

**FACTORS THAT DETERMINE BRAND LOYALTY IN
SUPERMARKETS IN NAIROBI**

BY


NJIIRU GLADYS WAIRIMU

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)
OF THE SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI**

NOVEMBER, 2010

DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

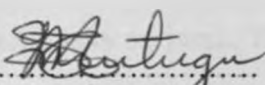
Signed.....

Njiiru Gladys Wairimu

Date..16/11/2010

D61/71579/2008

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

Signed.....

Date..16/11/2010

T.M.Mutugu

Senior Lecturer

Department of Business Administration

School of Business

University of Nairobi

ACKNOWLEDGEMENT

This research project would not have been successfully completed without the assistance and contribution of various people that I would like to acknowledge;

My supervisor T. M Mutugu for his expertise guidance, support as well as suggestions that were critical to the success of this project. Gratitude also go to all my lecturers and colleagues whose input on the entire program and on this project cannot be overlooked.

To all who contributed in providing data to enable me carry out this research including the management of all the supermarkets that I studied as well as the respondents .I say thank you for the useful information without which the study would not have been possible.

Further gratitude goes to my entire family who offered constant encouragement and support especially my mum. Thank you for your prayers.

There are many other people although not mentioned here contributed in one way or another towards the successful completion of this project; to all of you I say may God bless you.

DEDICATION

This research project is first dedicated to God who gave me the grace and provided all that I needed to successfully complete this project.

To my loving husband Geoffrey, for tirelessly supporting me through my studies. Thank you so much for your financial, emotional and moral support without which it would have been very difficult to complete this project.

To my two children Kereen and Caleb, Thank you for your encouragement, prayers and perseverance during those long hours when I had to be away in the evenings.

God bless you

ABSTRACT

The retail sector in Kenya in which supermarkets operate is changing so fast. Supermarkets have experienced radical changes in consumer behavior and brand loyalty due to stiff competition. It is against this background that supermarkets have been seeking to employ marketing strategies that create loyalty among their target markets. This points to the need for research in order to understand the particular factors that make customers loyal to a particular supermarket.

The objectives of this study were to determine the factors that determine brand loyalty to a particular supermarket and to rank those factors according to their importance in determining loyalty. To this end sixty respondents were chosen from the customers who randomly walk in and out of supermarkets. A recruitment guide was used to ensure that only loyal customers were chosen. Primary data was collected with the use of a questionnaire. The questionnaire contained structured likert scale questions which respondents filled as they left the supermarket.

Once data had been collected, it was analyzed by use of descriptive statistics using statistical program for social sciences (SPSS). These included tables, charts and percentages to represent the response rate and provide information on the other variables that the study considered. Means and standard deviations were also used to assess the relative importance that customers attached to the various factors considered.

The analysis revealed that there are many factors that determine brand loyalty to supermarkets. Out of the eight categories of factors considered, employee appearance and behavior towards customers prompt services, solving customer problems as well

as availability of merchandise and price charged received high ratings. Information technology such as database management programs that allow for individualized marketing and online shopping received the lowest rating.

The study recommends that supermarkets should enhance all those aspects of their operations that most contribute to loyalty among their customers. These include proper employee training, strategic location of the supermarket, reasonable pricing of products offering prompt services and having effective complaints and problem solving channel. The need for supermarkets to enhance the use of information technology and to be all inclusive by offering other services such as salons, food and drink joints bouncing castles and car wash services was also recommended. Although these services received low rating it was observed that if they were fully exploited they could be a source of competitive advantage and ultimately enhance loyalty.

The study focused on supermarkets that operate within the city of Nairobi. As the researcher noted there is a trend of the existing supermarkets establishing more branches outside Nairobi. New supermarkets are also being established in other smaller towns within the country. It is therefore recommended that further research could be carried out to determine the factors that determine brand loyalty to supermarkets in other areas.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
DEDICATION.....	iv
ABSTRACT.....	v
LIST OF TABLES.....	x
LIST OF FIGURES.....	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Concept of Brand Loyalty.....	2
1.1.2 Supermarkets in Kenya.....	4
1.2 Research Problem.....	5
1.3 Research Objectives.....	8
1.4 Value of the study.....	9
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Meaning of Brands.....	10
Importance of Brands.....	11
2.3 Brand Equity.....	12
2.4 The Concept of Brand Loyalty.....	12
2.5 Levels of Brand Loyalty.....	14
2.6 Measuring Brand Loyalty.....	15
2.7 Advantages of having loyal customers.....	16
2.8 Building and enhancing loyalty.....	18

2.8 Building and enhancing loyalty.....	18
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Research Design.....	20
3.2 Population of Study.....	20
3.3 Sample Design.....	20
3.4 Data Collection.....	21
3.5 Data Analysis	21
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....	22
4.1 Introduction.	22
4.2 General information.	22
4.2.1 Gender of the respondents	22
4.2.2 Respondents Age.	23
4.2.3 Occupation of the respondent.....	24
4.2.4 Level of Education.....	25
4.2.5 Marital status of the Respondents.....	25
4.2.6 Amount Spent in Shopping.....	26
4.2.7 Number of Shopping in a Month.....	27
4.2.8 Duration of shopping in this supermarket	28
4.3 Factors That Influence Customers to Choose A Particular Supermarket.....	28
4.3.1 Location and image of the supermarket	28
4.3.2 Employees appearance and behavior towards customers	31
4.3.3 Atmosphere of the store	32

4.3.4 After sales services offered	34
4.3.5 Prompt Services.....	35
4.3.6 Solving customers problems	35
4.3.7 Availability of Merchandise and Price Charged	37
4.3.8 Information Technology in Improving Customer Service	37
4.3.9 Other factors that influence Brand loyalty	39
4.3.10 Factors that influence choice of a supermarket.....	40
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.	42
5.1 Introduction	42
5.2 Summary of Findings	42
5.3 Conclusion.....	45
5.4 Recommendations	46
5.5 Suggestion for Further Research	47
REFERENCES.....	48
APPENDICES.....	52
Appendix 1: Letter of introduction.....	52
Appendix 2: Questionnaire.....	53
Recruitment Guide	53
Appendix 3: Branches of the various supermarkets within Nairobi	63

LIST OF TABLES

Table 4.1: Gender of the respondent	22
Table 4.2: Occupation of the respondent	24
Table 4.3: Number of shopping in a month	27
Table 4.4: Duration of shopping in this supermarket	28
Table 4.5: Location and Image of the Supermarket.....	29
Table 4.6: Employees appearance and behavior towards customers	31
Table 4.7: Store Atmosphere	33
Table 4.8: After sales services offered.....	34
Table 4.9: Services Offered	35
Table 4.10: Customers Problems Solving.....	36
Table 4.11: Merchandise and Price Charged	37
Table 4.12: Information technology	38
Table 4.13: Other factors that influence Brand loyalty.....	39
Table 4.14: Factors Influencing Choice of a Supermarket	40

LIST OF FIGURES

Figure 4.1: Age of the Respondents.....	23
Figure 4.2: Level of education of the respondent	25
Figure 4.3: Marital Status	26
Figure4.4: Amount spent in shopping.....	26

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The market place is not what it used to be it is radically changing as a result of major societal forces such as technological advances globalization and deregulation. These major forces have created new behaviors and challenges. Liberalization of economies has opened up markets to new entrants by reducing many constraints on competitive activity. The global nature of competition implies that firms face competition not only from local firms but also from foreign firms all aiming to increase their market share. Liberalization has essentially taken competition to the international market level (Charles and Gareth, 1998).

Customers too have changed. Kotler (2000) argues that customers increasingly expect higher quality service and some customization. They perceive fewer product differences and show less brand loyalty. They can obtain extensive product information from the internet and other sources permitting them to shop more intelligently. They are showing greater price sensitivity in their search for value. They are searching for bargains since they have a wider choice of less distinguishable products and services. Customers are well informed and widely aware of their greater power which raises their expectations on how companies should care for them.

Generally a company's demand comes from two groups: new customers and repeat customers. Traditional marketing theory and practice have focused on attracting new customers and making the sale. Today however the emphasis is shifting beyond

designing strategies to attract new customers and create transactions with them. Companies are now going all out to retain current customers and build lasting customer relationship (Kotler, 2003).

Why the new emphasis on keeping customers? According to Kotler (2003), in the past companies were facing an expanding economy and rapidly growing market and could therefore practice “the leaky bucket” approach to marketing. Growing markets meant a plentiful supply of new customers. Companies could keep filling the marketing bucket without worrying about losing old customers through holes in the bottom of the bucket.

However companies today are facing new marketing realities. Changing demographics, a slow growth economy, more sophisticated competitors and overcapacity in many industries –all these mean there are fewer new customers to go around. Many companies now are fighting for shares of flat or fading markets. Thus the cost of attracting new customers is rising. It costs five to six times to attract new customers than it costs to retain old ones (Jobber and Fahy, 2006).

1.1.1 Concept of Brand Loyalty

Loyalty is a concept that more and more companies are making part of their strategy. Developing a highly consistent market share of brand loyal consumers is the ultimate goal of today’s marketing (Schiffman, 1994). For companies to achieve this goal there needs to be clarity about what loyalty means and what needs to happen to drive improvement (Oliver, 1997). Brand loyalty represents a favorable attitude towards a brand resulting in consistent purchase of the brand over time. It happens after consumers learn that one brand can satisfy their needs (Assael, 1998).

To be truly loyal ,the consumers must hold a favorable attitude towards the brand in addition to purchasing it repeatedly(Day ,1969).Schiffman (2000) argues that a more favorable attitude towards a brand ,service or store compared to potential alternatives together with repeat patronage are seen as the requisite component of customer loyalty. Brand loyalty is product specific. Consumers will be loyal to brands in one category and will have little loyalty to brands in other categories. However brand loyal customers exhibit the same characteristics as those who are store loyal (Wambugu, 2002).

The significance of the concept of loyalty is evident from several studies. According to Schiffman, (1994), small reductions in customer defections produce significant increases in profits because loyal customers buy more products; loyal customers are less price sensitive and pay less attention to competitors advertising; servicing existing customers who are familiar with the firms offering and processes is cheaper; and loyal customers spread positive word of mouth and refer other customers (Schiffman, 2004). In general the longer a customer stays with a company, the more that customer is worth (Reichheld ,1996).

A research done in the U.S reveals that the average U.S company loses half of its customer base every five years as a result of defections (Reichheld, 1996).The negative financial implications of rampant customer defections as observed in many industries today are staggering (Waithaka, 2006). Each company has a unique set of products and services that it provides to potential clients. Understanding what drives consumers to choose a product or service, and why they choose to continue or discontinue their use is vital to a company's ability to maintain profitability in the long-run (Reichheld, 2000).

Studies show that customers are lost for three primary reasons; bad service, bad products and competition (Waithaka, 2006).

According to Reichheld (1996), loyalty is important for profitable growth hence measuring and managing it makes good sense. Store loyalty is therefore a major objective of retail channel strategy due to its important financial impact (Evans 1997). Saxena, R (2003), sees loyal customers as the biggest engines of growth. They generate profits; help to retain high performing employees and investors who continue to invest in it. Loyalty is made up of a unique formula determined from each company hence companies need to establish what factors to focus on to enhance loyalty.

1.1.2 Supermarkets in Kenya

Supermarkets are a recent phenomenon in Kenya (Wambugu, 2002). The first supermarkets have their beginnings in the 1970's with only a few set up in the 1960s. The first supermarket in Kenya was the Westland's General store (1960), Ebrahims self service store (1970) and Uchumi supermarkets (1975) all in Nairobi before they later spread to other towns in Kenya. Later on Nakumatt, Jack and Jill, Jamia, Shaflus, Sunbeam, Tusker and Ukwala among others were established (Mugambi, 2008).

There has been a rapid growth of supermarkets in Kenya. As Evans (1997) notes there has been a retailing revolution with the increasing number of supermarkets and domination by chains. In an article titled "The Growth of Supermarkets", Kamau (2008) attributes this to factors such as; urbanization, liberalization, the growing middle class and a changing lifestyles among other factors.

Most of the major towns with potential such as Nairobi and Mombasa have already felt the presence of major retail chains. Nairobi has been particularly targeted by many retailers as the most lucrative location for opening stores. Some of the supermarket chains that have their presence in Nairobi include; Nakumatt, Uchumi, Tuskys, Ukwala and Naivas. Nevertheless opportunities in Nairobi's central business district seem to have become exhausted. Recent trends indicate that some of the larger stores are opening stores in suburban districts which have longer term potential. In addition other smaller supermarkets have been established in both large and small towns within Kenya (Neven, 2007).

1.2 Research Problem

In today's low-growth and highly competitive market place, retaining brand loyal customers is critical for survival (Wambugu, 2006). Keeping customers is often a more efficient strategy than attracting new ones. Aaker (1991) argues that loyalty of existing customers represents a strategic asset that has potential to provide value through; reduced marketing costs, trade leverage, attracting new customers and giving the company time to respond to competitive threats. Brand loyalty comes when customers know that they will get the same features, benefits and quality each time they buy the brand. This is to mean that shoppers will become loyal to a particular store chain only if shopping at the chain gives them the same experience always (Kotler, 1999).

Today marketing managers are concerned with the growing trend toward declining brand loyalty. The market share of categories that once commanded brand loyalty have

continued to fall. Among the reasons given for this trend include consumer boredom or dissatisfaction with a product, the dazzling array of new products that constantly appear in the market place and increased concern with price at the expense of Brand Loyalty (Schiffman, 1994). Yet a brand without a loyal customer base is usually vulnerable and has value only in its potential to create loyal customers (Aaker, 1996).

In today's globalizing economy competition is getting more and more fierce. It has become more and more difficult to win and keep business through product and price distinction. This means that it has become more difficult for products and services to differentiate themselves from other offerings than ever before (Koech, 2008). A way out is to build themselves as brands and target to retain brand loyal customers (Lagat, 1995).

As a result of the competitive nature of business, customer needs have become a very important point of focus for businesses. The retail sector has not been left out. The Kenyan retail sector has become very competitive with increasing number of supermarkets as well as small scale retail outlets. Increased competition in the retail sector has made supermarket marketers more aware of the complexity and blurred demarcations of their services. Store based retail outlets are suffering from an over saturation of retailing. Small scale retailers are succumbing to the growing power of giant retailers (Koech, 2008). Since there are many options available for customers shopping needs, customers remain loyal to a specific supermarket when they feel they are getting good service (Oketch, 2008). The need to understand the particular factors that make customers loyal is therefore critical.

In the supermarket business just like any other business companies are doing a lot in

order to build loyalty. The scope for differentiation in the supermarket business is limited due to ease of strategy coping and matching by competitors (Kyalo, 2001). Marketers are responding by upgrading their brands to distinguish them and even promoting them more aggressively (Janofsky, 1993). A major strategy for the supermarket chains has been the enhancement of brand loyalty since a brand can only be strong if it has a strong supply of loyal customers (Kapferer, 1999).

In the supermarkets, the need to enhance brand loyalty has not increased as a result of competition alone, customers have also changed. They have become more confident, more ready to experiment and trust their own judgment, they have less disposable income and are more worldly wise (Baker, 1992). They are more demanding and they have strong views on what gives them satisfaction, but less tolerant of goods and services that do not live up to their expectations. This situation has further increased the need to enhance brand loyalty.

Research studies have been done on brand loyalty. A study carried out by Ongubo (2003) sought to highlight the determinants of brand loyalty for prescription medicine by doctors in Nairobi, Giathi (2004) carried out a survey of loyalty status of consumers to various cigarette brands in Nairobi; Mwangi (2005) studied the factors affecting choice of milk brands by consumers in Nairobi. Ndeti (2007) carried out a research on factors affecting loyalty in commercial banks in Westlands area of Nairobi. Among the factors she considered, prompt service was ranked as the most important factor followed, employees willingness to help, location of the bank, operating hours and availability of ATM outlets in that order.

A number of researches have also been done on the area of retailing in Kenya. Mugambi (2008) when carrying out a study on the effectiveness of relationship marketing in Uchumi and Nakumatt Supermarkets in Nairobi area noted that the more satisfied customers are the more they will buy, the more they buy the longer they continue to purchase in perpetuity.

Wambugu (2002) investigated the factors that determine store loyalty: The case of selected supermarket chains in Nairobi and found that the top five factors were; availability of all types of merchandise, location of the supermarket, convenient operating hours, prompt service and courtesy of employees.

Since 2002, no study has been done on supermarket loyalty yet loyalty is a key strategic tool for supermarkets in the fast- growing retail industry. Further this industry has witnessed tremendous changes key among them being intense competition brought about by a rapid growth in the number of supermarkets and other retail outlets. As Koech (2008) rightly puts it; “The retail sector is constantly changing so fast that those who do not innovate will ultimately lose substantially.” This study will therefore aim at establishing the factors that determine brand loyalty to supermarkets in Nairobi. This study will therefore aim at answering the following questions;

- i. Are there some specific factors that determine brand loyalty to supermarket stores by customers in Nairobi?
- ii. What are the most important factors determining brand loyalty?

1.3 Research Objectives

The main objectives of the study were:-

- i. to determine the factors that influence brand loyalty to a particular supermarket store.
- ii. to rank the factors according to their importance in determining loyalty.

1.4 Value of the study

This study will be of interest and useful to retailers who want to know how to manage and increase sales through store loyalty enhancement as well as marketers interested in building brands through the brand loyalty dimension. Consumers will also find this study beneficial in evaluating the different supermarkets in terms of the extent to which they meet their expectations. Further academicians will find this study useful as a basis for further research related to brand loyalty.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter gives a review of the literature related to the study. It is specifically concerned with the meaning and importance of brands, brand equity and the concept of brand loyalty. Further this chapter will focus on the various levels of brand loyalty and how it is measured as well as the various ways through which loyalty can be built and enhanced. The advantages of having loyal customers will also be highlighted.

2.2 Meaning of Brands

The word brand is derived from the old Norse word brand which means to "burn" as brands were and still are the means by which owners of livestock mark their animals to identify them (Keller, 2008). By branding their livestock early humankind could make their ownership and distinguish their cattle from those of their neighbours (Ndeti, 2007). In the fine arts too branding began with artists signing their works (Kotler, 2008). Thus the primary role of the brand was established to identify ownership or origin.

Branding has been around for centuries as a means of distinguishing the goods of one producer from those of another. A brand has been defined as a distinguishing name or symbol such as logo, trademark or package or design intended to identify the goods or services of either one seller or a group of sellers and to differentiate those goods or services from those of competitors (Aaker, 1991). According to Nilson (1999), a brand is the means by which one differentiates their offering from those of everyone else. A name becomes a brand if it fulfils the criteria of carrying distinct values, differentiating, appealing and having a clear identity.

Importance of Brands

Brands are highly valuable to both consumers and business firms. To consumers brands help to make a product decision easy thus lowering the search costs in terms of how much they have to think and in terms of how much they have to look around (Keller, 2008). Brands can significantly reduce the risks that consumers may perceive in product decisions. These risks may include functional risks, physical risks, social risks, psychological risks and time risks. One way of handling these risks is obviously to buy well known brands, especially those which consumers have had favorable past experiences. Thus brands can be a very important risk-handling device (Schiffman, 2004).

Keller (2008), further notes that brands also provide a number of valuable functions to their firms. Fundamentally, they serve as an identification purpose to simplify product handling or tracing. Operationally, brands help to organize inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. A Brand serves as a short hand descriptor of the technical, economic, service and social benefits that a particular supplier's market offering delivers to targeted market segments and customer firms (Kotler and Keller, 2009).

Although manufacturing processes and product designs may be easily duplicated lasting impressions in the minds of individuals and organizations from years of marketing activity and product experience may not be easily reproduced. In this sense, a brand can be seen as a powerful means to secure a competitive advantage (Keller, 2008). In other words the brand is not just a representation of a company's product, it is a symbol of the company itself and that is where the core of brand loyalty lies.

2.3 Brand Equity

According to Aaker (1991), brand equity is defined as a set of assets (and liabilities) linked to a brand name and symbol that adds to (or subtracts from) the value provided by the product or service to a firm and /or that firms customers. Aaker categories major brand equity assets as brand name awareness , brand loyalty, perceived quality, brand associations and other proprietary assets such as patents, trademarks and channel relationships.

Aaker (1991) further notes that although loyalty is influenced by other dimensions of brand equity, in some cases, it occurs quite independent of them. This is to mean that loyalty provides an important basis of equity that is sufficiently distinct from other equity dimensions.

Brand equity is therefore highly related to the degree of brand loyalty (Kotler, 2000). According to Kotler brand loyalty can be seen as the point of intersection for all the other assets that determine the level of equity. This argument can be interpreted to mean that the strength and the impact of the other four assets will be seen in the extent to which they enhance loyalty, which in turn transforms into financial benefits for the brand.

2.4 The Concept of Brand Loyalty

Brand loyalty is a measure of the attachment that a customer has to a brand. It reflects the likelihood of a customer switching to another brand especially due to that brand change in price or product features. (Aaker, 1996). Aaker points out that loyalty is manifested through commitment. He argues that a strong brand has high equity as a result of the commitment which manifests itself through a high level of interaction and

communication that is involved with the product or service. Olive (1999) defines brand loyalty as a deeply held commitment to rebuy or to repatronise a preferred product or service, consistently in the future thereby causing repetitive same brand or same brand set purchasing despite situational influences and marketing efforts having the potential to cause one to switch. Loyalty is actually a manifestation of a deep relationship between the brand and the customer (Kotler, 2006).

Lovelock (2007) defines loyalty in the business context as a customer's willingness to continue patronizing a firm over the long-term preferably on an exclusive basis and recommending the firm's products to friends and associates. Customer loyalty extends beyond behaviour and includes preferences, liking and future intentions. Reichheld, F (1993) sees loyal customers as annuities—a consistent source of revenue over a period of many years.

Loyalty exists when a consumer because of past experience is sufficiently satisfied with a particular brand or retailer that when he or she buys from that brand or from that retailer when the need arises without considering other alternatives (Etzel, M., Bruce and Santon 2004). According to Shiffman (2000), a more favorable attitude towards a brand, service or store compared to potential alternatives together with repeat patronage are seen as the requisite component of customer brand loyalty. Brand loyalty represents a favorable attitude towards a brand resulting in consistent purchases of the brand over time. It happens after consumers learn that one brand can satisfy their needs. (Assael 1998)

2.5 Levels of Brand Loyalty

Aaker (1991) proposed five categories of brand loyalty from the least to the most loyal as non-loyal buyer (Switcher), the habitual buyer, the satisfied buyer, one who likes the brand and committed customers. Aaker further points out that the above levels do not always appear in pure form but the most important point is that there are different levels of loyalty which impact differently on brand equity.

Evans (1997) viewed brand loyalty as a continuum from undivided brand loyalty to brand indifference and gave the five categories, along the continuum as undivided loyalty- an ideal situation where consumers purchase only a single brand and forego purchase if it is not available; Brand loyalty/ occasional switch- a more likely situation where customers occasionally switch for such reasons as the usual brand being out of stock, or in a situation where a new brand comes in to the market and is tried or a competitive brand offering a special low price; Brand loyalty switch- which reflects a competitive situation especially in low growth markets; Divided loyalty- which refers to consistent purchase of two or more brands; Brands indifference - which is the extreme opposite of undivided brand loyalty which refers to the purchase with no apparent repurchase pattern.

Like Evans and Aaker, Kotler (2000) also appreciates that consumers have varying degrees of loyalty to specific brand stores and other entities. He further classifies consumers into four groups of loyalty states. The first group is the hard-core loyals representing consumers who buy one brand all the time. The second group is the split loyals who are loyal to two or three brands. The third group is the shifting loyals who

shift from one brand to another. The fourth group are the switchers who show no loyalty to any brand.

2.6 Measuring Brand Loyalty

According to Aaker (1991), there are several approaches to measuring loyalty. Aaker gives preference to behaviour measures which include repurchase rates, percent of purchases as well as number of brands purchased. He however goes further to give other approaches which are based upon the loyalty constructs of switching costs, measuring satisfaction, liking of the brand and commitment.

Loyalty from a behavioral measures perspective can be monitored by considering actual repurchase patterns. Its measures include: repurchase rates that is, the percentage of the existing customers that purchase the same brand in the next purchase. It also includes the percentage of purchases which is the percentage of the last five purchases made by a customer that went to each brand purchased. The measures also include the number of brand purchased which is the percentage of a certain brands buyers that bought only a single brand ,two brands or three brands(Aaker 1991).

Measuring satisfaction is one diagnostic measure to every level of brand loyalty and perhaps more important dissatisfaction. The measures of satisfaction should be current, representative and sensitive. Satisfaction and dissatisfaction are very related to loyalty in that most of the satisfied customers are bound to be loyal to the organization unlike those who are dissatisfied (Aaker, 1997).Studies show big differences in the loyalty of customers who are less satisfied and completely satisfied .Even a drop from complete satisfaction can create an enormous drop in loyalty (Kotler 2005).

Liking of the brand is a way to find out if there are feelings of respect or friendship towards the firm or brand. A positive effect can result in resistance to competitiveness. It can be harder to compete against a general feeling of liking rather than a specific feature. Liking can be scaled in several ways such as liking, respect, friendship and trust. There exists a general liking or effect that is distinct from specific attributes that underlie it. That is, people simply like a brand and this liking cannot be explained completely by their perceptions and beliefs about the brand's attributes. Another measure for liking is reflected in the additional price that customers are willing to pay to obtain their brand (Aaker, 1997).

When a substantial commitment level of customers exists, it is easy to detect through; the amount of interaction and communication involved with the product – is it something that customers like to talk about with others? Or do the customers not only recommend the product but tell others why to buy it? It can also be detected by the extent to which the brand is important to a customer in terms of his or her activities and personality. Is the brand useful and enjoyable to use? (Aaker 1997)

2.7 Advantages of having loyal customers

Creating loyal customers is at the heart of every business. Kotler, Keller, Koshy and Jha (2009) citing marketing experts Don Peppers and Marthar Rogers say:

“The only value your company will ever create is the value that comes from customers- the ones you have now and the ones you will have in the future. Businesses succeed by getting, keeping and growing customers. Customers are the only reason you build factories, hire employees, schedule meetings, lay fibre

optics or engage in any business activity without customers, you don't have a business.''

Aaker (1991) argues that loyalty of existing customers represents a strategic asset that has potential to provide value in a number of ways. Customers with brand loyalty reduce the marketing costs of doing business. It is simply much less costly to retain customers than to get new ones. Loyalty of existing customers represents a substantial entry barrier to competitors because a lot of resources may be required to entice them to switch. Further, strong brands will ensure preferred shelf space because marketers know their customers will have such brands on their shopping lists.

Customers who are loyal tend to attract new customers. A Customer base with a satisfied segment can provide assurance to a prospective customer. A large satisfied customer base provides an image of the brand as an accepted successful product which will be around and will be able to afford product improvements. Brand awareness can also be generated from the customer base. Friends and colleagues of a brand's customers will become aware of a product just by seeing it. This exposure will be more effective than even seeing an advertisement.

A brand with a loyal customer base provides the business time to respond to competitive threats. If a competitor develops a superior product, a loyal following will allow the firm time needed for the product improvements to match or neutralize the competitor one. Brand loyalty also generates value in other ways. In the words of Webster (1994) brand loyalty means the brand has repeat customers. A repeat customer is more valuable than a new one because of a number of reasons like; multiple purchases from the same

customer, the loyal customers will pay somewhat higher price and the seller gets an opportunity to sell other products and services to the loyal customers

2.8 Building and enhancing loyalty

In order to create brand loyalty, advertisers must break consumer habits and reinforce those habits by reminding consumers of the value of their purchase. They must also encourage them to continue purchasing these products in the future. Companies use various marketing activities to improve loyalty and retention.

According to Kotler et al (1999), listening and interacting with customers is crucial to customer relationship management, customer relationship management is the process of carefully managing detailed information about individual customer and all customer touch points to maximize customer loyalty. A customer touch point is any occasion on which a customer encounters the brand and product –from actual experiences to personal or mass communications to casual observation. Constantly receiving feedback from customer as well as being their advocate (Kotler 1999). This helps to ensure that the organization maintains high levels of customer satisfaction (Aaker ,1991).

A company can also build and enhance loyalty by developing loyalty programs. According to Kotler (1999) the two customer loyalty programs that companies can offer are frequency programs and club marketing programs. Frequency programs are designed to provide rewards to customers who buy frequently and in substantial amounts. Club membership program can be open to everyone who purchases a product or service or it can be limited to an affinity group or to those willing to pay a small fee.

Company personnel can create strong bonds with customers by individualizing and personalizing relationships. In essence thoughtful companies turn their customers into clients. One distinction that has been drawn:

“Customers may be nameless to the institution, clients cannot be nameless. Customers are served as part of the mass or as part of the large segment; clients are served on an individual basis. Customers are served by anyone who happens to be available; clients are served by the professional assigned to them” (Kotler,2009). Customers should be treated as friends not as accounts-the basis to a lasting relationship (Kapferer,1999).

A company can also create institutional ties or switching costs. The company may supply customers with special equipment or computer links that help customers manage orders, payrolls and inventory. Customers are less inclined to switch to another supplier when this would involve high capital costs, high search costs, or the loss of loyal customer discounts. An example is the points allocated for purchasing goods from a supermarket (Wandera, 2008).

Measuring and managing customer satisfaction is also very important in building and enhancing loyalty. This can be done through regular surveys of customer satisfaction or dissatisfaction. The surveys should be timely, sensitive and comprehensive. This should be integrated into the day to day management .This helps to ensure that the organization always maintains high levels of customer satisfaction (Aaker,1991).In the words of Kotler (1999),brand loyalty is built by meeting the customers expectations or even better exceeding them.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design was a descriptive research. According to Emory and Copper (1994) a descriptive design is used to determine who, what, when, where and how of a research topic which is the concern of the current proposed study. The study aimed at establishing the factors that determine brand loyalty to supermarkets in Nairobi. Previous studies that have adopted this design successfully include Mugambi (2008), Ndeti (2007) Ongubo (2004), Giathi (2004) and Wambugu (2002).

3.2 Population of Study

The population of interest comprised of all supermarket customers who walk in and out of the supermarkets. The five main supermarket chains within the city of Nairobi were used for this study. These included Nakumatt, Tuskys, Uchumi, Ukwala and Naivas supermarkets. A sample of one branch was selected for each supermarket store. This sample was based on the largest branch for each supermarket. All the customers of the five branches formed the target population of this study.

3.3 Sample Design

Samples of 60 respondents were selected from the 5 branches of the chain stores. Ogubo(2003) used a sample of 60 customers while Wambugu (2002) had a sample of 144 customers. For each branch, twelve customer respondents were picked. To get the twelve from each store branch, convenience sampling was used where every tenth adult

customer leaving the supermarket was asked to complete the questionnaire. Wambugu (2002) and Ndeti (2007) successfully used this design. A recruitment guide for respondents was used to ensure that only loyal customers were included in the sample.

3.4 Data Collection

Primary data was used in this study. A questionnaire was used to collect the data. A questionnaire is a general term used to indicate all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order (Mugambi, 2008). The questionnaire had structured likert scale questions. The questionnaires were personally administered to the customers as they left the supermarket. The respondents filled in the questionnaire as the researcher waited. This was hoped to reduce the instances of non-response and clarify where necessary.

3.5 Data Analysis

Once data had been collected, it was analyzed by use of descriptive statistics using statistical program for social sciences (SPSS). These included tables, charts and percentages to represent the response rate and provide information on the other variables that the study considered. Means and standard deviations were also used to determine the relative importance that customers attached to the various factors considered in determining loyalty.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction.

This chapter presents the data analysis and interpretation, the data is presented as per the study's objectives. The researcher administered 60 questionnaires to the respondents. Fifty eight (58) respondents filled the questionnaires satisfactorily and returned them; this represented 97% of the sample. This response rate is within Mugenda and Mugenda's (2003) prescribed significant response rate for statistical analysis which they established at a minimal value of 50%. This commendable response rate was made possible after the researcher personally administered the questionnaire. The findings are based on the responses obtained from the returned questionnaires

4.2 General information.

This section gives information related to the respondents concerning the gender, age, among others.

4.2.1 Gender of the respondents

The researcher sought to establish the gender of the respondent who shopped in the supermarket. This is as shown in the table below. The respondents were all 58 in number.

Table 4.1: Gender of the respondent

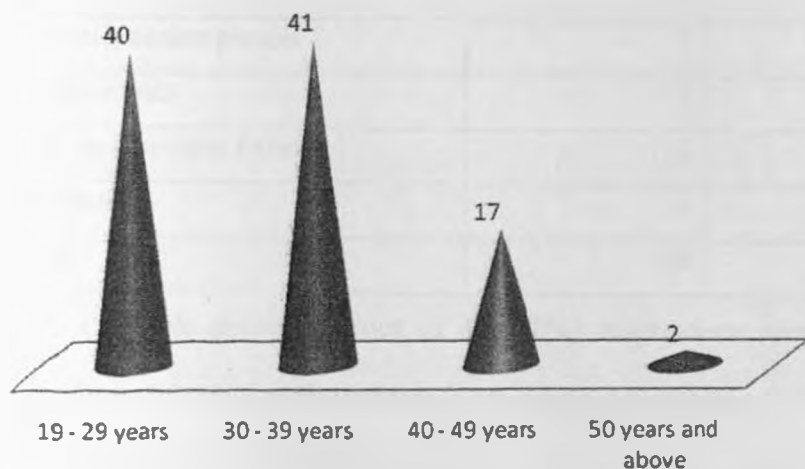
	Frequency	Percentage
Male	25	43
Female	33	57
Total	58	100

On the question of gender of the respondent, the data findings were recorded in the table 4.1. From the table 25 out of 58 (43%) of the respondents were males while 33 (57%) of the respondents were female. This depicts that shopping in the supermarket is done by both male and female equally as depicted by the near equal proportions. This implies that the study findings have a gender balance and are not biased toward one gender

4.2.2 Respondents Age.

The study also sought to know the age distribution of the respondents. This is shown in the Figure 4.1. From the table the respondent's age is fairly distributed over the various age groups.

Figure 4.1: Age of the Respondents



41% of all the respondents were aged between 30 and 39 years an almost equal in proportion as those aged between 19 years and 29 years which was 40%. Those aged between 40 and 49 years were represented by 17%. This shows that majority of the

respondents who shopped in the supermarket were between the age of 19 years and 39 years (81%).

4.2.3 Occupation of the respondent

The study also aimed at establishing the occupation of the respondent. The data finding was presented in Table 4.2.

Table 4.2: Occupation of the respondent

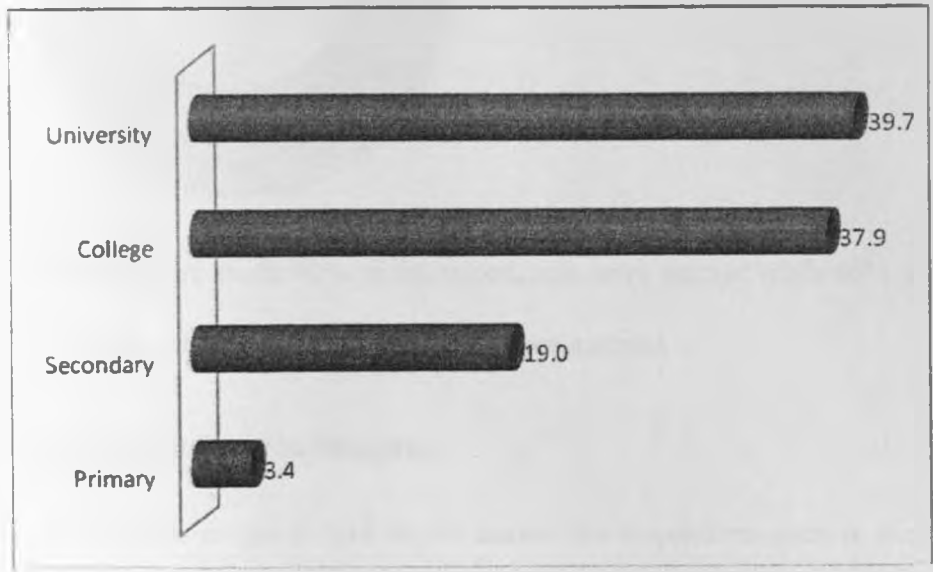
	Frequency	Percent
Government	9	16
Parastatal	1	2
Company	23	40
NGO	5	9
Formal business person	7	12
Professionals	2	3
Informal business Person	7	12
Students	4	7
Total	58	100

From the table above, 23 out of 40 (40%) respondents were working in various companies, 9 (16%) were working in government institution, 7 (12%) respondents were either in formal or informal businesses, 5 (9%), 4(7%), and 2 (3%) were in NGO, students and professions respectively while only 1 (2%) of the respondents was in parastatals. This depicts that most of the respondents were working in companies.

4.2.4 Level of Education

Figure 4.2 below illustrates the responses obtained regarding the highest academic qualification, of the respondents.

Figure 4.2: Level of education of the respondent

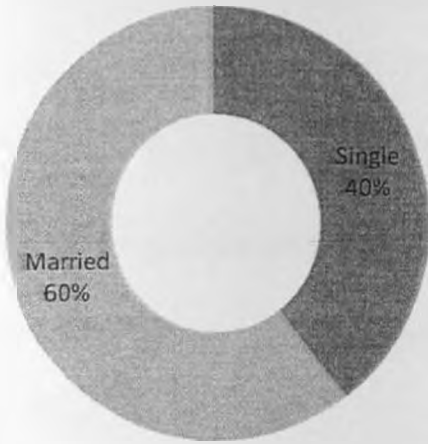


The results show that majority of the respondents (77.6%) had at least college education as their highest level of education, 11 (19%) had their highest academic level as secondary school while 2 (3.4%) were schooled up to primary Level. The findings thus imply that the respondents were reliable in offering the information that was being sought by the study basing on the fact that majority had at least college education.

4.2.5 Marital status of the Respondents

The study sought to know the marital status of the respondent. This is shown in the Figure 4.3

Figure 4.3: Marital Status

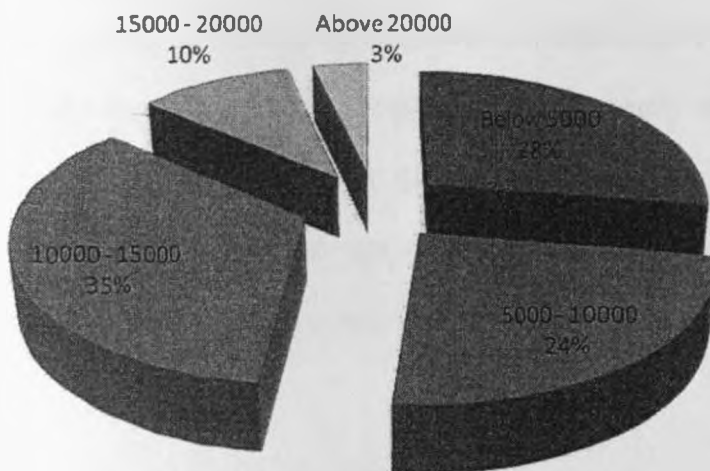


From the figure above 60% of the respondents were married while 40% were single. This depicts that majority of the respondents were married.

4.2.6 Amount Spent in Shopping

The study also sought to find out the amount the respondents spent in shopping. The data findings were presented on figure 4.4.

Figure 4.4: Amount spent in shopping



According to the figure, 35% of respondents spent 10000 to 15000 in shopping, 28% spent below 5000, 24% spent 5000 to 10000 in shopping while 10% and 3% of the respondent spent between 15000 and 20000 and above than 20000 respectively. This shows majority of the respondents spent more than 5000 in their shopping per month.

4.2.7 Number of Shopping in a Month.

Table 4.3 represents the response obtained regarding the number of shopping done in a month by the respondents.

Table 4.3: Number of shopping in a month

	Frequency	Percentage
Once	7	12
Twice	18	31
Three times	12	21
Four times	15	26
Frequently	6	10
Total	58	100

According to the table, 31% of the respondent did their shopping twice a month, 26% of the respondents did shopping four times in a month, and 21% three times, 12% and 10% of the respondents did shopping once and frequently respectively. This depicts that majority of the respondents did their shopping more than 2 times. This implies that the respondent were conversant with the supermarket where they did their shopping owing to the number of the shopping they made per month.

4.2.8 Duration of shopping in this supermarket

In order to establish the familiarity of the respondent with the supermarket, the study sought to establish the duration of shopping in their respective favorite supermarket. The Table 4.4 presents the finding on this.

Table 4.4: Duration of shopping in this supermarket

	Frequency	Percentage
Less than 1 year	1	2
1 - 5 years	24	41
5 -10 year	23	40
More than 10 years	10	17
Total	58	100

41% of the respondents indicated that they had done shopping in their favorite supermarket for 1 to 5 years, 40% for 5 to 10 years, and 17% for more than 10 years while only 2% had done their shopping for less than 1 year. This illustrates that majority of the respondents had done shopping in their respective favorite supermarket for more than 1 year; this implies that the respondents would give valuable information as they have had interacted with the supermarket for long enough.

4.3 Factors That Influence Customers to Choose A Particular Supermarket

4.3.1 Location and image of the supermarket

This section seeks to establish whether the location and image of the supermarket influences the choice of the supermarket.

Table 4.5: Location and Image of the Supermarket

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Supermarket is housed in an attractive building	1	6	8	29	14	3.8	0.97
The supermarket is located near where I live	1	11	1	28	17	3.8	1.11
The supermarket is located near where I work	1	23	7	19	8	3.2	1.16
The supermarket is located near other specialized shops	4	19	9	16	9	3.1	1.24
General image of the supermarket	2	5	4	30	17	3.9	1.02
Location of the supermarket whether up-market or low market area	3	14	10	22	9	3.3	1.16
Availability of secure parking space	1	4	1	20	32	4.3	0.95

The study also aimed at establishing whether the location and image of the supermarket played a role in determining the preference of the supermarket by the respondent. The study used likert scale in collecting and analyzing the data on a scale of 1 to 5 with 1 point being assigned to Not at all important, indicating very low or no influence while 5 was assigned to Very important, to indicate high level of influence by the factors on the preference of a supermarket by the respondent. The data finding were presented in the

Table 4.5. Since the scales ranged from 1 to 5 making an interval of 4 between the two extremes; the following allocationary keys can be developed:

- 1 Not at all important = Never Influences (1 – 1.8)
- 2 Not important = Very Rarely Influences (1.81 – 2.6)
- 3 Neutral = Rarely Influences (2.61 – 3.4)
- 4 Important = Influences (3.41 – 4.2)
- 5 Very important = Always influences (4.21 – 5)

A standard deviation of more than 1 indicates a significant difference in responses obtained while a standard deviation of less than one indicates that the responses given were mostly in agreement.

According to the findings, availability of secure parking space had a mean of 4.3 and a standard deviation of 0.95, general image of the supermarket had a mean of 3.9 and a standard deviation of 1.02, supermarket being housed in an attractive building and the supermarket being located near where the respondent lives both had a mean of 3.8 and standard deviation of 0.97 and 1.11 respectively, location of the supermarket (whether up-market or low market area) had a mean of 3.3 and a standard deviation of 1.16, supermarket being located near where the respondent works had a mean of 3.2 and a standard deviation of 1.16, and the supermarket being located near other specialized shops had a mean of 3.1 and a standard deviation of 1.24. This shows that availability of secure parking space, general image of the supermarket, the supermarket being located near where the respondent lives, location of the supermarket (whether up-market or low market area), supermarket being located near where the respondent works, and the

supermarket being located near other specialized shops influence the choice of the supermarket to the respondent. It implies that strategic positioning of the supermarket is a key factor in establishing brand loyalty to supermarkets. Concerning image and location of the supermarket, the responses given varied as indicated by the standard deviation apart from the supermarket is housed in an attractive building and availability of secure parking space where the respondents were in agreement.

4.3.2 Employees appearance and behavior towards customers

In this section the employees' appearance and behavior are scrutinized to check whether they affect the choice for shopping supermarket. The data findings are as presented in the Table 4.6 below.

Table 4.6: Employees appearance and behavior towards customers

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Employee are courteous and warm with customers	0	1		11	46	4.8	0.54
Willingness of the employee to help	0	0	1	12	45	4.8	0.47
Employee being neat and appealing	0	0	2	21	35	4.6	0.57
Knowledge of employee about products and where they are located	0	0	0	13	45	4.8	0.42
All employee working as a team	1	2	9	24	22	4.1	0.91
Individualized attention to customers	2	3	7	22	24	4.1	1.03

The study used likert scale in data collection and analysis. The allocatory keys used are as developed earlier.

From the table, employee being courteous and warm with customers, willingness of the employee to help, and knowledge of employee about products and where they are located all had a mean of 4.8 and standard deviation of 0.54, 0.47 and 0.42 respectively, employee being neat and appealing had a mean of 4.6 and a standard deviation of 0.57, all employee working as a team and individualized attention to customers had a mean of 4.1 and standard deviation of 0.91 and 1.03 respectively. This illustrates that willingness of the employee to help, knowledge of employee about products and where they are located, employee being neat and appealing and all employee working as a team and individualized attention to customers are the employee related aspects that influence the respondents preference of the supermarket. It thus implies that respondents were largely in agreement in their responses they gave since apart from individualized attention to customers all the other factors had a standard deviation of less than 1.

4.3.3 Atmosphere of the store

This section focuses on the store related factors that influence the brand loyalty to supermarket. Table 4.7 presents the data finding that was obtained.

Table 4.7: Store Atmosphere

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Enough space in the supermarket for customers to move freely	0	0	0	9	49	4.8	0.37
Enough lighting in the supermarket	0	0	2	9	47	4.8	0.50
Display and arrangement of merchandised	0	0	0	16	42	4.7	0.45
Clean and properly air conditioned	0	0	4	10	44	4.7	0.60
Music played in the supermarket	6	23	5	12	12	3.0	1.37

On the issue of the store atmosphere, enough space in the supermarket for customers to move freely and enough lighting in the supermarket had a mean of 4.8 and standard deviation of 0.37 and 0.50 respectively, display and arrangement of merchandised and clean and properly air conditioned both had a mean of 4.7 and standard deviation of 0.45 and 0.60 respectively, while music played in the supermarket had a mean of 3.0 and standard deviation of 1.37. It therefore depicts that enough space in the supermarket for customers to move freely, enough lighting in the supermarket display and arrangement of merchandised and clean and properly air conditioned are main factors that influence the preference of a supermarket in Nairobi by the respondent. However, the music played in the supermarket rarely influenced the brand loyalty to the supermarket. The standard deviation of more than one for music played in the supermarket indicates that there was significant variability in the response while all the other factors had a mean of less than 1, which shows that respondents were mostly in agreement.

4.3.4 After sales services offered

In this section the study aimed at finding out whether the after sale services had any influence on brand loyalty to supermarkets in Nairobi. Table 4.8 below shows the data findings obtained.

Table 4.8: After sales services offered

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Free gift wrappings	1	10	9	18	20	3.8	1.15
Delivery of merchandise bought to the parking	1	5	4	26	22	4.1	0.98
Delivery of bulk items to the house		13	12	18	15	3.6	1.11
Installation and services of technical products bought from the supermarket	2	6	8	17	25	4.0	1.15

According to the table, delivery of merchandise bought to the parking had a mean of 4.1 and a standard deviation of 0.98, installation and services of technical products bought from the supermarket had a mean of 4.0 and a standard deviation of 1.15, free gift wrappings had a mean of 3.8 and a standard deviation of 1.15 while delivery of bulk items to the house had a mean of 3.6 and standard deviation of 1.11. This shows that delivery of merchandise bought to the parking, installation and services of technical products bought from the supermarket, free gift wrappings and delivery of bulk items to the house in that order of reducing importance are important determinant of the brand loyalty to supermarkets. Apart from delivery of merchandise brought to the parking all the rest had a standard deviation of more than 1 which is indicative of the variability in the responses give on after sale services offered.

4.3.5 Prompt Services

Table 4.9 presents the data on finding based on the speed and efficiency of service delivery in the supermarket.

Table 4.9: Services Offered

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Existence of an express counter	0	0	2	19	37	4.6	0.56
Adequate number of cashier	0	0	0	10	48	4.8	0.38
Cashier are fast in serving customers	0	0	0	3	55	4.9	0.22

In the table above, cashier being fast in serving customers had a mean of 4.9 and standard deviation of 0.22, having adequate number of cashier had a mean of 4.8 and standard deviation of 0.38, while existence of an express counter had a mean of 4.6 and standard deviation of 0.56. This indicates that brand loyalty in supermarkets is influenced by cashier being fast in serving customers, having adequate number of cashier, and existence of an express counter in that order of reducing importance. All the responses given by the respondent were in agreement as indicated by the standard deviation of less than 1.

4.3.6 Solving customers problems

The study also sought to establish whether the supermarkets' commitment to solve the customers' problems played a role in building loyalty to supermarkets.

Table 4.10: Customers Problems Solving

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Sincere interest in solving customers problems	0	1	0	22	35	4.6	0.60
Employee discretion in solving customer problems	2	2	4	28	22	4.1	0.94
A channel for customer complaint	1	3	4	29	21	4.1	0.89
Availability of supervisor in case of customer queries	0	0	4	30	24	4.3	0.61

The Table 4.10 presents data on customers' problem solving. Sincere interest in solving customers problems had a mean of 4.6 and a standard deviation 0.60, availability of supervisor in case of customer queries had mean of 4.3 and a standard deviation of 0.61 and employee discretion in solving customer problems and a channel for customer complaint both had a mean of 4.1 and standard deviation of 0.94 and 0.89 respectively. Sincere interest in solving customers problems, availability of supervisor in case of customer queries, employee discretion in solving customer problems and a channel for customer complaint in that order of reducing importance are factors related to solving customers' problems. This implies customer satisfaction after their problems are addressed. All the responses as given by the respondent were in agreement, this is as shown by the standard deviation

4.3.7 Availability of Merchandise and Price Charged

Table 4.11: Merchandise and Price Charged

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Availability of all types of merchandise in the supermarket	2	0	1	11	44	4.6	0.83
Reasonable prices of products	0	0	1	7	50	4.8	0.41
High quality merchandise	0	1	1	15	41	4.7	0.61

According to the table 4.11 above, reasonable prices of products had a mean of 4.8 and standard deviation of 0.41, high quality merchandise had a mean of 4.7 and a standard deviation of 0.61 while availability of all types of merchandise in the supermarket had a mean of 4.6 and a standard deviation of 0.83. This depicts that, reasonable prices of product, high quality merchandise and availability of all types of merchandise in the supermarket are factors that influence loyalty to supermarket in that order of reducing important. The value of standard deviation (less than 1) indicates that all the respondents were in agreement.

4.3.8 Information Technology in Improving Customer Service

This section aims at finding out how the IT system has been used in improving the customer services.

Table 4.12: Information technology

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Loyalty programs	0	3	7	31	17	4.1	0.79
The supermarket uses bar codes to give prompt services	0	1	3	26	28	4.4	0.67
Database management programs that allow for individualized marketing	3	5	10	30	9	3.7	1.02
Online shopping	2	18	7	25	6	3.3	1.12

From the table, the supermarket use of bar codes to give prompt services had a mean of 4.4 and a standard deviation of 0.67, loyalty programs had a mean of 4.1 and a standard deviation of 0.79, database management programs that allow for individualized marketing had a mean of 3.7 and standard deviation of 1.02 while online shopping had a mean of 3.3 and a standard deviation of 1.12. This indicates that among the IT system that are used, the supermarket use of bar codes to give prompt services, loyalty programs and database management programs that allow for individualized marketing had influenced the brand loyalty. However, online shopping rarely influenced the brand loyalty to supermarket.

In case online the respondents gave varying responses on shopping and database management programs that allow for individualized marketing, however they were in agreement in all the other factors this is as shown by the standard deviation.

4.3.9 Other factors that influence Brand loyalty

This section aims to establish other factors that influence brand loyalty.

Table 4.13: Other factors that influence Brand loyalty

	Not at all important	Not important	Neutral	Important	Very Important	Mean	STDV
Ownership of the supermarket	20	24	5	5	4	2.1	1.19
All inclusive supermarkets. It offers others feature e.g. restaurants and Salon	7	24	6	15	6	2.8	1.25
The supermarket has frequent promotion of different items	4	2	14	30	8	3.6	1.01
Availability of children trolleys	2	10	11	31	4	3.4	0.98
Convenient opening hours	0	0	0	22	36	4.6	0.49
Merchandise return is accepted	0	1	6	28	23	4.3	0.71

According to the table, convenient opening hours had a mean of 4.6 and a standard deviation of 0.49, merchandise return is accepted had a mean of 4.3 and standard deviation of 0.71, the supermarket having frequent promotion of different items had a mean of 3.6 and a standard deviation of 1.01, availability of children trolleys had a mean of 3.4 and a standard deviation of 0.98, the supermarket is all inclusive (It offers others feature e.g. restaurants and Salon) had a mean of 2.8 and a standard deviation of 1.25, and ownership of the supermarket had a mean of 2.1 and a standard deviation of 1.19. This illustrates that convenient opening hours, merchandise return and the supermarket having frequent promotion of different items are factors that influences brand loyalty to supermarkets. However, availability of children trolleys, the supermarket is all inclusive

(It offers others feature e.g. restaurants and Salon) and ownership of the supermarket either rarely influenced brand loyalty or did not influence. On factors affecting brand loyalty the respondent gave varying responses on all inclusive supermarkets, offering others feature e.g. restaurants and Salon, the supermarket having frequent promotion of different items and ownership of the supermarket but were in agreement with the other factors, this is illustrated by the standard deviation.

4.3.10 Factors that influence choice of a supermarket

In this section, the study sought to rank the factors that the respondents put into consideration while selecting the supermarket to do their shopping. Table 4.14 presents the data finding on this.

Table 4.14: Factors Influencing Choice of a Supermarket

	Mean	STDV
Availability of Merchandise	4	3.48
Prompt services	5.5	2.72
Flexibility	8.7	3.17
Willingness by employee to help	6.8	2.47
Courtesy of the employees	6	2.78
Employees knowledge of the products	7.9	2.41
Complaint handling	9.2	2.77
Availability of secure parking space	6.9	3.38
Location	3.7	2.90
Store operating hours	7.6	2.73
Arrangement of merchandise	7.3	2.80
Reasonable prices	3.3	2.78

Complaint handling had a mean of 9.2 and a standard deviation of 2.77, flexibility had a mean of 8.7 and a standard deviation of 3.17, employees knowledge of the products

had a mean of 7.9 and a standard deviation of 2.41, store operating hours had a mean of 7.6 and a standard deviation of 2.73, arrangement of merchandise had a mean of 7.3 and a standard deviation of 2.80, availability of secure parking space had a mean of 6.9 and a standard deviation of 3.38, willingness by employee to help had a mean of 6.8 and standard deviation of 2.47, courtesy of the employees had a mean of 6 and a standard deviation of 2.78, prompt services had a mean of 5.5 and a standard deviation of 2.72, availability of merchandise had a mean of 4 and a standard deviation of 3.48, location had a mean of 3.7 and a standard deviation of 2.90 and reasonable prices had a mean of 3.3 and a standard deviation of 2.78. This therefore depicts that, complaint handling, flexibility of the supermarket, employees knowledge of the products, store operating hours, arrangement of merchandise and availability of secure parking space were given by the respondents as the most important factors influencing the choice supermarket. However, courtesy of the employees, prompt services, availability of merchandise and reasonable prices are shown as the least important factors that influence the choice of supermarket.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the findings of this study. This chapter is organized as follows. First, a summary of the key findings in chapter four is provided. Then the conclusions of the study based on the objectives of the study follow. The study then makes several recommendations to the stakeholders regarding the findings.

5.2 Summary of Findings

The study has shown that shopping in the supermarket is done by both male and female equally in equal proportions, implies that the study findings have a gender balance and are not biased toward one gender. It also shows that majority of the respondents were married, implying that married people had more shopping to do owing to the fact that they had families.

This study also showed that majority of the respondents who shopped in the supermarket were between the age of 19 years and 39 years (81%), also showing that most of the respondents were working in companies. The study further showed that majority of the respondents had at least college education, thus implying that the respondents were reliable in offering the information that was being sought by the study basing on the fact that majority had at least college education.

Majority of the respondents spent more than 5000 in their shopping per month according

to this study. It also depicts that majority of the respondents did their shopping more than 2 times in a month. This implies that the respondent were conversant with the supermarket where they did their shopping owing to the number of the shopping they made per month.

The study illustrates that majority of the respondents had done shopping in their respective favorite supermarket for more than 1 year; this implies that the respondents would give valuable information as they had interacted with the supermarket for long enough.

Availability of secure parking space, general image of the supermarket, the supermarket being located near where the respondent lives, location of the supermarket (whether up-market or low market area), supermarket being located near where the respondent works, and the supermarket being located near other specialized shops influenced the choice of the supermarket to the respondent, implies that strategic positioning of the supermarket is a key factor in establishing brand loyalty to supermarkets.

The study also illustrates that willingness of the employee to help, knowledge of employee about products and where they are located, employee being neat and appealing and all employee working as a team and individualized attention to customers are the employee related aspects that influence the respondents preference of the supermarket. This implies that employees' behavior and appearance in the supermarket influences the brand loyalty to supermarket.

Enough space in the supermarket for customers to move freely, enough lighting in the supermarket display and arrangement of merchandised and clean and properly air

conditioned are main factors that influences the preference of a supermarket in Nairobi by the respondent. However the music played in the supermarket rarely influenced the brand loyalty to supermarket.

In this study, delivery of merchandise bought to the parking, installation and services of technical products bought from the supermarket, free gift wrappings and delivery of bulk items to the house in that order of reducing importance are shown as important determinant of the brand loyalty to supermarkets. Also, the study indicates that brand loyalty in supermarkets is influenced by cashier being fast in serving customers, having adequate number of cashier, and existence of an express counter in that order of reducing importance.

Sincere interest in solving customers problems, availability of supervisor in case of customer queries, employee discretion in solving customer problems and a channel for customer complaint in that order of reducing importance are factors related to solving customers' problems. This implies customer satisfaction is a key factor that influences brand loyalty.

The study has also given reasonable prices of product, high quality merchandise and availability of all types of merchandise in the supermarket as factors that influence loyalty to supermarket in that order of reducing importance. It also indicates that among the IT system that are used, the supermarket use of bar codes to give prompt services, loyalty programs and database management programs that allow for individualized marketing had influenced the brand loyalty. However, online shopping rarely influenced the brand loyalty to supermarket.

Convenient opening hours, merchandise return and the supermarket having frequent promotion of different items are factors that influences brand loyalty to supermarkets. However, availability of children trolleys, the supermarket is all inclusive (It offers others feature e.g. restaurants and Salon) and ownership of the supermarket either rarely influenced brand loyalty or did not influence.

The study has also shown that complaint handling, flexibility of the supermarket, employees' knowledge of the products, store operating hours, arrangement of merchandise and availability of secure parking space were given by the respondents as the most important factors influencing the choice supermarket. However, courtesy of the employees, prompt services, availability of merchandise and reasonable prices are shown as the least important factors that influence the choice of supermarket.

5.3 Conclusion

The study sought to establish the factors that determine customer loyalty to a particular supermarket store. To this objective the study found out that availability of secure parking space, general image of the supermarket, the supermarket being located near where the respondent lives, willingness of the employee to help, knowledge of employee about products and where they are located in the supermarket, enough space in the supermarket for customers to move freely, delivery of merchandise bought to the parking, installation and services of technical products bought from the supermarket, availability of supervisor in case of customer queries, reasonable prices of product, high quality merchandise, availability of all types of merchandise in the supermarket and convenient opening hours among other factors as the factors that influences customer loyalty to a particular supermarket.

The study also sought to rank the factors according to their importance in determining loyalty, it found out that complaint handling, flexibility of the supermarket, employees knowledge of the products, store operating hours, arrangement of merchandise and availability of secure parking space as the most important factors influencing the choice of supermarket. However, courtesy of the employees, prompt services, availability of merchandise and reasonable prices are shown as the least important factors that influence the choice of supermarket.

5.4 Recommendations

From the findings it is clear that there are very many factors that influence a customers choice of a supermarket and loyalty to that supermarket. Factors such as employee appearance and behavior towards customers, prompt services, availability of merchandise and price charged as well as solving customers problems all received very high rating. It is therefore recommended that supermarkets should enhance these aspects of their operation in order to enhance loyalty among their target customers .

Further, the study based on the findings and conclusion proposes that the supermarket should enhance online shopping in order reach more customers and helping them to know what they can get from the said supermarket even without physically going to the supermarket. The study also recommends that the supermarket should be all inclusive to offer other services e.g. bouncing castles for children, salon, food and drinks joint, car wash such that the customers can have all the services they require under one roof. Although these factors received low rating, supermarkets could exploit these aspects of their operation thereby gaining competitive advantage and ultimately enhancing loyalty.

5.5 Suggestion for Further Research

The study focused on supermarkets in Nairobi yet as noted in the study, more and more supermarkets are expanding their operations out of Nairobi. New supermarkets are also being established in other towns in Kenya. The study therefore recommends that a similar study could be carried out on other supermarkets out of Nairobi to determine whether the same factors would influence brand loyalty to those supermarkets.

REFERENCES

- Aaker, D.A. (1991). *Managing Brand Equity: Capitalizing on the value of a brand name*, New York: Free Press.
- Aaker, D.A (1996). *Building Strong Brands*, New York; Free Press.
- Aaker, D.A, and Joachimsthaler E. (2000). *Brand Leadership*, New York; Free Press
- A.M.A (1960). *A Glossary of Marketing Terms*, American Marketing Association
- Anderson, C., Vincze, J. (2008). *Strategic Marketing*, 2nd Dreamtech Press New Delhi.
- Armstrong, G. & Kotler, P (2003). *Marketing an Introduction Pearson Education, Delhi India.*
- Assael, H. (1998). *Consumer Behavior and Marketing Action* 6th edition, New York, South Western College Publishing.
- Baker, M.J. (1996). *Marketing, an Introductory Text*, 2nd Edition Macmillan Business London.
- Baker, W.A. & Buttleworth, L. (1996). *Principles of Retailing*. McGraw Hill Book Company New York.
- Charles, W. H., & Gareth R. J (1998). *Strategic Management Theory*. 4th edition, Houghton Mifflin Company
- Day, G.S. (2003). *Creating a Superior Customer Relating Capability*, MIT Sloan Management Preview, 2003, vol44, issue 3 page 77-83

- Giathi, J. (2004). *A Survey of Loyalty Status of Consumers to Various Cigarettes Brands in Nairobi*, Unpublished MBA Projects, University of Nairobi.
- Jobber, D. & Fahy, J. (2006). *Foundations of Marketing* 2nd Ed, McGraw- Hill UK
- Kapferer, J., (2004). *The New Strategic Brand Management; Building, Measuring and Managing Brand Equity*, New Jersey, Prentice Hall
- Keller, K. (2008). *Strategic Brand Management, Building, Measuring and Managing Brand Equity* 3rd edition, Prentice Hall India
- Koech, D. (2008). *Retail Marketing Strategies adopted by Bottling Companies in Kenya*, Unpublished MBA Project, Kenya Methodist University
- Kotler, P. (1999). *Kotler on Marketing: How to create, win and dominate Markets*; New York, The Free Press.
- Kotler, P. (2000). *Marketing Management*, The Millennium Ed., India, Prentice Hall.
- Kotler, P & Armstrong (1999). *Principles of Marketing 8thEd*, Prentice Hall, India
- Kotler, P., Kevin L. K., Koshy, A., Jha. M. (2009). *Marketing Management* 13th edition, Dorling Kindersley, India
- Lovelock, C., Wirtz, J. & Chatterjee J; (2008). *Services Marketing. People, technology, strategy. A South Asian Perspective*, 5th ed Pearson Education Delhi.
- Mugambi, B (2008). *The Effectiveness of Relationship Marketing in Uchumi and Nakumatt Supermarkets in Nairobi*, Unpublished MBA Projects, Kenya Methodist

University.

Nasubo, B.N. (2008). *Factors influencing Brand Loyalty to Mobile Phone Service Providers in Kenya; A Case Study of Nairobi Residents*, Unpublished MBA Project, University of Nairobi

Ndeti, M. (2007). *Factors Determining Brand Loyalty. The Case of Commercial Banks in the Westlands Area of Nairobi*, Unpublished MBA Project, University of Nairobi.

Ngatia, E.M (2000).” *A Comparative Study of Service Provides and Customer Perception of Service Quality in the Retailing Industry. A case of Supermarket in Nairobi.* “Unpublished MBA Research Project, University of Nairobi, Kenya.

Nilson T.H (1999). *Competitive Branding – Winning in the Market Place with Value Added Brands*. New York, Wiley and Sons Limited.

Oliver, R. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*, Boston: McGraw-Hill

Ongubo, J. (2003). *Determinants of Brand Loyalty for Prescription brand medicine by Doctors in Nairobi*, Unpublished MBA Project, University of Nairobi.

Reichheld , F.F. (1993). *The Loyalty Effects Boston*, Harvard Business School Press.

Reichheld, F.F (1990). “*Zero Defections. Quality Comes to Service*”, Harvard Business Review (1) Harvard Business Press.

Reichheld, F.F (1996).”*Loyalty –Based Management* “Harvard Business Review, March-April

Reichheld, F.F. (2000). "*Loyalty- Based Management*". Harvard Business Review, November- December.

Saxena, R (2005).*Marketing Management* 3rd ed, Mc Graw Hill New Delhi

Schiffman, L.G and L.L Kanuk (2004). *Consumer Behaviour* 8th ed, New York Prentice Hall Limited.

Schiffman, L.G and L.L. Kanuk (1994). *Consumer Behaviour* 5th Edition, New York Prentice Hall Limited.

Waithaka, T.W (2006). *A survey of the Levels of Customer Satisfaction with Educational Services offered by the Kenya Polytechnic*; Unpublished MBA Research Project, University of Nairobi.

Wambugu, W. M. (2002). *Factors that Determine Store Loyalty. The Case of Large Supermarket Chains in Nairobi* Unpublished MBA Research Project University of Nairobi.

Webster, F E Jnr (1994). *Market Driven Management, New York, Jon Wiley and Sons Inc.*

APPENDICES

Appendix 1: Letter of introduction

GLADYS WAIRIMU NJIIRU

D61/71579/2008

MOBILE NO: 0722- 289623

Dear Respondents

RE: INTRODUCTION LETTER

I am a Postgraduate student pursuing a Master of Business Administration (MBA) degree at the University of Nairobi, School of Business. I am currently undertaking a Management Research Project entitled **“Factors that determine Brand Loyalty to Supermarkets in Nairobi.”**

To this end, I kindly request you to respond to the attached questionnaire to facilitate this research. The information you provide is treated in strict confidence and is purely for academic purposes. In no way will your name appear or be recorded in the final research report.

Your assistance will be highly appreciated.

Yours faithfully

Gladys Wairimu Njiiru

Appendix 2: Questionnaire

Recruitment Guide

(Please help answer the following questions)

1. How many times do you do shopping in a supermarket in a month?

- i) Once []
- ii) Twice []
- iii) Three time []
- iv) Four times []
- v) Other (specify).....

2. How long have you bought from this supermarket?

- i) Less than 1 year []
- ii) 1-5 years []
- iii) 5-10 years []
- iv) More than 10 years []

(If more than one year please give questionnaire)

QUESTIONNAIRE

(Please help answer the following questions)

PART A

1. Please indicate the extent to which these statements are important in your decision of the supermarket.

1) Location and image of the supermarket

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Supermarket is housed in an attractive building					
b) The Supermarket is locate near where I live					
c) The Supermarket is located near where I work					
d) Supermarket located near other specialized shops					
e) General image of the supermarket					
f) Location of the supermarket whether up-market or low market area					
g) Availability of secure parking space					

2) Employees appearance and behavior towards customers

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Employee are courteous and warm with customers					
b) Willingness of the employees to help					
c) Employees being neat and appealing					
d) Knowledge of employees about products and where they are located					
e) All employees working as a team					
f) Individualized attention to customers					

3) Store Atmospherics

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Enough space in the supermarket for customers to move freely					
b) Enough lighting in the supermarket					
c) Display and arrangement of merchandised					
d) Clean and properly air conditioned					
e) Music played in supermarket					

4) After sales services offered

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Free gift wrapping					
b) Delivery of merchandise bought to the parking					
c) Delivery of bulky items to the house					
d) Installation and servicing of technical products bought from the supermarket					

5.) Solving customer problems

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Sincere interest in solving customer problems					
b) Employees discretion in solving customer problems					
c) A channel for customer complaints					
d) Availability of supervisor in case of Customer queries					

6) Prompt services

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Existence of an express					
b) Adequate number of cashiers					
c) Cashiers are fast in serving customers					

7). Availability of merchandise and price charged

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Availability of all types of merchandise in the supermarket					
b) Reasonable prices of products					
c) High quality merchandise					

8) The degree to which information technology is used to improve customer services

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Loyalty programs					
b) The supermarket uses bar codes to give prompt services					
c) Database management programs that allow for individualized marketing					
d) Online shopping					

9) Others

	Very important	Important	Neither important nor unimportant	Not important	Not at all important
a) Ownership of the supermarket					
b) The supermarket is all inclusive. It offers other features such as restaurants and salons					
c) Supermarket has frequent promotion of different items					
d) Availability of children's trolleys					
e) Convenient opening hours					
f) Merchandise return is acceptable					

2. What are the most important factors in your choice of a supermarket? Please rank all the factors below starting from No1 for the most important

- i) Availability of merchandise
- ii) Prompt service
- iii) Flexibility
- iv) Willingness by employees to help
- v) Courtesy of employees
- vi) Employees knowledge of products
- vii) Complaints handling
- viii) Availability of secure parking space
- ix) Location
- x) Store operational hours
- xi) Arrangement of merchandise
- xii) Reasonable prices

PART B

1. What is your name? (Optional) _____

2. Please tick your occupation below as appropriate.

a) Formal employment

Public

Government []

Parastatal []

Private

Company []

NGO []

b) Self – employed

Formal business person [] Professional []

Informal business person []

Any other (specify) _____

3. Please tick the age bracket in which you fall

i. Below 19 years []

ii. 19-29 years []

iii. 30-39 years []

iv. 40-49 years []

v. 50 years and above []

4. What is your gender (tick)

Male []

Female []

5. What is your highest education level?

i. Primary []

ii. Secondary []

iii. College []

iv. University []

6. Please indicate your marital status?

i. Single []

ii. Married []

7. Please tick the bracket where you fall according to the amount you spend in the supermarket. Monthly (In Kshs)

i. Below 5,000 []

ii. 5,000 – 10,000 []

iii. 10,000 – 15,000 []

iv. 15,000- 20,000 []

v. Above 20,000 []

THANK YOU FOR YOUR CO-OPERATION

4. What is your gender (tick)

Male [] Female []

5. What is your highest education level?

i. Primary []

ii. Secondary []

iii. College []

iv. University []

6. Please indicate your marital status?

i. Single []

ii. Married []

7. Please tick the bracket where you fall according to the amount you spend in the supermarket. Monthly (In Kshs)

i. Below 5,000 []

ii. 5,000 – 10,000 []

iii. 10,000 – 15,000 []

iv. 15,000- 20,000 []

v. Above 20,000 []

THANK YOU FOR YOUR CO-OPERATION

Appendix 3: Branches of the various supermarkets within Nairobi

Branches of the various supermarkets within Nairobi

Uchumi Supermarkets

1. Sarit Hyper -Parklands
2. Ngong Hyper -Ngong Road
3. Langata Hyper -Lagata Road ,Wilson Airport
4. City Square -Agakhan Walk, City Centre
5. Capital Centre -Mombasa Road
6. Westlands -Waiyaki Way Westlands
7. Koinange Sreet -City Centre
8. Adams arcade -Suna Road, Off Ngong Road
9. Jogoo Road -Jogoo Road Makadara
10. Nairobi West -Birongo Square, Nairobi West
11. Jipange -Thika Road
12. Buru buru -Mumias South Road

Nakumatt Supermarkets

1. Nakumatt Mega -Uhuru Highway
2. Nakumatt Ukay -Mwanzi Road Westlands
3. Nakumatt Lifestyle -Monrovia Moktar Daddah Street
4. Nakumatt Village -Gigiri
5. Nakumatt Emakasi -Old Airport Road
6. Nakumatt Hihridge -Parklands
7. Nakumatt Ngong Road
8. Nakumatt Junction -Dagoretti Corner
9. Nakumatt Karen -Karen Shopping Centre
10. Nakumatt Westgate -Westlands
11. Nakumatt Express -Thika Road
12. Nakumatt -City Hall
13. Nakumatt - Moi Avenue
14. Nakumatt - Haille Sellasie
15. Nakumatt Prestige
16. Nakumatt -Ronald Ngala

Tuskys Supermarkets

1. Tuskys Chap Chap –Muindi Mbingu Street
2. Tuskys Imara Daima -Tom Mboya Street
3. Tuskys Express -River Road
4. Tuskys Hakati -Mfangano Street
5. Tuskys Pioneer - Moi Avenue
6. Tuskys Magic –Off Ronald Ngala Street
7. T-Mall -Langata Road
8. Tuskys Posta Branch
9. Tuskys Bemba Bemba –Tom Mboya Street
10. Tuskys OTC
11. Tuskys -Buru buru
12. Tuskys -Athi River
13. Tuskys -Ongata Rongai
14. Tuskys Chap Chap -Adams Arcade

Ukwala Supermarkets

1. Ukwala Hyper –Tom Mbo
2. Ukwala -Ronald Ngala Street
3. Ukwala -Haille Selasie Avenue
4. Ukwala -Tom Mboya Street
5. Ukwala –Stadium
6. Ukwala Mega -Mfangano Street

Naivas Supermarkets

1. Naivas -Ronald Ngala Street
2. Naivas -Donholm Branch
3. Naivas -Hazina Branch
4. Naivas -Kasarani Branch
5. Naivas -Komarock Branch

Source:Nation Business Directory 2010