nationally.

1985. Broadways Bakery (manufacturer of Broadways bread) is a major manufacturer and distributor of bread and other baked goods in the Nairobi and Central Kenya Region and was established in 1958. Other brands include Elliot's, Kenblest, Ennsvalley, Festive, Tamutamu, Kingsmill, Natures gold and Tosti in the Nairobi region.

Reasons for success of Supa Loaf, the major bread producer, (as summarised by Superbrands) include the following factors. First is advertising where Supa Loaf was the first bakery to have advertise on its own vehicles (it had branded vehicles), on bus shelters and on billboards. Additionally, it was the first manufacturing company to have a commercial advert in the electronic media. The other factor is decentralisation where it established manufacturing units in several of the major cities in Kenya. Lastly complimentary promotions where Supa Loaf partnered with Unilever Kenya to package it's bread with margarine as the "Supa Bandika Combo".

1.1.3 Supermarkets in Kenya

Several of the major supermarket chains in Kenya have introduced private label brands of various products such as bread, milk, water and sugar. In some instances the products have been well received by consumers who prefer to purchase them over national brands.

Kenya's retail market was until recently dominated by two major chains Uchumi Supermarkets and Nakumatt Supermarkets. However, several chains have established themselves in the retails market since 2000 with Tuskys, Ukwala and Naivas supermarkets taking a significant portion of the retail industry (Kamau, 2006). The retail industry has grown rapidly with the number of outlets both in the major cities and upcountry increasing significantly (Kamau, 2006). This has led to competitive

pricing and a comprehensive product range including the introduction of private label brands. Therefore the market has experienced dynamic shifts in customer and brand loyalty.

Nakumatt Holdings limited is Kenya's largest retail chain. It has 30 supermarkets in Kenya, 2 in Rwanda, 3 in Uganda and 1 in Tanzania (Nakumatt, 2012). Nakumatt have an in-store bakery in some of its hyper stores. For this research, the active decision to purchase the bread baked in the store and packaged on purchase is considered a fulfilment of the definition of private label branded bread although the packaging does not clearly indicate the name of the store.

Tuskys Supermarkets is a family owned chain with 36 supermarkets spread all over the main urban centres in Kenya and 5 in Uganda. Tuskys has embarked on providing private label brands in the form of in-store bakeries, delis, butchery, whole milk dispensers, water dispensers and wide range of fresh fruits and vegetables (Tuskys, 2012).

According to the Uchumi website (Uchumi, 2012) Uchumi supermarkets were established in 1976 and went public in 1992. Currently operates 20 branches in Kenya, 4 in Uganda and 1 in Tanzania. Uchumi stores stock Uchumi bread in a variety of textures. In some stores there is also the choice of pre-packaged private label branded bread and freshly baked bread that is packaged on purchase from their in-store bakeries. Ukwala supermarkets are a family owned business that targets the middle and low-income consumers. Unlike the other supermarkets Ukwala does not have in-store bakery but it has its own private label branded bread on the shelf. Naivas supermarket is also family owned.

There exists relative ease of entry and exit into the bread market. This means that it is a low risk and financially appealing opportunity (Urban & Star, 1991). For example, most of the barriers to market entry as identified in Johnson, Scholes and Whittington (2008) and Porter (1980) including experience and economies of scale, expected retaliation, legislation or government action, product differentiation, switching costs, capital requirements and access to channels of supply and distribution are not significant obstacles to most large retailers. Correspondingly, the barriers to market exit including high redundancy costs and high investment costs with assets that are not easily transferable (Lappalainen, Kearney, & Gibney, 1998; Lindgreen, Hingley, & Vanhamme, 2009) are not significant in the bread industry. Consequently, several supermarkets in Kenya have ventured into the bread industry.

1.2 Research Problem

The success of a private label brand is dependent on meeting or appealing to the customers' expectations. Traditionally, there are several factors that affect the inclination of purchases of private label brands versus national brands. These include attitude and behaviours of consumer (Burger & Schott, 1972) perceived risk, familiarity with the brand, product importance or consumer need, perceived value for money, income and family size, frequency of consumption and frequency of shopping (Richardson, Jain, & Dick, 1996). In particular, in markets such as the United States of America, quality was the key to sustained growth of private label brands (PLMA, 2012).

Internationally research done on private label brands and factors that influence purchases include Batra and Sinha (2000), Dursun, Kabaday, Alan and Sezen (2011), Lichtenstein, Bloch and Black (1988). In Kenya Mwangi (2005) researched on factors affecting choice of milk private label brands by consumers in Nairobi. A study in

factors that lead to success of private label brand in Kenya is important because the potential impact of private label brands in the competitive market can lead to a shift in the balance of the proportion between manufactured brands and private label brands in the retail industry. Neven, Reardon, Chege and Wang (2006) researched on why consumers buy fresh food products that are available nationally only from certain retailers in Nairobi. Their study generally does not consider goods that are differentiable by brand as it deals primarily with fresh fruits and vegetables. No prior research on the factors that affect the success of private label branded bread has been done in Nairobi. Specifically, no research that analyses why consumers choose to purchase manufacturer branded bread as compared to private label branded bread at major retailers or choose to purchase manufacturer branded bread from a retail outlet other than a major supermarket has been done to date.

Bread is chosen because it is commonly available as private label brands and manufacturer brands. Also, since bread is purchased frequently a large body of data can be collected. A study on bread in the European Union found that consumers showed different degrees of bread acceptance in relation to the immaterial values attached to the product. It found that quality, freshness, price and taste were perceived as the strongest factors influencing bread choice. It is important to note that bread supply in Kenya is more regional than national. This motivates the study to concentrate on one region the Nairobi rather than the whole nation. The research intends to narrow the knowledge gap by seeking to answer the question: What are the factors that have led to the success of private label branded bread?

1.3 Research Objective

To determine factors affecting the success of private label bread brands in Nairobi.

1.4 Value of the Study

The findings of this study will enable the producers and distributors of manufacturer branded bread to know and understand the needs of the consumers of bread better. This will enable them to improve their products and strategies to protect their niche in the market. They will be able to re-strategize in order to remain competitive. Additionally, the results of this study will enable the producers and distributors of private label branded bread to gauge how well they are meeting the expectations of the consumers of bread. They will be able to identify the key factors that consumers of bread value and, therefore, strategize how to expand their market share.

The findings will serve as a basis for future studies into the growth of private label branded products in Kenya. The general public will understand the factors that motivate consumers to buy bread better and be able to make informed decision when purchasing bread.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers branding, advantages of branding, factors that influence the purchase of private label brands, evaluative criteria of bread and Kenyan supermarkets with private label brands and their performance

2.2 Branding Strategies

The ability to create, maintain, protect, and enhance brands of their products and services are the most outstanding skill of professional marketers. By definition a brand is a name, term, sign, symbol or a combination of these that can identify the producer or seller of a good or service (Kotler & Armstrong, 2001). The power of branding is so strong that hardly anything is unbranded in today's market.

Brand equity is the marketing and financial value associated with brand strength in a market (Pride & Ferrell, 2008). It can therefore be a measure of the success of a brand. The major elements that underlie brand equity include brand name awareness or recognition, brand loyalty, perceived brand quality or judgement and brand associations (Pride & Ferrell, 2008). According to Keller (2008) another definition of brand equity is "A brand has positive customer-based brand equity when consumers react more favourably to a product and the way it is marketed when the brand is identified than when it is not". This second definition is more applicable to the bread industry in Kenya. When a brand is widely known in the market, it does not require as much marketing effort to maintain the brand (Aaker, 2002).

According to Aaker (2002) brand identity represents what the brand stands for and implies a promise to customers from the organization and consists of twelve dimensions that are organized around four perspectives: brand as product, brand as organization, brand as person, and brand as symbol (see Figure 1). A comprehensive understanding of brand identity from the different perspectives is useful when brand managers seek to clarify, enrich and differentiate brand identity. Brand identity is used to establish the position of a brand in the market. The four perspectives of brand identity that Aaker (2002) distinguishes are:

Product related attributes are linked to consumer requirements and product experience. Therefore, they have an important influence on brand identity. A strong link to a product means that whenever the consumer requires a certain product the first thing that comes to mind is the brand name. Examples of instances where brand names are associated with products include Coke (used to refer to cola drinks) and Kleenex (used to refer to facial tissue) and Blue Band (used to refer to margarine). Aaker (2000) addressed six dimensions within this group (see Figure 1).

In the case of brand as an organization, brand managers focus on organization attributes rather than the product. Customer relations, innovation, perceived quality, visibility and presence are of interest. These contribute by adding value to projects and customer relationships. Instances where the brand is an organization include Safaricom. Aaker (2000) addressed two dimensions within this group.

Brand as a person is a perspective from which the brand is a human being. The brand personality is a key figure that can be used to differentiate a brand in a sector where there is little difference between brands by creating persona around the brand personality. The personality is a very distinctive brand element and extensively used

in many brand equity models. For example, energy drinks and sports companies often use outstanding athletes to add personality to their brands. Aaker (2000) addressed two dimensions within this group.

Brand as a symbol or as a strong visual image can encompass all aspects that represent the brand. A strong symbol that is recognizable, meaningful and trusted can take a dominating role in brand strategy. Examples of brands as symbols include McDonald's golden arches and KFC's Colonel Harland Sanders. Aaker (2000) addressed two dimensions/three types within this group. The balance of the four perspectives varies by customer segmentation, competitor composition and internal context and consequently the balance relies on strategic brand analyses (Aaker, 1996).

Brand identity comprises of brand names, brand slogans and brand logos or symbols. Brand name is a word or group of words a business uses to distinguish its products from that of competition. Brand names should be distinctive, stand out and memorable. Choosing a brand name is important since the brand name is a compact and economical way of communicating the central theme or key associations of a product. Essentially it can be considered to be a form of "shorthand" since it takes just a few seconds for a brand name to be noticed and its meaning activated in the memory of a consumer. This means that the brand name is very closely linked to the product. Therefore it is difficult for marketers to change brand names frequently and extensive research is usually done before a brand name is chosen (Keller, 2008).

Brand Symbol and Logos are visual brand elements that add to the value of a brand name in building brand equity. Historically, logos have been used to indicate origin, ownership and association of products. Logos are available in an array of forms ranging from those logos written in a distinct form such as corporate names,

trademarks, or corporate activities to those logos that are abstract like the Olympic rings and the Nike swoosh (Keller, 2008).

Logos have meanings and associations that can change the consumer's perceptions of a company. Brand names and symbols such as logos can acquire associations through their inherent meaning and any supporting marketing programs (Keller, 2002). The link between a brand name, a logo and a product in a consumer's memory provides a valuable tool for identifying products. According to Keller (2008) logos are versatile and can be updated over time. Further, logos transfer well from culture to culture and overcome the language barrier. Logos can easily be used for identification on cheque books, literature, signage, billboards and promotional merchandize.

According to Keller (2002) a slogan is a communicative or persuasive information about the brand. They are used to help the consumers understand what the brand is and why a brand is special. In a marketing program, slogans can be used as taglines to summarize the description or persuasion in advertising and on packaging. Slogans provide an additional shorthand tool for building brand equity (Keller, 2002). Some brand slogans incorporate the brand name and an association with a product or product category and thereby create brand awareness. Other brand slogans are used to reinforce brand positioning and emphasize on the desired point of difference (Keller, 2008).

2.3 Factors that affect the success of private label brands

Based on economic theory, a key feature of a market is differentiation of products. This is achieved by branding of the products to make them identifiable and distinguishable from each other. In a competitive industry, the manufacturers of a similar product achieve sales by appealing to the attributes which the consumers

perceive as important (Cooper & Nakanishi, 1998). Private label brands traditionally appeal to the perceived attribute of low price while national brands may appeal to the perceived attribute of high quality (Nenycz-Thiel & Romaniuk, 2012). Retailers can customize the products to suit consumers and optimize production to meet demand. Private label brands tend to be cheaper than national brands due to reduced incidental costs such as advertising costs.

From Ural (2008) several factors that have led to the success of private label brands can be identified including store image – layout, product assortment, merchandizing and service quality. The latter three can be reflected in product attributes and their effect can be measured by considering related risk perceptions from the customer's perspective. The risk perceptions that are significant include perceived quality, perceived value, perceived price and perceived risk. These perceived risks and aspects such as store location affect the customer's intention to purchase hence influencing the success of a private label brand.

2.4 Factors that influence the purchase of private label brands

Manufacturers' brands have long dominated the retail stores. Recently a growing number of retailers and wholesalers have created their own private label brands. Several researchers such as Batra and Sinha (2000), Dursun, et al (2011), and Lichtenstein (1988) have studied the factors that influence the purchase of private label brands. Ultimately, the factors that influence the purchase of private label brands are the factors that lead to the success of private label brands.

Firstly, there are socioeconomic and personality characteristics. Fan Qian and Huang (2012) indicate that some studies such as Omar (1996) find private label brands are extensively used by younger consumers, while others like Burton, Lichtenstein,

Netemeyer & Garretson (1998), Eva & Teresa (2008) and Fan, et al. (2012) find no substantial correlation between age and private label brand proneness. Contradictory results have also been found regarding household income levels as Richardson, et al (1996) found that low income households are more sensitive to private label brands but Dick, et al (1995) found that the households with the highest sensitivity to private label brands are those with average income. Another demographic factor with conflicting results is education level as Omar (1996) found that those with less education are more prone to private label brands whereas Richardson, et al (1996) no significant relationship was detected.

A second factor is shopping habits and orientations such as price consciousness and impulsiveness. Consumer shopping habit is the consistent conduct formed over a history of long-term shopping (Fan, et al., 2012). Shopping habits include price consciousness, impulsiveness, deal proneness and loyalty. Price consciousness is defined as the degree to which a consumer focuses exclusively on paying low prices and is a key factor affecting the option to purchase private label brands (Batra & Sinha, 2000; Lichtenstein, et al., 1988). Impulsiveness is unplanned purchasing (Fan, et al., 2012). Studies such as Burton, et al (1998) have found a negative relationship between impulsiveness and proneness to private label brands whereas studies such as Ailawadi, Neslin, & Gendenk (2001) find no evidence of a significant relationship.

An additional factor is perceived risk which can be defined as the expected negative utility or the consumers perception of the uncertainty and adverse consequences of buying a product (Dowling & Staelin, 1994). It is the consequence of making a wrong brand choice this includes the fear that a product may not possess desirable attributes such as bread that has a bad taste, is not fresh.

Fourthly, quality versus value perceptions is another factor. Aaker (1991) and Dursun, et al (2011) describes quality of a brand to be an intangible overall feeling based on underlying dimensions including characteristics of products to which the brand is attached such as reliability and performance. Quality of a private label brand affects the market share of a private label brand (Dhar & Hoch, 1997; Dursun, et al., 2011). A shopper who is value-conscious will attempt to maximise the quality/price ratio of their purchases (Fan, et al., 2012). Although Baltas (2003) disputed the findings of Dick, Jain & Richardson (1996) and showed that the price of private label brands was negatively related to private label brand proneness it was later showed by Francisco, Antonio & Ian (2006) that the price of private label brands had no significant influence on private label brand proneness and that the perceived quality of private label brands is of greater influence (Liljander, Polsa, & Riel, 2009; Mieres, Martin, & Gutierrez, 2006).

A fifth factor is shelf space allocation. According to Gomez & Okazaki (2009) shelf space is a limited resource which should be optimally divided among diverse range of brands. Shelf space can be considered as a form of advertising that puts products on the top of consumer minds and suggest the popularity level of products (Brown & Lee, 1996; Dursun, et al., 2011).

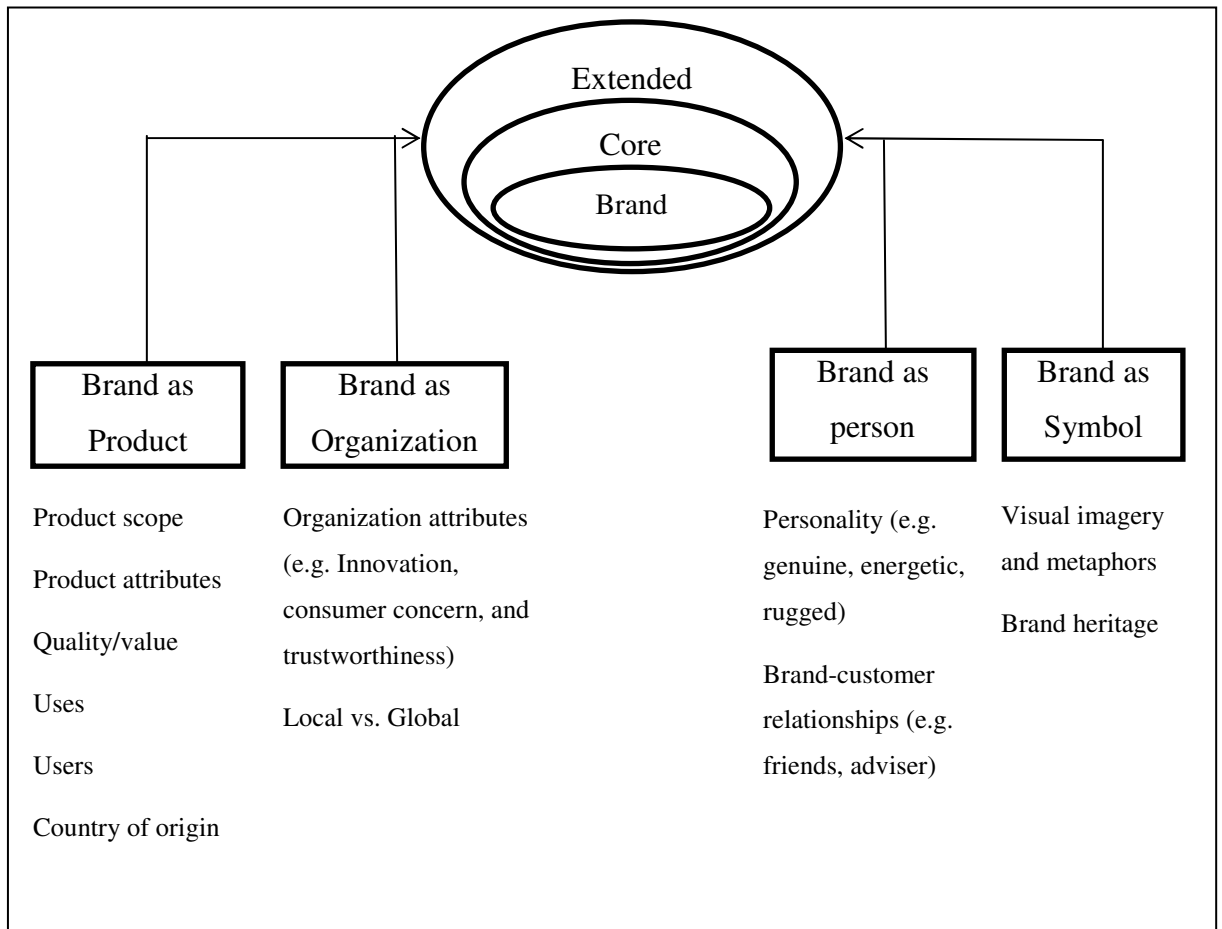
Familiarity is another key factor. Familiarity is the number of product or brand related experiences that have been accumulated by the consumer including direct and indirect experiences such as advertising exposures, interactions with salespersons, word of mouth communications, trial and consumption (Alba & Hutchinson, 1987). According to Richardson, et al. (1996) and Mieres, et al. (2006) familiarity (particularly familiarity of private label brands) enhances proneness to purchase a product.

Finally, there is differentiability of the products. Traditionally fresh foods such as vegetables were not available for purchase in supermarkets in Kenya. According to Neven, et al. (2006) Uchumi was the first supermarket to sell fresh fruits and vegetables followed by Nakumatt from 1997 and 2001 respectively. Neven, et al (2006) studied the reasons for the success of supermarkets in sales of fruits and vegetables and why the consumer shifted from purchasing their fresh produce from other retailers. They found that consumers were willing to pay a premium for what they perceived to be fresher produce at the supermarkets. It is important to note that in this case the products are not branded hence the only differentiability of the products was due to the location of purchase. A major difference between the proposed project and the study by (Neven, et al., 2006) is that bread is branded. Lastly the store related factors which could include the store image.

A food product such as bread is an aggregation of different properties or attributes at different levels (Kuhar & Tic, 2008). Grunert, Bech-Larsen and Bredahi (2000) describes them as search attributes (e.g. price, colour), experience attributes (e.g. taste and flavour) and credence attributes (e.g. health and safety). The attributes themselves cannot be used to comprehensively explain all the complexities behind the actions of consumers but they can give considerable insight into the factors that influence their actions. Thus, by considering the attributes it is possible to evaluate the key factors that significantly affect the propensity to buy private label brand bread like amount of disposable income, size of family.

A brand identity represents what the brand stands for and implies a promise to customers from the organization. It is organised around four dimensions as shown in this figure.

Figure 2.1: Brand Identity Perspectives.



Source: Aaker (1996)

A brand identity represents what the brand stands for and implies a promise to customers from the organization. It is organised around four dimensions as shown in this figure.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the methodology that will be used to conduct the study. It covers the research design, population, sample design, data collection and data analysis technique.

3.2 Research Design

This was a descriptive survey design study that investigated the factors that affect the success of private label bread brands of large supermarkets in Nairobi, Kenya. A descriptive research determines and reports the way things are, besides attempting to describe such things as possible behaviour, attitudes, values and characteristics (Mugenda & Mugenda, 2003). This research design is suitable because generalisations and inferences regarding supermarkets as a whole can be made. Similar studies that have successfully used this research design include Mageto (2009) and Ombati (2007).

3.3 Population

The population of interest of this study was all the large supermarkets in Nairobi. Large supermarkets analysed were Tier 1 and Tier 2 supermarkets as defined in Neven and Reardon (2004) and Neven et al (2006). Therefore, the supermarkets studied included Nakumatt Supermarket, Uchumi Supermarket, Tuskys Supermarket, Ukwala Supermarket and Naivas supermarket. This study was investigated using a census. A census survey involves a complete enumeration of all items in the population. In such an inquiry when all items are covered, no element of chance is left and highest accuracy is obtained (Korathi, 2008).

3.4 Data Collection

Primary data collection was done through a structured questionnaire which is divided into six sections. Section A dealt with general information on the supermarket, section B perceived quality, section C covering perceived value, section D dealt with perceived price, section E perceived risk and F dealt perceived intention to purchase. The researcher exercised care and control to ensure all questionnaires issued to the respondents were received and to achieve this, the researcher maintained a register of questionnaires which were sent and which were received.

The intention of private label bread is measured across various facets using five-point Likert scales. Likert-scales are frequently used to test attitudes and, additionally, they are simple to build and have good reliability (Chisnall, 2005; Crouch & Housden, 1996). Using the five-point Likert-scale (Strongly disagree/disagree/neutral/agree/strongly agree) the participants were asked to consider the degree of agreement with the sets of statement. Similar studies that have successfully used five-point scale include Muriuki (2011) and Mageto (2009). The questionnaires were dropped at the supermarkets and picked up after they were filled.

3.5 Data Analysis

The questionnaire were first edited then coded to facilitate statistical analysis. Data analysis was done using descriptive statistics, which includes: raw data tables, percentages and proportions, central tendencies, dispersion and factor analysis. This was used to determine factors that have led to the success of private label bread, extent of perceived difference in quality, value, price, risk, and purchase intention of private label bread.

CHAPTER FOUR DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The survey done covered all the tier 1 and tier 2 supermarkets in Nairobi that is Nakumatt, Uchumi, Tuskys, Ukwala and Naivas. Data was collected using questionnaires that were later edited for completeness and consistency. All 5 supermarkets responded giving a 100% response rate.

Data analysis was carried out and the results were presented in measures of central tendency particularly the mean and standard deviation discussed using six sections that were divided into as per the questionnaire used. In section A the general information about the supermarkets is summarised, then the section B deals with the perceived quality of bread in general and from the perspective of private label bread brands. Section C covered the perceived value of bread while section D evaluated the perceived price of bread both in general and from the view of private label bread brands. Finally, sections E and F dealt with perceived risk and perceived intention of purchase respectively, again in general and from the standpoint of private label bread brands.

4.2 General Information on the Large Supermarkets in Nairobi

All the supermarkets have more than 150 employees and they are all over ten years old with the most recent large supermarket established in 2002. The supermarket with the smallest number of branches had 13 branches nationwide.

4.3 Perceived Quality as a success factor

The respondents gave their independent view of perceived quality as a factor that affects the success of private label brands. In particular other than quality in general

supermarkets were asked to comment on freshness, taste, softness and nutritional value as factors that affect customer's choice of bread.

The responses were ranked using a 5 point Likert scale where the range was 'strongly disagree (1)' to 'strongly agree (5)'. Mean scores between 0 and 2.49 on the continuous Likert scale were interpreted as strongly disagree/disagree. Mean scores of between 2.5 and 3.49 on the continuous Likert scale were interpreted as neutral and mean scores of between 3.5 and 5.0 on the continuous Likert scale were interpreted as strongly agree/agree. The study sought to establish the respondents' views on perceived quality of bread by consumers.

According to the findings, study established that quality in general is a significant factor when consumers buy bread as indicated by the mean of 4.6 and a standard deviation of 0.547723. The study established that customers trust quality of private label branded bread. This was supported by a mean of 4.2 and a standard deviation 0.83666. Also private label branded bread is of better quality than manufacturer branded bread as this was indicated by a mean of 3.6 and a standard deviation of 1.516575.

4.3.1 Freshness as a quality factor

Freshness of bread was and extremely significant factor as this was indicated by a mean of 5 and a standard deviation of 0. Private label branded bread is fresher than manufacturer branded bread as supported by a mean of 3.8 and a standard deviation of 1.30384.

4.3.2 Hygiene and packaging

The next significant factor in terms of quality is hygiene and packaging which had a mean of 4.8 and a standard deviation of 0.447214.

4.3.3 Taste and softness

Both taste and softness were also significant with a mean of 3.8 and standard deviation of 0.83666. Private label branded bread tastes better than manufacturer branded bread as shown by a mean of 3.6 and a standard deviation of 1.140175.

Further the study found that if price is the same it is better for customers to buy private label branded bread than manufacturer branded bread. This was supported by a mean of 3.8 and a standard deviation of 1.30384. This is well indicated in Table 4.1

Table 4.1: Perceived Quality

Statement	S/D	D	N	A	S/A	Mean	S.D.
Quality is a significant factor when customers buy bread	0	0	0	40%	60%	4.6	0.547723
Taste is a significant factor when customers buy bread	0	0	40%	40%	20%	3.8	0.83666
Softness is a significant factor when customers buy bread	0	0	40%	40%	20%	3.8	0.83666
Freshness is a significant factor when customers buy bread	0	0	0	0	100%	5	0
Hygiene and packaging is a significant factor when customers buy bread	0	0	0	20%	80%	4.8	0.447214
There are minor variations among brands of bread in terms of quality	0	20%	40%	40%	0	3.2	0.83666
customers trust quality of private label branded bread	0	0	20%	40%	40%	4.2	0.83666
Private label branded bread is of better quality than manufacturer branded bread	0	40%	0	20%	40%	3.6	1.516575

Private label branded bread are fresher than manufacturer branded bread	0	20%	20%	20%	40%	3.8	1.30384
Private label branded bread taste better than manufacturer branded bread	0	20%	20%	40%	20%	3.6	1.140175
Private label branded bread have clear details about their ingredients	0	20%	40%	20%	20%	3.4	1.140175
If price is the same it is better for customers to buy private label branded bread than manufacturer branded bread	0	20%	20%	20%	40%	3.8	1.30384

Source: Primary data, October 2012

4.4 Perceived Value as a success factor

From the analysis, customers always check the price at the supermarket among brands to be sure they acquire the best value as indicated by a strong mean of 4.6 and a standard deviation of 0.547723. Private branded bread generally appears to be good value as supported by a mean of 3.8 and standard deviation of 0.83666. Private label branded bread does not look cheap; this is supported by a mean of 2 and a standard deviation of 0.707107. The value of the private branded bread is higher than the price as identified with a mean of 4.4 and standard deviation of 0.894427.

Table 4.2: Perceived Value

Statement	S/A	D	N	A	S/A	Mean	S. D.
Customers always check the prices at the supermarket among brands to be sure they acquire the best value	0	0	0	40%	60%	4.6	0.547723
Private label branded bread generally appear to be good value	0	0	40%	40%	20%	3.8	0.83666
Private label branded bread look cheap, it puts customers off buying them	20%	60%	20%	0	0	2	0.707107
The value of the private label branded bread is higher than the price	0	0	20%	20%	60%	4.4	0.894427

Source: Primary data, October 2012

4.5 Perceived Price of Bread as a success factor

The study sought to establish the extent to which perceived price of private branded bread is a factor affecting their success. From the findings, it was evident that price is a significant factor when customers buy bread, as indicated by the mean of 4.4 and a standard deviation of 0.547723. The supermarkets were neutral to the fact that when buying bread customers look for the cheapest brand available and customers buy private label branded bread because they are cheaper than manufacturer branded

bread indicated by the means of 3.4, 3.2 and standard deviations of 0.894427, 0.83666 respectively. The price of private label branded bread is generally lower than customers would expect them to be as indicated by a mean of 3.8 and a standard deviation of 0.447214. Supermarkets feel that customers compare the prices of private label branded bread and manufacturer branded bread before they buy as this is supported by a mean of 3.6 and a standard deviation of 0.547723. Also the study found that the prices of private label branded bread are reasonable for shoppers, so purchasing the private label branded bread is a good deal. This is supported by a mean of 4.2 and a standard deviation of 0.447214.

Table 4.3: Perceived Price

Statement	S/D	D	N	A	S/A	Mean	S. D.
Price is a significant factor when customers buy bread	0	0	0	60%	40%	4.4	0.547723
When buying bread customers look for the cheapest brand available	0	0	80%	0	20%	3.4	0.894427
customers buy private label branded bread because they are cheaper than manufacturer branded bread	0	20%	40%	40%	0	3.2	0.83666
The price of private label branded bread is generally lower than customers would expect them to be	0	0	20%	80%	0	3.8	0.447214
customers compare the prices of private label branded bread and manufacturer branded bread before they buy	0	0	40%	60%	0	3.6	0.547723

The prices of private label branded bread are reasonable for shoppers, so purchasing the private label branded bread is a good deal.	0	0	0	80%	20%	4.2	0.447214
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Source: Primary data, October 2012

4.6 Perceived Risk as a success factor

The study found that past experience is a significant factor when customers are buying bread as indicated by a mean of 4.4 and a standard deviation of 0.547723. With a mean of 3 and standard deviation of 0.707107 neither agree nor disagree that the information on the packaging tells shoppers everything they need to know. The study also found that customers prefer to buy manufacturer branded bread that they are more familiar with as they are not familiar with private label branded bread as indicated by a mean of 4 and a standard deviation of 1. Customers like to try new and different private branded bread as shown by a mean of 3.8 and standard deviation of 1.095445. It was also evident that cheapness of private label branded bread did not suggest to customers that they may have some risk as shown by a mean of 1.8 and a standard deviation of 1.095445. Money back guarantees can decrease customer's uncertainty when choosing private label branded bread and also private label branded bread have acceptable quality guarantee and both are supported by a mean of 4.2 and standard deviation of 0.83666. These are well shown in table 4.4

Table 4.4: Perceived Risk

Statement	S/D	D	N	A	S/A	Mean	S. D.
Past experience is a significant factor when customers are buying bread	0	0	0	60%	40%	4.4	0.547723
The information on the packaging tells shoppers everything they need to know (They don't actually need try a brand of bread to know how good it is)	0	20%	60%	20%	0	3	0.707107
Customers prefer to buy manufacturer branded bread that they are more familiar with as they are not familiar with private label branded bread	0	0	40%	20%	40%	4	1
Customers like to try new and different private label branded bread	0	20%	0	60%	20%	3.8	1.095445
Cheapness of private label branded bread suggests to customers that they may have some risks, such as being less good for my health	60%	0	40%	0	0	1.8	1.095445
Money back guarantees can decrease customers uncertainty when choosing private label branded bread	0	0	20%	40%	40%	4.2	0.83666
Private label branded bread have acceptable quality guarantee	0	0	20%	40%	40%	4.2	0.83666

Source: Primary data, October 2012

4.7 Store and Purchase Intention

According to the findings convenience and store opening hours are significant factors when buying bread as indicated by means of 4.4, 4 respectively and with standard deviation of 0.547723, 0.707107 respectively. Loyalty to store was also found to be significant when buying bread as shown with a mean of 4.2 and a standard deviation of 0.83666. Customers are willing to recommend their friends to buy private label branded bread as indicated by a mean of 4.6 and a standard deviation of 0.547723. The study also found that private label branded bread are different from each other, their quality depends with the store. This was shown by the mean 3.8 and a standard deviation of 1.30384.

Table 4.5: Store and Purchase Intention

Statement	S/D	D	N	A	S/A	Mean	S. D.
Convenience is a significant factor when buying bread	0	0	0	60%	40%	4.4	0.547723
Store opening hours is a significant factor when buying bread	0	0	20%	60%	20%	4	0.707107
Loyalty to store is a significant factor when buying bread	0	0	20%	40%	40%	4.2	0.83666
Customers are willing to recommend their friends to buy private label branded bread	0	0	0	40%	60%	4.6	0.547723

Private label branded bread are different from each other, their quality depends with the store	0	20%	20%	20%	40%	3.8	1.30384
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Source: Primary data, October 2012

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This chapter covers the summary of findings, conclusions drawn from the findings and recommendations made from the view of the study.

5.2 Summary of Findings

The study targeted the management of the bakery sections of the large supermarkets in Nairobi. The study found that quality was a significant factor towards the success of a private label bread brands. Quality was broken down into taste, softness, freshness and the hygiene and packaging of the bread. Generally, freshness had the highest score with a mean of 5, that is, all the respondents strongly agreed that freshness is a key factor when customers buy bread. Hygiene and quality also emerged as an important factor considered by customers when they buy bread with a mean score of 4.8. Additionally, the respondents agreed that private label bread is of better quality and is fresher than manufacturer branded bread as the mean scores were 3.6 and 3.8 respectively.

Value and price are important factors affecting the success of private label bread brands since the respondents strongly agreed with a mean score of 4.6 that customers always check the prices at the supermarket among brands to ensure that they get the best value. From the findings, it was evident that from the perspective of value, it was agreed with a mean score of 3.8 that if the price is the same then it is better for customers to buy private label bread than manufacturer branded bread. Further, it is strongly agreed with a mean score of 4.2 that the prices of private label branded bread are reasonable for shoppers so purchasing the private label brand is a good deal.

Perceived risk was also considered as a factor and in general past experience is a significant factor when customers are buying bread. In general, there is a low perceived risk in purchasing private label bread since it was agreed with a mean score of 3.8 that customers like to try new and different private label bread. This is further supported by the fact that the respondents disagreed with a mean score of 1.8 with the view that the cheapness of private label bread would imply risks such as its being unhealthy.

Finally, it was generally found that convenience, store opening hours and loyalty to a store are significant factors considered when buying bread with means of 4.4, 4 and 4.2 respectively. Further, evidence suggests that the quality of the private label branded bread differ from store to store. Therefore, the store is a significant factor that affects the success of a private label bread brand. With regards to intention to purchase private label bread brands, it was strongly agreed with a mean of 4.6 that customers are willing to recommend their friends to buy private label bread.

5.3 Limitations of the Study

For the purpose of this research a limitation is considered to be an element whose presence led to the researcher to obtain data that was either inadequate or significantly different from what the researcher would have expected.

The main limitation of this study was that in some of the supermarkets insisted that the questionnaire be filled from the head office rather than from the branches. The second limitation is the measures of study were perceptual in nature thus making the data collected subjective to the respondent. Finally some supermarkets were reluctant at first to fill in the questionnaire for fear of the information being used by their competitors to gain competitive edge in the market.

5.4 Conclusion and Recommendations

From the findings the study concludes that the factors that affect the success of private label bread brands in Nairobi are quality, with higher emphasis on freshness, hygiene and packaging,

According to the findings the study established that value and price also affected the success of private label bread brands. Private label bread brands are regarded as reasonably priced and if the prices of private label and manufacturer brands are the same then customers get a better value when they purchase private label bread brands.

Based on this, the study recommends that in order to have successful private label bread brands, supermarkets should ensure that they offer high quality bread, particularly in terms of freshness, hygiene and packaging, at reasonable prices and at conveniently located stores with favourable opening hours.

The researcher recommends that the study can be replicated with the shoppers as the respondents as well in other locations in Kenya other than Nairobi.

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APPENDICES

Appendix I: Transmittal Letter

Walter N. Ng'ang'a

Tel: 0721 604838

Email: nwnjenga@gmail.com

Dear Respondent,

Re: MBA Research Project

I am a postgraduate student at the University of Nairobi doing a research project to fulfil part of the requirements for the Master of Business Administration (MBA) degree.

My research aims at investigating the **Factors Affecting the Success of Private Label Bread Brands of Large Supermarkets in Nairobi, Kenya.**

The information that I seek to collect with your assistance will be used strictly and in confidence for academic purposes only.

Your name and that of the organisation will not be mentioned in the report.

A copy of the completed research project will be availed to you on request.

Yours faithfully,

Walter Ng'ang'a

Appendix II: Questionnaire

Your answers will help in our research, Thank you for your patience

A. General Information

1. Name of Supermarket.....
2. Year of establishment.....
3. How many branches of supermarkets do you have in Kenya?.....
4. Number of employees (please tick appropriately)
 - a. 49 and below ()
 - b. 50 –99 ()
 - c. 100 – 149 ()
 - d. 150 and above ()

Please read each statement and circle the number that most accurately reflects your opinion. Circling ‘1’ means that you strongly disagree with the statement and circling ‘5’ means you strongly agree with the statement. Please circle only one number for each statement.

B. Perceived Quality

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a	Quality is a significant factor when customers buy bread	1	2	3	4	5
b	Taste is a significant factor when customers buy bread	1	2	3	4	5
c	Softness is a significant factor when customers buy bread	1	2	3	4	5
d	Freshness is a significant factor when customers buy bread	1	2	3	4	5
e	Hygiene and packaging is a significant factor when customers buy bread	1	2	3	4	5
f	There are minor variations among brands of bread in terms of quality	1	2	3	4	5
g	customers trust quality of private label branded bread	1	2	3	4	5
h	Private label branded bread is of better quality than manufacturer branded bread	1	2	3	4	5
i	Private label branded bread are fresher than manufacturer branded bread	1	2	3	4	5
j	Private label branded bread taste better than manufacturer branded bread	1	2	3	4	5
k	Private label branded bread have clear details about their ingredients	1	2	3	4	5
l	If price is the same it is better for customers to buy private label branded bread than manufacturer branded bread	1	2	3	4	5

C. Perceived Value

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a	Customers always check the prices at the supermarket among brands to be sure I acquire the best value	1	2	3	4	5
b	Private label branded bread generally appear to be good value	1	2	3	4	5
c	Private label branded bread look cheap, it puts customers off buying them	1	2	3	4	5
d	The value of the private label branded bread is higher than the price	1	2	3	4	5

D. Perceived Price

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a	Price is a significant factor when customers buy bread	1	2	3	4	5
b	When buying bread customers look for the cheapest brand available	1	2	3	4	5
c	customers buy private label branded bread because they are cheaper than manufacturer branded bread	1	2	3	4	5
d	The price of private label branded bread is generally lower than customers would expect them to be	1	2	3	4	5
e	customers compare the prices of private label branded bread and manufacturer branded bread before they buy	1	2	3	4	5
f	The prices of private label branded bread are reasonable for shoppers, so purchasing the private label branded bread is a good deal.	1	2	3	4	5

E. Perceived Risk

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a	Past experience is a significant factor when customers are buying bread	1	2	3	4	5
b	The information on the packaging tells shoppers everything they need to know (They don't actually need try a brand of bread to know how good it is)	1	2	3	4	5
c	Customers prefer to buy manufacturer branded bread that they are more familiar with as they am not familiar with private label branded bread	1	2	3	4	5

d	Customers like to try new and different private label branded bread	1	2	3	4	5
e	Cheapness of private label branded bread suggests to customers that they may have some risks, such as being less good for my health	1	2	3	4	5
f	Money back guarantees can decrease customers uncertainty when choosing private label branded bread	1	2	3	4	5
g	Private label branded bread have acceptable quality guarantee	1	2	3	4	5

F. Store and Perceived Intention

	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
a	Convenience is a significant factor when buying bread	1	2	3	4	5
b	Store opening hours is a significant factor when buying bread	1	2	3	4	5
c	Loyalty to store is a significant factor when buying bread	1	2	3	4	5
d	Customers are willing to recommend their friends to buy private label branded bread	1	2	3	4	5
e	Private label branded bread are different from each other, their quality depends with the store	1	2	3	4	5

Thank You for Your Time

Appendix III: Large Supermarkets in Nairobi

1. Naivas Supermarket
2. Nakumatt Supermarket
3. Tuskys Supermarket
4. Uchumi Supermarket
5. Ukwala Supermarket