TRANSFERABILITY OF BRAND EQUITY TO THE BLUE LABEL PRODUCTS; A CASE STUDY OF NAKUMATT SUPERMARKET IN NAROBI KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for any award in any other institution or university.

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

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Supervisor

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DEDICATION

This project is dedicated to my loving husband, children, and my entire family who always prayed and encouraged me to achieve my dreams. I particularly and humbly appreciate the invaluable support and sacrifice that my husband offered me to ensure that I completed the project within the stipulated timeframe.

ABSTRACT

Private brands in the fast moving consumer category were introduced in our local market through the "kadogo" economy, where retailers repackaged products in smaller packages for resale to cater for the needs of the low income consumers who could not afford the branded products. This included but was not limited to repackaging products like sugar and cooking fat. Supermarkets' own brands or private labels are on the rise, particularly with the launch of Nakumatt blue label private brand, where the development has opened a new warfront between local manufacturers of major brands and the retail chains. Consequently, the old traditional model where supermarket chains as we knew them only acted as a bridge between manufacturers and suppliers and customers is being turned on its heads, leaving some manufacturers discontented. This vicious battle between the manufacturers and supermarkets is heating up with the chains setting out tough promotional campaigns pitting their own private label brands against major brands as the battle for the price sensitive customers gets tougher with the tough economic times. The retail outlets who also own private brands seem to have a competitive edge over the manufacturers' brands; in various fronts since they control what products they stock, where they are displayed on the shelves and which brands they feature in their local magazines/circulars. These retail stores also charge manufacturers brands slotting fees - payments demanded by retailers before they accept new products and find slots for them on the supermarket shelves. Additionally, the retail store give its private brands better display, visibility and shelf-space, compared to the manufacturer's brands, yet these brands are competing for the same share of the wallet. A key benefit for supermarkets owning a brand is that it enables them to reap a higher profit margin than they would on other brands while selling the goods at a lower price to consumers. This is because the private labels are benchmarked, against leading brands in the respective categories, but also in most cases priced below their counterparts to entice shoppers. Nakumatt private brands, the blue label products are distinctively branded with an iconic blue band to reflect Nakumatt's corporate colour and it cuts across all the categories of fast moving consumer goods. The primary aim of the study was to determine whether Nakumatt's brand equity can be transferred to its blue label products. The researcher did a critical analysis on the variables within the customer perspective brand equity such as the perceived quality, brand awareness, customer loyalty, pricing and their impact on the consumers' choice for private label brands compared to the manufacturers' brands. The researcher also assessed the image of Nakumatt store and its effect on the blue label brand and the effects the blue label brands have on the stores image. From the findings of this study, the researcher was able to ascertain that brand equity can be transferred to private brands as long as there more value and fair pricing compared to national brands; as well as give suggestions for further research on the future of these private brands.

ACRONYMS AND ABBREVIATION

AMA:	American Marketing Association
FMCG:	Fast Moving Consumer Goods
GAIN:	Global Agricultural Information Network
GDP:	Gross Domestic Product
MU:	Marginal Utility
TU:	Total Utility
USP:	Unique Selling Proposition
VFM:	Value for Money

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Historically, private label products were first developed by Sainsbury in the United Kingdom in 1869. These products were generic, commodity-based products that were developed to undercut higher-priced traditional national brand products. The products often sacrificed quality to reduce costs and appealed primarily to lower-income consumers. However, today retail marketers are managing their proprietary brands with the same or even better combination of care and innovation as manufacturers of national brands (Bert Spector - Journal of management and organizational history vol. 8 issues 4, Nov 2013).

According to Aaker and Keller (1990), researchers have viewed the fit between a parent brand and the extension category as a determinant of the success of the extension. Survival in the retail market remains with the darling brands to the consumers. However, given the cut throat competition in the industry, retailers have resulted to adopting various marketing strategies to position themselves, improve their brand image and increase profitability; an art that Nakumatt chain of supermarkets is continuously perfecting. Specialty supermarkets have also perfected their trade; “Our Price Limited”, a beauty and hair products retailer introduced a range of hairbrushes, combs and foot scrubbers under its brand name. (Business Daily 17th Jan 2013).

Nakumatt Holdings Limited (the largest retailer across the East Africa region)– www.nakumatt.net, brought the private label brand into limelight with the launch of their private label brands (the blue label) on January 17th 2013 (Business Daily 17th Jan 2013)

Fast Moving Consumer Goods (FMCG) product categories today, have private label brands participating in them, alongside national brands; where private brands are brands created and owned by a reseller (retail chains) of a product or service while national brands are created and owned by the manufacturers or producers of a product or service.

The continued increase of Private Label products to leading retailers locally is undeniable. Private label brands are increasingly challenging the national brands in the market place, thereby building a lot of curiosity in the market, on the impact of these brands in relation to the value of the mother/master brand. The power of retailers relative to their manufacturers continues to increase, with private brands rapidly encroaching on the shelf space that was once dominated by national brands, in the retail chains. Volpe, Richard (2011).

1.1.1 The Concept of Branding

The term “brand” originated from Germany in ancient times where livestock, criminals or slaves got permanently marked with a branding hot iron to identify ownership. (http://oxforddictionaries.com). According to Ries and Ries (2000) a brand is a special word in the mind of consumers that has the power to influence purchasing behaviour. The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers (www.marketingpower.com). This implies that branding is not about getting preference from the target market over the competition, but getting prospects to see “you” as the sole provider of a solution to their problem. Kotler (2001) defines branding as a seller’s promise to deliver a specific set of features, benefits and services consistent to the buyers; and it is such a strong force today that hardly anything goes unbranded.

The concept of the brand can be traced back to product marketing, where the role of branding and brand management has been primarily to create differentiation and preference for a product or service in the mind of the customer (Knox and Bickerton, 2003). De Chernatony and McDonald (2003) further argue that both product attributes and brand trust can simultaneously be achieved when viewed from a consumer perspective where branding at its most simplistic can be used to convey a product's functional qualities and associated benefits, and to establish trust and confidence in the product. Strizhakova and Price (2008), Kapferer (2008), and Srivastava and Gregory (2010) concurrently argue that branding strategies are developed by the organization, for the product, in order to position and identify the brand with positive product benefits to attract potential customers, create brand awareness and to increase profitability.

1.1.2 The Concept of Brand Equity

Pride & Ferrell (2003), defined brand equity as the marketing and financial values linked with a brand’s strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality, and brand associations. Concurrently, other scholars have variously interpreted the concept of brand equity as a financial measure (Simon and Sullivan 1993), a measure of consumers’ behavior in relation to their willingness to pay a premium price as well as their loyalty to a brand, Aaker 1991; Swait, et al. 1993), or simply a measure of consumers’ beliefs (Keller 1993; 1998, 2003).

As Kim, Kim and An (2003) put it, the financial perspective is also known as the company's brand value, while the customer perspective evaluates brand equity based on the customers' perceived brand value from the anchor of marketing decision making. Brand value and brand equity are two different, yet intricately linked concepts. According to Banik (2010), brand value is the net present value of future cash flows from a branded product minus the net present value of future cash flows from a similar unbranded product. In other words, it refers to what the brand is worth to the management and shareholders. Banik further states that brand equity is a set of perceptions, knowledge and behaviour on the part of customers that creates demand and/or a price premium for a branded product. In other words, it is what the brand is worth to a customer.

This study adopted the idea of customer perspective of brand equity which Aaker (1991) considers to be aggregate of assets and liabilities linked to a brand's name and symbol that adds or subtracts the value provided by a product or service to a firm and/or that firm's customers. Aaker (1996) further mentioned five different dimensions that can create the value of brand equity, as brand awareness, perceived quality, brand loyalty, brand association and proprietary brand assets such as patents, trademarks, and channel relationships. Kotler and Keller (2009) argue that the foundation of brand equity is formed by the brand knowledge of the consumers. Brand knowledge enables the consumer to differentiate brands and guides the mind and response to marketing activities as a result of this knowledge. These dimensions will be examined together with the image that the store depicts.

1.1.3 Private labels and store image

Kotler and Keller (2006) define private label brand (also called reseller, store, house, or distributor brand) as one that retailers and wholesalers develop. Lincoln and Thomassen (2009) concurred by emphasizing that private label brands are retailer brands; brands that are owned and sold by the retailer and distributed by the retailer. Intermediaries search for manufacturers with excess capacity that will produce the private label at a low cost. Other costs, such as research and development, advertising, sales promotion, and physical distribution are also much lower, Lincoln and Thomassen (2009). This means that the private brander can charge a lower price and still make a higher profit margin. Retailers develop exclusive store brands to differentiate themselves from competitors, and persuade consumers to develop a preference for the store brands in certain or possibly all the categories. Lincoln and Thomassen (2009) further argue that adopting private brands is adopting global trends where private label accounts for more than 20 per cent of the retail sales as value-seeking consumers increasingly continue to cast their brand preference nets wider.

According to Thang (2003), the concept of store image was used by Martineau (1958) for the first time. He defined it as, a store defined in customers' mind partly based on functional attributes and partly based on psychological attributes. He claimed that store image includes its characteristic attributes and it makes customers feel the store different from others. The functional attributes in this context are assortment of commodities, layout, location, price-value relation, and service that consumers can objectively compare with other stores. Psychological attributes are attractiveness and luxuriousness that represent special attributes of that store. Retail store image plays a crucial role in store patronage, and it is widely accepted that psychological factors have a significant role in store image formation, Thompson and Chen (1998).

1.1.4 The retail industry in Kenya

A report published by the Euromonitor International in June 2014 on Kenya's retailing industry between 2000 and 2010, estimated the growth of supermarkets to be 32 per cent in terms of numbers. The wholesale and retail trade has maintained an average of 10.2 per cent contribution to GDP. The contribution to GDP was 10.2 per cent in 2008, went up to 10.5 per cent in 2011 and was back to 10.2 per cent in 2012. The annual growth rate of this sector increased from 4.8 per cent in 2008 to 6.4 per cent in 2012 (Kenya National Bureau of Statistics, 2013). Wholesale and retail trade activities tend to be distributed across the country, their growth is attributed to a number of factors including increased purchasing power among Kenya's middle class and upper class populations, improved infrastructure, which has facilitated the movement of goods; meaning higher quality at lower prices and the sustained property boom that has allowed retailers to establish outlets at prime locations near residential neighbourhoods, offering more convenience to consumers. Retailing in Kenya is therefore on an upward growth trajectory, especially supermarkets which have been spreading very rapidly in major towns. (www.euromonitor.com).

Kenya is among the most advanced countries in Africa in terms of presence of supermarkets, after South Africa. According to the Global Agricultural Information Network – GAIN (2008), Kenya had over 494 supermarkets and 22 hypermarkets in 2008, a number that could have doubled by 2012. Being the second single largest source of growth after agriculture, the wholesale and retail subsector is a major source of employment. In Kenya, Tuskys, Nakumatt, Naivas, Ukwala and Uchumi are the most popular supermarkets in Nairobi. The Economic Survey report in Kenya 2013 indicated that the wholesale and retail sector was showing great potential as a key economic driver after recording good performance in 2012. The report further showed that wholesale and retail sector is the second biggest contributor to the Gross Domestic Product growth accounting for 15.2 per cent of the overall growth after agriculture and ahead of transport and communication. Economic Survey Report (2013).

1.1.5 Nakumatt Supermarkets

Nakumatt is the largest supermarket chain in Kenya. Traditionally, the chain store was seen as a supermarket for the wealthy, but it appears to be targeting lower income shoppers. Nakumatt, the short for Nakuru Mattresses, was born out of Nakuru Mattresses and registered in 1965. It started as a small family-owned mattress shop in the provincial town of Nakuru in 1978 and the business operated in Nakuru and Eldoret until 1987, when they set up a small store store in Nairobi on Ukwala Road-behind the Bus Station, paving way for a phenomenal regional growth that has seen it open numerous branches. (www.standardmedia.co.ke).

Nakumatt operates a single store in Moshi, Arusha Tanzania and will be effectively raising its branch network to 49 up from the current 46 across East Africa. Besides opening of the three Tanzania stores, Nakumatt is also gearing up for the opening of four other stores in Kenya by the end of 2014. (http://kassfm.co.ke).

1.2 Research problem

Private label brands have been described as a global phenomenon (Herstein and Gamliel, 2004), where manufacturers' brands have long dominated the retail scene. In the past, private labels were primarily targeted to the poor. Today, while the poor still buy, one observes even wealthy consumers purchasing store brands. It is considered smart shopping to purchase private label products of comparable quality for a much lower price rather than being ripped off by high-priced manufacturers' brands (Kumar and Steenkamp 2007). However, the future of the future of private brands vis-a-viz national brands in the dynamic market creates interest in the practice. Businesses and business media regard store image as critical to retail success due to the influence it is believed to have on store patronage behavior and consequently profitability (Hansen and Solgaard, 2004). Store image is defined as the 'personality' of a store or how the store is defined in the shoppers' mind mainly by its functional qualities and partly by an aura of psychological attributes (Martineau, 1958).

Nakumatt supermarket has been stocking a wide range of its own in-house branded fast moving consumer goods (FMCG) since January 2013; in an effort to give consumers a wide variety of options. (Business Daily 17th January, 2013). Nakumatt's store formats range from supermarkets to hypermarkets that display distinctive, world-class shopping floor layouts and amenities. These branches offer a range of over 50,000 quality products as well as shopping and entertainment centers for the whole family in most of their hypermarkets (The East African 2001). Its shopping hours are also convenient with some of its branches operating 24 hours. Nakumatt gift vouchers are available in various denominations from a hundred shillings to ten thousand shillings voucher; while the

Nakumatt global card enables the customers to shop globally, accumulate loyalty points with their purchases and claim rewards and prizes. (www.nakumattglobal.com).

Various studies have been done on different concerns about brand equity and private label brands in various learning institutions. Walter (2012) identified factors affecting the success of private label bread brands of large supermarkets in Nairobi Kenya. He was seeking to unearth the impact of factors such as perceived quality, perceived value, perceived price, perceived risk and the perceived intention to purchase bread under the private label brands. Ngige (2010) established the influence of brand equity assets on consumer purchase choices; a case of breastfeeding pillows in Nairobi Kenya; while Ogonj (2010) identified factors influencing perceptions of brand equity of liquid food packages among consumers in Nairobi's Buruburu estate; a case study of Tetra Pak Limited. All the aforementioned studies concentrated on the success of private label bread brands, influence of brand equity assets and brand equity perceptions. However, no known study has focused on the possibility of transferring a firm's brand equity to its in-store brands. This study therefore seeks to answer the question; is Nakumatt supermarket's brand equity transferable to its blue label branded products?

1.3 Research objectives

The objectives of the study were:

1. To determine how customers perceive the quality of blue label products in relation to their pricing.
2. To assess the effect of the store image, and brand awareness on blue label products.
3. To establish the effect of blue label products on the store's image.

1.4 Significance of the study

The findings from this study contribute additional knowledge to the existing and future firms, on transferability of brand equity to private label brands particularly in Kenya where the private label practice is growing. The study also gives a reference material for future researchers on studies related to brand equity, private brands and other related studies. The study also highlights a research gap that will require a further research to be carried out in future.

To the wholesale and retail industry, the study established more factors that would enhance the growth of the industry as well as those that are detrimental to its growth. The study offers a reference point to the stakeholders in the industry and help them formulate and adopt strategies that will enable them create a niche in the industry.

To the policy makers, this study acts as a guide to identify and make appropriate decisions that will foster the growth and development of the industry without compromising on the firms' performance. The findings will further help the policy makers ensure that the available resources are efficiently utilized for the benefit of the industry, the stakeholders, the society and the environment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical foundation and reviews the literature on the brand equity, private label brands and private label positioning. It covers consumer behaviour, consumer perception and consumer learning, diffusion of innovations and the challenges encountered in this process.

2.2 Theoretical foundation of the study

Generally, consumer decision making is the process of perceiving and evaluating brand information, considering how brand alternatives meet consumer's needs, and deciding on a brand. Attitudes are evaluative judgments, or ratings of how good or bad, favourable or unfavourable, or pleasant or unpleasant consumers find a particular object; the object being, a product or service offering, brand, price, store and dealer person, place, thing or issue. Attitudes are formed from beliefs; and when consumers believe that a new product has many features that match their needs, they are likely to form positive attitudes about the new product. Consumer attitudes are formed on the basis of experiences as well as information received from personal (word of mouth, family, friends, peers) as well as impersonal (marketer's sources) sources of information that are retained in the customers' memory (Kardes, Cline and Cronley 2011). James Royer (1978) argued that since virtually all behavior is influenced by prior experience, it is possible to equate theories of transfer with the general theories of behavior.

2.2.1 Social exchange theory

The theory proposes that social behavior is a result of an exchange process. The purpose of this exchange is to maximize benefits and minimize costs. According to this theory, people weigh the potential benefits and risks of social relationships. When the risks outweigh the rewards, people will terminate or abandon the relationships. Costs involve things that are seen as negative to the individual such as having to put money, time and effort into a relationship. Benefits on the other end are seen as the things that the individual gets out of the relationship such as fun, friendship, companionship, social support, convenience and space. The theory suggests that we essentially take the benefits and minus the costs in order to determine how much a relationship is worth. Positive relationships are the ones in which the benefits outweigh the costs, while negative relationships occur when the costs are greater than the benefits Emerson (1976); Cropanzano & Mitchell, (2005).

2.2.2 The general theory of consumer perception

Perception is the process in which a person selects, arranges and interprets stimuli, where these stimuli are filtered and adjusted to become one's own view of the world. Even though exposed to the same thing, in the same environment, two persons will never experience the same (Schiffman and Kanuk, 2009). In our lives today, we are exposed to millions of different stimuli; different smells, sounds, tastes, sights and textures, but the brain takes in and process only a small number of all these stimuli (Solomon, Bamossy, Askegaard and Hogg, 2006). The perception process consists of three stages: exposure, attention and interpretation stage. The brain takes in the stimuli in the attention stage, and interprets it according to our previous experiences and desires in the interpretation stage.

(Solomon, Bamossy, Askegaard and Hogg, 2006,) It is only when the customers' perceptions of the business, products and services are known, that one can confirm the direction in which the business is taking. All the interactions that occur between customers and the business ultimately affect the customers' view and image of the business; since they form the overall perception of the business.

2.2.3 Theory of classical conditioning (Pavlov's theory)

Classical conditioning is a learning theory that had a major influence in behaviorism. It was discovered by a Russian physiologist Ivan Pavlov as a learning process that occurs through associations between an environmental stimulus and a naturally occurring stimulus. Behaviorism is based on the assumption that learning occurs through interactions with the environment. Two other assumptions of this theory are that the environment shapes behavior and that taking internal mental states such as thoughts, feelings, and emotions into consideration is useless in explaining behavior (Nevid 2013). Classical conditioning can be applied to marketing in an effort to associate a product with a positive stimulus. For example, frequent advertisements of a product or engagement in corporate social responsibility activities elicits excitement due to the pairing of the same with the respective company. This association may influence people to buy this company's brand. However, research suggests that there is a limit to the amount of repetition that will aid retention; repetition beyond what is necessary for learning leads to advertising wear out. According to classical conditioning theorists, learning depends not only on repetition but also on the ability of individuals to generalize. Stimulus generalization explains why manufacturers of private- label brands try to make their products closely resemble the national brand leaders (Schiffman and Kanuk, 2009).

2.3 Brand Equity Dimensions

Brand equity is considered as multidimensional concept and a complex phenomenon (Jiang, 2004). Keller (2003) proposes that brand equity consists of five dimensions: brand loyalty, brand awareness, brand association, perceived quality and other brand propriety assets such as patents, trademark and channel relationship. Alternatively, Gylling & Lindberg (2006) argues that, it composes of two components: brand awareness and brand image. His conceptualization is same as two of Aaker's brand equity dimensions, which are dependent on brand knowledge.

Brand awareness, brand association, perceived quality and brand loyalty as common dimensions of brand equity, which have been adopted by other researchers (Erenkol and Duygun, 2010). Positive brand equity implies that customers have a lot of positive and strong associations relate to the brand, high quality perception and can lead to brand loyalty (Yoo et al., 2000).

2.3.1 Brand awareness

Brand awareness is the first and fundamental attribute of customer brand equity; and sometimes it is underestimated component of brand equity (Tong and Hawley, 2009). Brand awareness is defined as "the ability of a buyer to recognize or re call that brand is a member of certain product category". Keller (2003) found that it composes of both brand recall and recognition. He further (Hongo, 2004) explains that brand recognition "relates to consumer's ability to confirm the prior exposure to the brand when given the brand as a cue". However, brand recall is "related to consumer's ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue". (Chaudhuri & Holbrook, 2001) For a new or niche brand, the important issue is recognition; on the other hand, for a well-known brand, recall and top-of–mind is more sensitive and significant. Beside, brand awareness affects customers to make their decision, particularly for low-involvement packaged goods and strengthens brand performance in the market (Huang and Sarigöllü, 2011). Hence, marketers should concentrate on brand management and appropriate tactics to build and maintain customers' brand awareness by enhancing connection between a product and its customers, so as to influence customer brand selection (Wang et al., 2008). In summary, "brand awareness precedes building brand equity" in the consumer mind set (Huang and Sarigöllü, 2011); it affects customers' perception and attitudes, as well as it influences customer's brand choice and brand loyalty.

2.3.2 Brand association

Brand association is another important component of brand equity. It is described as "anything linked in memory to a brand" and brand image is as seen as "a set of associations, usually related in some meaningful way" (Carmeli & Tischler, 2005). Jiang, (2004) defined brand associations as "impressions based on other information that is related to impressions created by the brand in the minds of consumers and that include the brand's meaning for the consumers". Based on prior research, Xu and Chen (2010) found that the related association (impression) link could be a product, country of origin, firm, competitor, seller, or users with particular demographic or lifestyle characteristic. However, the association to a brand might be stronger when it is based on numerous experiences or exposure to communications, rather than few (Marinova et al., 2011).

Erenkol and Duygun (2010) propose that brand associations help communicators to easier deliver an idea of a product or service to consumers or communicate thoughts related to the brand, but also provide brand differentiation and positioning. Furthermore, brand association creates value for the firm as well as for its customers by assisting to process information, distinguishes the brand, creates positive attitudes and feeling, provides a reason to purchase a brand and forms the basis for brand extensions (Tong and Hawley, 2009). Brand association, which is the outcome of high brand awareness, is positively relate to brand equity, since it is viewed as “a sign of quality and commitment”, leading customers to familiarizes purchasers with a brand, as well as “helping them consider it at the point of purchase” (Marinova et al., 2011;). Building positive brand associations may lead to the formation of a positive brand image, which is a conceptual antecedent to enhanced brand equity (Faircloth et al., 2001).

2.4 Branding Practices

Because of the increasing value of brands to so many companies across the world, the brand creation and management process has never been more important. Mistakes made at any stage can end up damaging a company’s reputation and could cost huge amounts of money to put right.

Successful branding creates brand equity. To develop a strong and successful brand, a retail store has to embrace three basic principles. Achieve differentiation (in the consumers’ mind) from competitors, long-term marketing continuity and coherence of different marketing components (Aaker, 1996). Only brands that are well distinguished from competitors can build up long-term customer loyalty and avoid store switching by the consumers. Brands are established through consumer learning process, where consumers create brand associations in their minds; that are reinforced with repeated exposure to the brand messages. Inconsistency makes a brand image fragile and consumers strive for internal harmony or congruity in their knowledge and information; theory of cognitive dissonance (Schiff man et al, 2012).

Product branding includes all the tangible and intangible associations that customers have about a product brand. This could include brand quality, brand price, brand features, brand personality and brand image. Product brands target customers, and are likely to create associations about specific products. Thus, marketers' efforts focus on developing marketing activities that will deliver value to a brand which will enhance its image from the customers' perspective. Due to its importance, marketing academicians and practitioners are becoming more involved with branding as a means for differentiation. However, marketers are challenged when it comes to assessing a measurable value for a brand. Most measures for product brand equity are stemmed from the consumer behavior literature. Klein and Dawar (2006) proposed the following dimensions as the major asset categories in determining brand equity: (1) brand name awareness (2) brand loyalty (3) perceived quality and (4) brand associations. This perspective offers a customer-based approach for brand equity measurement.

Carrol, Barnes, Scornavacca & Fletcher, (2007) defined customer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. Keller highlighted brand knowledge, reflecting the degree of brand awareness and image and brand response, reflecting consumers' perceptions, preferences and behaviors resulted from the marketing mix activities. Another perspective for measuring product brand equity is commonly referred to as the financial accounting perspective. This perspective evaluates brands by assessing their impact on financial performance indicators such as revenues and profits. Simon and Sullivan (2003) assess brand equity as the incremental discounted cash flows that would result from a product having its brand name in comparison with what would accrue of the same product did not have the brand name. Companies such as Financial World and Inter-brand assess values in brands using this financial-based perspective. Future product earnings are based on historical information about brand performance.

While evaluating brands on the basis of the value of a product is important, yet existing measures do not account for non-product and non-customer related factors that may affect the value of a brand. Previous empirical research has identified a strong link between corporate associations and product brand evaluations (Berens et al., 2005). Also, other non-customer stakeholders' perspectives greatly influence the value of a brand. For example, the general public's perceptions about corporate response to social events such as Hurricane Katrina greatly affected the reputation of companies such as Procter and Gamble (Alsop, 2005). Also, Bill Gates' personal philanthropy helped to raise the ranking of Microsoft by the general public (Alsop, 2007). This phenomenon highlights the importance that marketers should emphasize in integrating stakeholders' perceptions about brands and assessing their impact on performance.

2.5 Brand equity

According to Aaker (1996), a crucial concept for building brand equity is brand identity; which is a unique of brand association that represents what the brand stands for and promises to customers. He argued that brand identity can be organized in four perspectives where the brand is viewed as a product, organization, person or a symbol.

Kotler, Armstrong, et al, (1999), pointed that brands vary in the amount of power and value they have in the marketplace; and that a powerful brand has high brand equity. Brands have higher brand equity to the extent that they have higher brand loyalty, name awareness, perceived quality, strong brand associations and other assets such as patents, trademarks and channel relationships. It is for this reason that many companies base their growth strategies on acquiring and building a rich brand portfolio. From a finance perspective, Keller and Lehmann (2006) described brands as assets that, like the plant and equipment, can be, and frequently are, bought and sold. They further pointed out that the financial worth of a brand is the price it brings, or could bring, in the financial market.

Feldwick (1996) used the terms brand description, brand image and brand strength which he emphasized was synonymous with brand loyalty as the concept of measuring consumers' attachment to a brand. He further explained that the strength of a brand and its description were referred to as consumer brand equity to distinguish them from the asset valuation meaning. Aaker (1991) further stated that the brand loyalty of the customer base is often the core of a brand's equity. He continued arguing that brand loyalty is a basis of brand equity that is created by many factors, chief among them being the use experience. Keegan, Moriarty, Duncan (1995) pointed out that loyalty is influenced in part by the other major dimensions of brand equity, awareness, associations, and perceived quality. The trio also added that in some cases, loyalty could arise largely from a brand's perceived quality or attribute associations. (Jackoby and Chestnut (1978); Kahn and Meyer (1991); Dick and Basu (1994); Fournier and Yao (1997) argued that it is very possible to like and be loyal to something with low perceived quality or dislike something with high perceived quality. Thus, brand loyalty provides an important basis of equity that is sufficiently distinct from the other dimensions.

2.6 Private label positioning

Private label products are viewed as differentiators. They are no longer simply "me too" products that offer "the same thing for less money." More and more, they bring something new to the market. Private label products are strategic weapons. Increasingly, they are tools that separate a retailer from its competitors, hopefully in a way that helps to build loyalty and purchase behavior. And, in addition to bringing something unique to a retailer, they offer better margins, thereby supporting bottom line growth a critical role to be played in an industry that has forever been marked by thin margins and today is feeling margins seemingly choked out of existence.

A number of retailers continue to embrace the private label branding as branded alternatives in order to influence and change consumers' preference and thereby change the consumer buying patterns. Globally, evidence suggests that there is a slow but steady growth in private labels, with the global average for their penetration pointing at about 15%. Consumer attitudes and perceptions towards these brands are mainly based on the products perceived quality, price, quality compared to that of the national brands as well as the store image. The success of private label brands is therefore influenced by the strategies adopted to position them in the minds of the consumers (Martos-Partial, et al 2011).

In general, private label strategies become a prevalent part of any mature retail market, as retailers typically have the scale and capabilities necessary to develop a competitive private label offering. For instance, retailers generally have larger budgets for in-store marketing and promotions; they have better access to third-party suppliers and distribution networks; they are more familiar with brand management techniques; and there is an increasing synergy between retail and manufacturing investments, as in communication and advertising.

2.6.1 The evolution and repositioning of private labels

Traditionally, private label brands were referred to as generic product offerings that competed with the national brand through price-value proposition. Due to their low pricing compared to the national brands the perception that private brands were inferior in quality translated to lack of trust and confidence in them. However, they continued to thrive in the market by providing consumers with an affordable option particularly in low involvement purchase decisions. Retailers continued to introduce more private brands in different categories and maximized on profits since the products required minimal or no marketing effort (Field, 2006). Today, private label packaging frequently sets the standard and tone for high-end design and consumer expectations for product delivery. Consumers purchasing private label products benefit from a reasonable option in terms of quality (where suppliers are the same as the leader brands) and a very good option in terms of price (Raju, Sethuraman and Dhar 1995).

2.7 Consumer attitudes towards private labels

Consumers attitude towards private labels are changing with time. Previously private label brands were seen as seen as inferior, low cost, generic brands by the consumer, but currently they are perceived as fully-fledged individual brands in their own right, to be evaluated alongside all other brands. Globally, private label brands differ in the rate of penetration, but they have developed to become more than just a low price brand in the eyes and mind of the consumer in terms of value and quality (Cuneo, Lopez, and Yague, 2012).

According to Cunning, Hardy and Imperia (2002), consumers rate private brands as inferior to national brands in terms of taste, appearance and labeling, among other factors; while some shoppers would avoid buying them regardless of the savings associated with buying them. However, consumers may make their purchase decisions based on the product positioning and pricing. This is mainly due to the low quality image portrayed by the private brands compared to the national brands. A focus on quality could give private brands a competitive advantage in terms of favourable perception of the store brands and in turn increase consumers' loyalty towards these products which are only available at the stores chains (Paul S. R., P. S., Alan S. D., and Arun K. J. 2004).

Store image is an attitude formed in consumers' consciousness, which is partly determined by practical characteristics that are related to functionality, and partly by psychological factors (Martineau, 1958). He further identified four main factors that determined a store's image as the layout and architecture, symbols and colours, advertising, and the operating personnel. Kapferer, (2008) further argued that the image of the store (quality, cleanliness, popular or superior character, and so on) reflects on everything that bears its name, firstly on the distributor's brand.

Edgecliff, (2001) argued that price and quality are the two directly related factors that customers consider when choosing private brands. He further pointed out that customers use the price-quality formula to evaluate the brands in their purchasing decision making process. Generally, consumers judge the quality of products on the basis of their pricing rather than the other products attributes. They have a perception that low-priced products are inferior in quality compared to high-priced branded products (Batra & Sinha, 2000).

2.8 Diffusion of innovations

Assael (2004) defined diffusion of innovations as the framework for exploring the spread of consumer acceptance of new products throughout the social system, market segment or a target market. The acceptance of an innovation is spread by communication to members of a social system over a period of time. Schiffman, et al (2012) pointed out that the diffusion process and adoption process are two closely related concepts that are concerned with the acceptance of new products by consumers. The diffusion process includes four basic elements namely; the innovation, channels of innovation, the social system and time. In the adoption process, the consumer moves through five stages to arrive at a decision to purchase or reject a new product. These stages are; awareness, interest, evaluation, trial and adoption or rejection. However, consumers' resistance to innovation increases with decrease in perceived relative advantage, perceived compatibility, trialability and communicability; and increased perceived complexity. Innovation overload also greatly impairs the consumers' decision making (Schiffman, et al., 2009).

Diffusion of innovations practice needs to increasingly acknowledge and value the role of indigenous wisdom and solutions. Indeed innovations that are generated locally are not just more likely to be culturally-appropriate, but also more likely to be owned by the potential adopters. When adopters are externally persuaded to buy into the vision of an outside-expert, they tend to demonstrate inertia and resistance, much like the Iowa farmers who for years resisted the adoption of hybrid seed corn. However, we do not need more-of-the-same diffusion research (Meyer, 2004). The overwhelming focus on the individual as the unit of adoption needs to be broadened to the levels of organizations and communities-of-practice. More scholarly attention needs to pay to the consequences of technological innovations.

Rogers (2003), diffusion of Innovations takes a radically different approach to most other theories of change. Instead of focusing on persuading individuals to change, it sees change as being primarily about the evolution or “reinvention” of products and behaviours so they become better it’s for the needs of individuals and groups. In Diffusion of Innovations it is not people who change, but the innovations themselves.

According to Finney (2002), diffusion of innovations between societies is one of the most important processes in cultural evolution. The diffusion of innovations is important because it is relatively hard to invent (or develop) many kinds of useful knowledge. Complex techniques (e.g. maize farming) are combinations of many skills, and develop over a long period of time. It is usually difficult to invent all the requisite parts in the right order, foresee the advantage of nascent new technology, etc. It may also require a special environment or a historical/cultural pre-adaptation to make the earliest steps of an invention possible. It is usually much easier to acquire all but the simplest skills from someone else than it is to try to invent them for yourself. The possibility of non-parental transmission, combined with the existence of various types of biases, means that humans can selectively borrow ideas from other societies we can attempt to guide the evolution of our culture. As a consequence, societies trade ideas and techniques, as well as disease organisms, genes, and commodities. Elements of the costly information hypothesis are well exemplified by the diffusion of innovations process.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology that was be used in this study. It focused on the research design, data collection and data analysis methods.

3.2 Research Design

The study was based on a case study, where the researcher collected in-depth data on the target population. The design is most suited for a single unit of study because it offered a detailed analysis that gave valuable insights into the subject under study. A case study allows for a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breadth of the study (Mugenda and Mugenda 2003).

3.3 Data collection

Primary data was collected by using an interview guide. The interview was conducted on the customers at the Nakumatt Supermarkets in Nairobi to ascertain whether they can transfer their Nakumatt brand loyalty to the stores' own branded products. The interview guide was utilized as a data collection instrument to obtain accurate and detailed data.

Any relevant secondary data also was used in the study.

3.4 Data Analysis

The study adopted content analysis to analyze the respondents' response on transferability of the store's brand equity to its own branded products. Content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate to trends. Analysis of the collected data was compared with the theoretical framework and the reviewed literature to arrive at a conclusion.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study established from the interview guide in determining the transferability of brand equity to the blue label products a case study of Nakumatt supermarkets in Nairobi. The findings of the study were guided by the following specific research objectives: to determine how customers perceive the quality of blue label products in relation to their pricing; to assess the effect of the store image, and brand awareness on blue label products, and to establish the effect of blue label products on the store's image. This chapter also explains the findings in comparison with relevant literature as established by other authors in the same field of study.

4.2 The Respondent Profiles

The respondents comprised of shoppers of Nakumatt supermarket in Nairobi. In total the researcher interviewed (20) respondents from 4 selected Nakumatt supermarkets in Nairobi (See Appendix II), where twelve offered in-depth responses in relation to the subject of the study.

The study sought to determine the age of the respondents and the findings were presented in the table below.

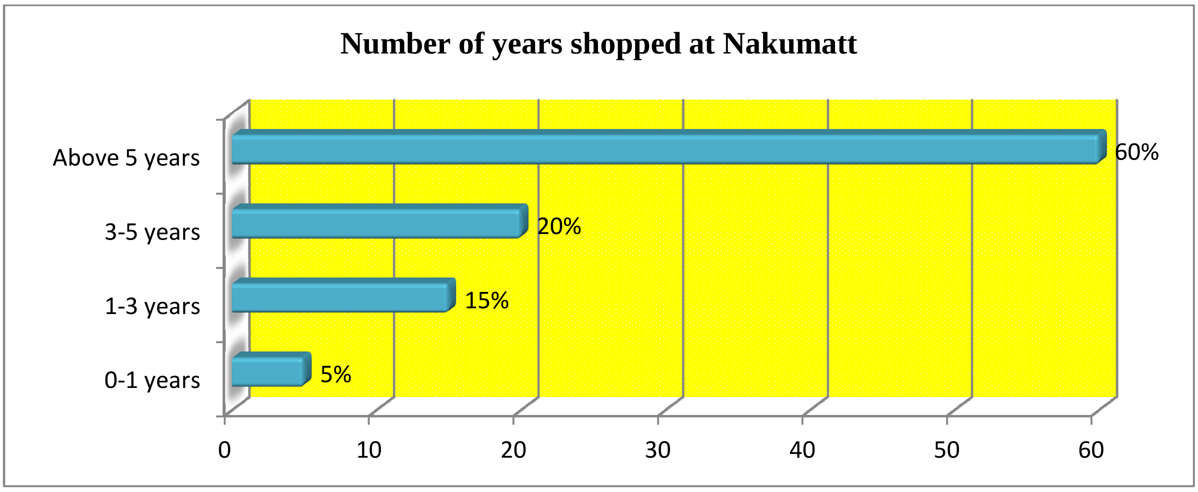
Table 4.1: Age of respondents

Age of respondents	Frequency	Percentage (%)
Below 35 years	15	75
35-50 years	3	15
Above 50 years	2	10
Total	**20**	**100**

From the findings in the table above, 15 (75%) of the respondents were aged between the age of 24 and 35 years. 3 (15%) of the respondents were aged between the age of 35 and 50 years while 2 (10%) of the respondents were aged above 50 years.

The respondents were required to indicate how long they have shopped at Nakumatt supermarket. The findings were presented in the figure below.

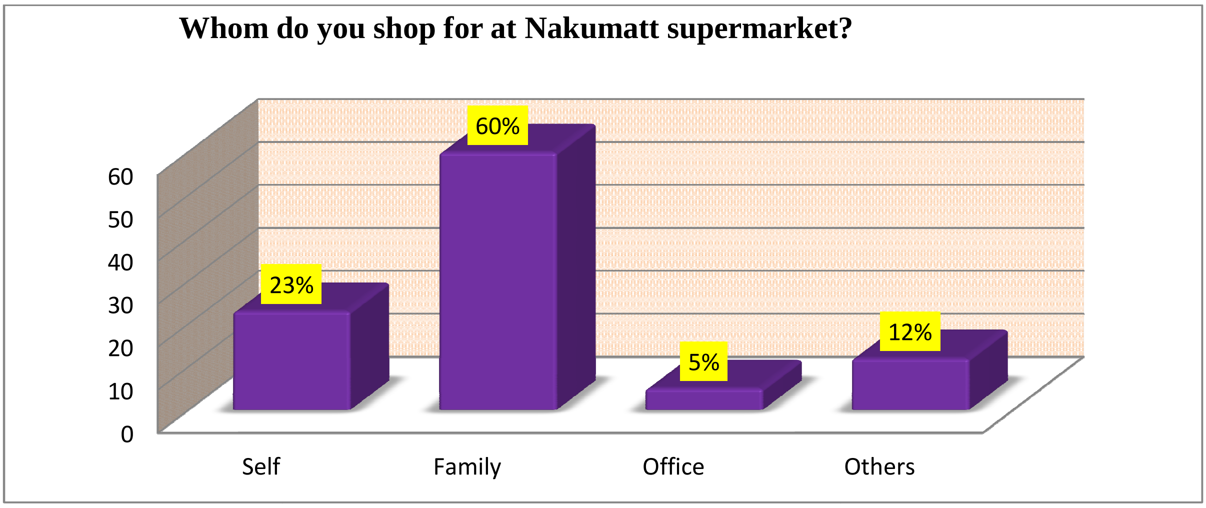
Figure 4.1: Number of years shopped at Nakumatt



From the findings the study established the period shoppers have shopped at Nakumatt supermarket for a period of five years and above. This accounted for 60% of the respondents. It was closely followed by the respondents who indicated that they had shopped at Nakumatt supermarket for about 3 to 5 years. This accounted for 20%. 15% represented respondents who shopped at Nakumatt supermarket for about 1 to 3 years while 5% accounted for respondents who shopped at Nakumatt for about less than a year to 1 year.

The study sought to find out from the respondents whom they shop for at Nakumatt supermarket and the findings were presented in the figure below.

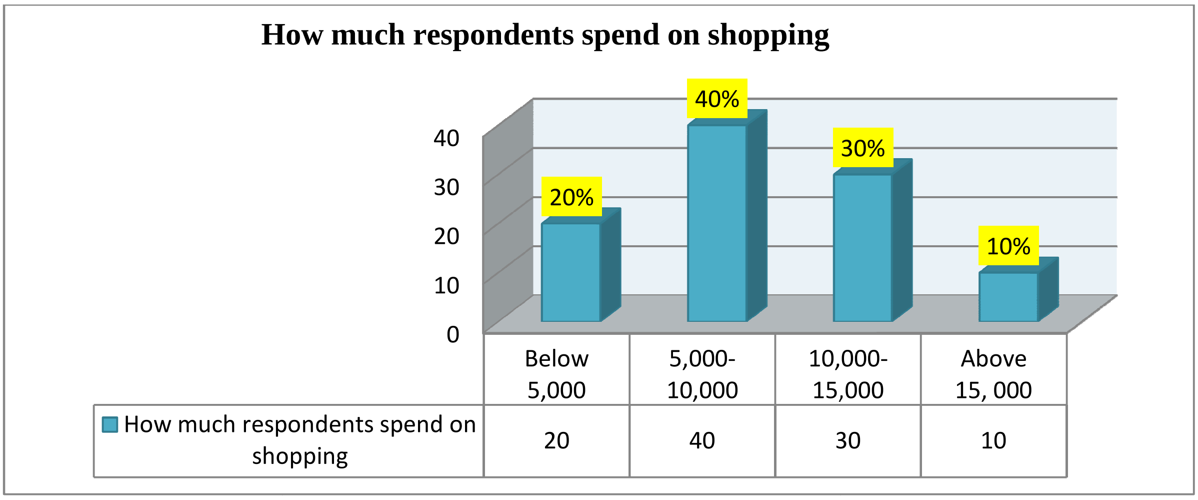
Figure 4.2: Whom respondents shop for at Nakumatt supermarket



The majority of the respondents indicated they shop for family most of the times at Nakumatt supermarket and this accounted for 60%. 23% of the respondents indicated that they shop for self at Nakumatt supermarket. 12% of the respondents indicated that they for other while 5% of the respondents indicated that they shop for office use.

The study sought to determine on average how much the respondents spend each time they went shopping at Nakumatt supermarket. The findings were presented in the figure below.

Figure 4.3: How much do respondents spend on shopping?

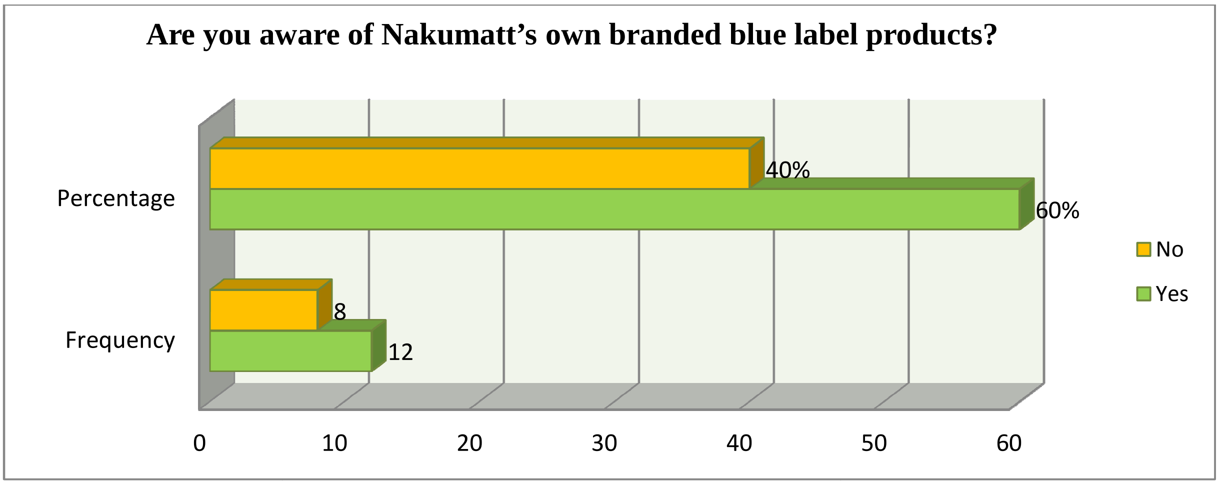


From the findings, 40 % of the respondents indicated that they spend about Ksh. 5,000 to Ksh. 10,000. 30% of the respondents indicated that they spend about Ksh. 10,000 to Ksh. 15,000. 20% of the respondents indicated that they spend below 5,000 while 10% of the respondents indicated that they spend above Ksh. 15,000.

4.3 Brand Awareness of Nakumatt Blue Label Products

Tong and Hawley (2009) define brand awareness as the ability of a buyer to recognize or recall that brand is a member of certain product category. Hongo (2004), related to consumer's ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue. Huang and Sarigöllü (2011), recognize that beside, brand awareness affects customers to make their decision, particularly for low-involvement packaged goods and strengthens brand performance in the market. The highest level of brand awareness is top of mind awareness. This is when customers think of the products first when they need to make a purchase within the product category. Build top of mind awareness is created through repeated exposure and consistent delivery of a good product or service over time. This is a huge advantage in the market when customers enter a buying situation and the brand immediately comes to mind first.

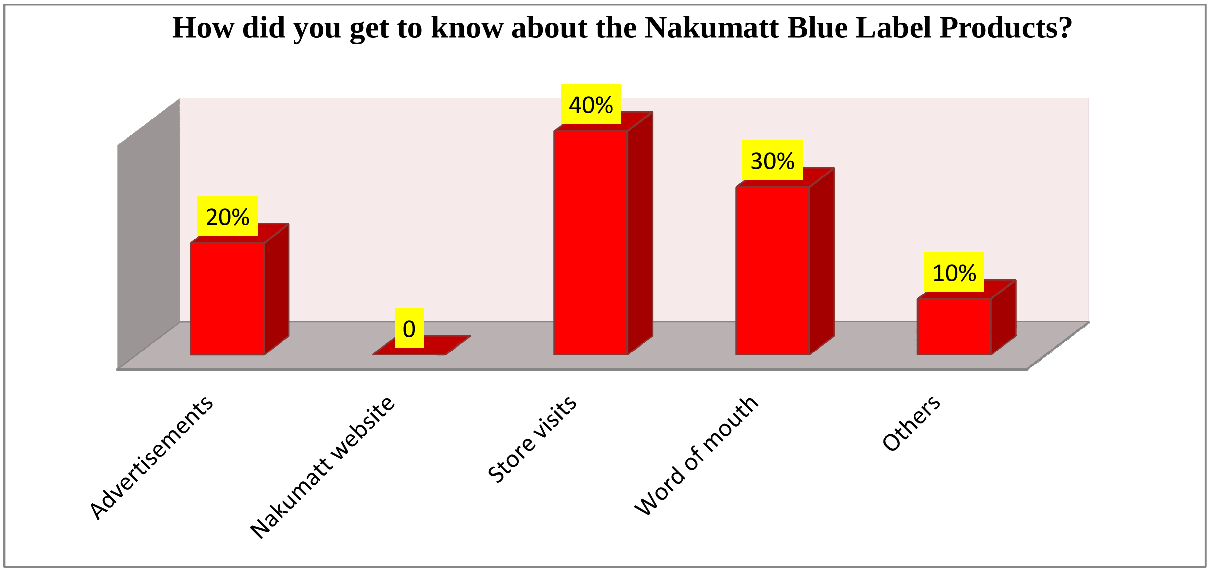
Figure 4.4: Awareness of Nakumatt's own branded blue label products



From the findings, the study found out that 60% of the respondents were aware of the Nakumatt's own branded blue label products while 40% of the respondents were not aware of the Nakumatt's own branded blue label products. Some respondents indicated that they have seen Nakumatt blue label products in the stores' shelves while others indicated that they have used them at home, in offices and in various events (parties).

"Nakumatt have displayed their products right from the entry to the exit- it's difficult to ignore especially now that everyone is keen on new arrivals". On the other hand, another shopper responded that, "there are so many products around but there are those that we are used to using which we find everywhere-otherwise Nakumat is a supermarket not a manufacturing company".

Figure 4.5: How respondents got to know about Nakumatt Blue Label Products



The majority of the respondents indicated that they got to know about the Nakumatt Blue label products through store visits. This accounted for 40% of the respondents.

Respondents came to know about these products through store visits at the Nakumatt supermarkets even before they were officially launched, while to others it was through word of mouth, advertisements and friends' home visits. Loyal respondents concurred that the blue label products are displayed prominently in the stores within the customers' line of sight making it difficult to ignore them; "you are welcomed by Nakumatt products at the entry and they see you off at the till exit. The products are all over from detergents, cereals to snacks". They further indicated that Nakumatt blue label products are placed at eye level on the stores' shelves, thus making it easy for the customers to notice them. Their packaging and distinct branding with an iconic blue band that reflects the stores' corporate colour draws the attention of shoppers who were not planning to buy the stores' product.

Nakumatt has used various platforms to create awareness about the private brands that elevated their brand awareness. A respondent from Nakumatt Prestige store confirmed that Nakumatt through Facebook and twitter offered its customers a 50% discount on all its private brands for 24 hours to celebrate Kenya's 50 years since independence; and within minutes word had spread through and in a few hours all the blue label products were swept off the shelves. This scenario, the respondent explained, gave the shoppers a golden opportunity to try the stores products. Social media (Facebook and twitter) are some of the vital tools that Nakumatt uses in developing brand awareness since they serve as forums where consumers interact and discuss their lives, including their purchases and items/brands they like.

Nakumatt store as a brand has greatly boosted the uptake of its blue label products awareness through brand recognition, brand preference and eventually brand loyalty. A respondent at Nakumatt Galleria indicated that, 'I have no problem switching to the stores' own branded products from the experience I have had so far with being the store's loyalist. Being a market leader in the retail industry, Nakumatt has remained consistent in the quality of products it offers; a trend that it is least expected to compromise on particularly on its own in-store branded products'. It is this consistency coupled with remarkable services at a level that customers will not get anywhere else, meeting customers specific profile, continued growth and adaption to the customers' changing needs, that Nakumatt has continued to lock-in customers from switching easily, but also gearing them towards their blue label products.

Brand equity is the value of the brand beyond the physical assets like buildings and equipment. To develop strong brand equity the organization has to develop a high level of brand awareness. The more people are aware of the organization and the stronger the reputation, the greater the profit potential and overall brand value. Word of mouth in the market plays a strong role in helping the brand grow its customer base and develop loyal relationships with top customers (Hongo, 2004). Brand awareness has become increasingly significant with the evolution of the Internet and digital technology. The public is more equipped with mobile and social media tools to communicate quickly about the brand, whether positively or negatively. This means that establishing a strong reputation for good products or services, integrity in the business practices and community involvement like customer social responsibility are more critical to long-term success (Huang and Sarigollu, 2011).

The respondents' choice of their shopping store in Nairobi was mainly based on the stores' strategic location particularly in malls where customers can enjoy other services including entertainment within the shopping mall, an assortment of quality products on offer, the shopping environment, the sense of security, among other factors. "This is an all under one roof shopping complex. I come here because the place is lively and I enjoy all the other services with my family and friends too under one roof. As I shop, my children enjoy the 5D games, I go to the salon and have some coffee before we go home". Considering the level of awareness of Nakumatt stores as a brand, a respondent suggested that the brand manager should consider building top-of-mind awareness and brand preference when it comes to the blue label products by enhancing the connection between these products and the customers through value addition. Erenkol and Duygun (2010) shares the same sentiments by arguing that brand awareness, brand association; perceived quality and brand loyalty are common dimensions of brand equity. Yoo et al., (2000), further argues that positive brand equity implies that customers have a lot of positive and strong associations relating to the brand, they have high quality perception and these can eventually lead to brand loyalty.

4.4 Quality Desired in Blue Label Products

Product quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations. It is how a company's products and services compare to those of competitors or how they compare to those offered by the company in the past. Poor quality products affect consumer's confidence with the brand in question, image and eventually sales and profitability. A collection of features and characteristics of a product contribute to its ability to meet given requirements: early work in controlling product quality was on creating standards for producing acceptable products. Consumers have become more conscious of the cost and quality of products and services. Firms on the other hand have begun to focus on total production systems for achieving quality at minimum cost. This trend continues, and today the goals of quality control are largely driven by consumer concerns and preferences (Ntoumanis, 2001).

According to the findings, there were varying perceptions on the quality of blue label products. Majority of the respondents were neutral in their attitude towards the blue label brands, owing to the fact that the contracted manufacturers are the same ones with similar brands in the stores' shelves. On the other hand, a few respondents were optimistic that with the image Nakumatt stores portrays, they can only outsource for top quality products to match their standards. From the respondents' point of view, Nakumatt blue label products are of higher quality compared to their equivalent manufacture's products, while a majority of the respondents indicated that the quality of the Nakumatt blue label products are the same in terms of quality and sometimes slightly lower when it comes to cereals. The respondent was quick to add that this could be largely affected by the season and storage where the cereals are affected by weevils and the like when they are already on the shelves- phenomena that run across all other similar supplies.

“I know Nakumatt as a supermarket that is driven by quality, so even if it is sourcing for its products there is no way it can allow supply of compromised products; if anything they can only be of a higher quality since they are buying in bulk”. On the other hand, majority of the shoppers concurred that blue label products are the same with those of their manufacturers, with packaging that is different. One respondent reasoned that, ‘ logically speaking, how would a manufacturer make higher quality products for a firm that is competing with his products on the same shelves and allow them to be priced at a lower cost?- that would be business suicide!’.

There are three views for describing the overall quality of a product. First is the view of the manufacturer, who is primarily concerned with the design, engineering, and manufacturing processes involved in fabricating the product. Quality is measured by the degree of conformance to predetermined specifications and standards, and deviations from these standards can lead to poor quality and low reliability (McCracken, 2009). Efforts for quality improvement are aimed at eliminating defects (components and subsystems that are out of conformance), the need for scrap and rework, and hence overall reductions in production costs. Second is the view of the consumer or user. To consumers, a high-quality product is one that well satisfies their preferences and expectations (Koptler and Keller 2006). This consideration can include a number of characteristics, some of which contribute little or nothing to the functionality of the product but are significant in providing customer satisfaction. A third view relating to quality is to consider the product itself as a system and to incorporate those characteristics that pertain directly to the operation and functionality of the product. This approach should include overlap of the manufacturer and customer views (Malhotra and Biks, 2006).

4.5 The Effect of Blue Label Products on Store Image

Majority of the respondents concurred that the introduction of the blue label products did not at all affect their perception towards the giant store, but rather made a statement that the supermarket chain is setting the pace for the local retail industry by embracing the global trend where private brands have dominated supermarket shelves; especially in developed countries. A regular shopper at The Junction pointed that, “go to South Africa or other supermarkets like Tesco in developed countries and you will appreciate the acceptance as well as dominance of the private brands in the market. Basically, Nakumatt is just going global”. The difference in quality of the blue label products offered in relation to the brands consumers were accustomed to would make or break Nakumatts’ store image. However, a few respondents indicated that the stores’ image is slowly improving from an ordinary store to a more personalized one where it has joined suppliers to give shoppers more choices from within. It was therefore concluded that, Nakumatt as a market leader could not risk venturing into various categories with the Blue Label Products, if their quality was compromised compared to the other brands sold in the store.

As Ailawadi and Keller (2004) puts it, offering an assortment of products in various categories offers consumers the convenience of one-stop shopping as opposed to seeking other options from other stores. Kahn & Wansink (2004) concurred with Ailawa and Keller's sentiments by pointing out that a larger perceived assortment can improve the store image but on the other hand result in cognitive overload. To sum it up, Porter and Claycomb (1997) pointed out that brand image and store image are inseparably linked to one another.

4.6 Comparison of Blue Label Products with related non-blue label products

The study sought to determine how the respondents compare the blue label products with other similar non-blue label products in Nakumatt shelves. The respondents indicated that the price range determines which products they choose from the supermarket. The consumer's need vary in variety and taste, some of the respondents indicated that they chose products on the shelves comparing the prices of the products from different companies. Given the prices of different commodities, consumers decide on the quantities of these commodities according to their paying capacity, and tastes and preferences. Consumers' choices, tastes and preferences rests on the following assumptions: Completeness: A consumer would be able to state own preference or indifference between two distinct baskets of goods. Transitivity: An individual consumer's preferences are always consistent. Non-satiation: A consumer is never satiated permanently. More is always wanted; if "some" is good, "more" of the good is better (Aaker, 2006).

Commodities are desired because of their utility. Utility is the attribute of a commodity to satisfy or satiate a consumer's wants. Utility is the satisfaction a consumer derives from consumption of a commodity. Goods are desired because of their ability to satisfy human wants. The property of a good that enables it to satisfy human wants is called utility. As individuals consume more of a good per time period, their total utility (TU) or satisfaction increases, but their marginal utility diminishes. Marginal utility (MU) is the extra utility received from consuming one additional unit of the good per unit of time while holding constant the quantity consumed of all other commodities (Cobb-Walgren et al., 2005).

The underlying foundation of demand, therefore, is a model of how consumers behave. The individual consumer has a set of preferences and values whose determination is outside the realm of economics. They are no doubt dependent upon culture, education, and individual tastes, among a plethora of other factors. The measure of these values in this model for a particular good is in terms of the real opportunity cost to the consumer who purchases and consumes the good. If an individual purchases a particular good, then the opportunity cost of that purchase is the forgone goods the consumer could have bought instead (Chen and Tseng, 2010)..

The competitive advantage of Nakumatt supermarket in selling their own brand blue label products is that the products are only found in Nakumatt branches only. This is a strategy used to maintain their customers who are loyal in using these products. Other respondents indicated that they always like to try new products in the market thus chose to try Nakumatt blue label products to rate them and make a decision whether to accept or reject them. "You know, before we used to go to Uchumi to buy freshly baked sweet and hot bread, until Tuskys also started baking their and many others. So there must be a couple of benefits that I factor in before I make a purchase decision".

4.7 Friends' Advise on Nakumatt Blue Label Products

The study further sought to determine whether shoppers/respondents would advise their friends to pick a blue label product or an equivalent non-blue label product. The respondents indicated that they would advise their friends to pick a blue label product because Nakumatt blue label products are priced fairly in relation to their quality. However, a section of the respondents insisted that even other related non-blue products are equally good. The respondent further indicated that if there was a differentiating value addition to either of the products, then it would be easier for the shoppers to make a lasting if not a permanent choice on a particular brand. "The difference in prices is at most 2 bob and nothing else. So, I would not emphasize so much on the products unless where the budget dictates so".

4.8 Value for Money on Blue Label Products

The study sought to determine whether customers get value for their money when they buy blue label products or non-blue label products. The respondents indicated that since there is no much of differentiation in the various categories of these products, the savings in terms of money from purchasing blue label products is welcome. However, this option is not always embraced especially where the price difference is negligible. The respondent further verified that given the variety of products to choose from (all under one roof), the shopper is always at liberty to purchase what would give her maximum satisfaction in a given circumstance irrespective of the cost. "A few coins really are not justified to make me switch from my regular products. However, I like trying new items that I feel could be better than my usual stuff'.

Value for Money (VFM) is the term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, and resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value (Delvecchio, et al., 2006). Achieving VFM may be described in terms of the 'three Es'- economy, efficiency and effectiveness. The National Audit Office uses three criteria to assess the value for money of government spending i.e. the optimal use of resources to achieve the intended outcomes: Economy: minimizing the cost of resources used or required (inputs) spending less; Efficiency: the relationship between the output from goods or services and the resources to produce them spending well; and Effectiveness: the relationship between the intended and actual results of public spending outcomes spending wisely (Bloemer and De Ruyter, 2007).

4.9 Acceptance of Blue Label Products in the Market

In the event a blue label product the respondents were looking for is out of stock, the shoppers would easily pick an equivalent non-blue product and move on. A section of the respondents pointed that unless the other related products are not close to their preferred choice, then they would inquire whether the blue label product is in stock-like the twin kitchen napkins as mentioned by a respondent. “This scenario is rare since so far I have not experienced a shortage in supply of my choice of products or close equivalents that I can take as alternatives. Nakumatt has a wide variety of stock”. Stocking is the process of filling the store's shelves and displays with merchandise for sale, commonly referred to as stock. Stocking can also refer to the process of replenishing and storing goods in the store's backroom or warehouse. Store employees known as stock clerks are responsible for keeping the shelves full in their particular departments and reordering merchandise when supplies run low. In larger retail establishments, stock replenishment occurs with the aid of an automated inventory management system (Keller, 2002).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, a summary of the main study findings is presented in relation to the objectives of the study. It covers conclusions and recommendations of the study as well as suggestions for further research.

The purpose of this study was to establish the transferability of brand equity to the blue label products; a case study of Nakumatt supermarket in Nairobi. The study focused on the following specific research objectives: to determine how customers perceive the quality of blue label products in relation to their pricing; to assess the effect of the store image, and brand awareness on blue label products and to establish the effect of blue label products on the store's image.

5.2 Summary of Findings

The study sought to determine how customers perceived the quality of blue label products in relation to their pricing. The findings established that customers desired quality products at a fair pricing; where a quality product generally means incorporating features, performance, reliability, conformance, durability, serviceability, aesthetics and the perceived quality. Product quality also relates to how well a product meets changing market demands. According to the findings, there were varying perceptions on the quality of blue label products. Although a few respondents pointed that the image the store portrays it can only source for top quality products than the ordinary, very few were of a contrary opinion that sometimes Nakumatts' products are of slightly lower quality than the standard products thus the slight price difference to match the local products pricing. However, majority of the respondents were neutral in their attitude towards the blue label brands by concurring that the products are same in terms of quality. This argument was based on the fact that Nakumatt contracts the same manufacturers who supply the store with similar products for the stores' shelves. They further justified that the supermarket is able to afford the discounted price because they do not incur any additional expenses that are associated with launching of new products, but leverage on the existence of related products.

The findings on the effect store image and brand awareness had on blue label products established that indeed the how the shopper perceive the store and their level of brand awareness highly influences the purchasing decision they make. Majority of the shoppers confessed that it would be much easier to decide to try a blue label product from Nakumatt supermarket than in other supermarkets like Ukwala and other mushrooming stores in the estates. This was greatly attributed to the image that other supermarkets are perceived to portray compared to Nakumatt Supermarkets.

The findings revealed that creating brand awareness is usually the first step in building advertising objectives. According to Tong and Hawley (2009) brand awareness is the ability of a buyer to recognize or recall that a brand is a member of certain product category. Hongo (2004), further related to consumer's ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue. Huang and Sarigöllü (2011) added that brand awareness affects customers as they make their decision, particularly for low-involvement packaged goods and strengthens brand performance in the market. Before creating a favorable impression or motivate customers to buy, they have to become aware of the brand and its meaning. Marketing messages delivered through various media are often used to communicate the brand name and important messages tied to its products. Making people aware that the products exist helps drive traffic to the business and create a buzz in the market. The highest level of brand awareness is top of mind awareness. This is when customers think of the products first when they need to make a purchase within the product category. Building top of mind awareness is created through repeated exposure and consistent delivery of a good product or service over time. The importance of brand awareness has become increasingly significant with the evolution of the perception of customers. The public is more equipped with mobile and social media tools to communicate quickly about a brand, whether good or bad. This means that establishing a strong reputation for good products or services, integrity in the business practices and community involvement are critical to long-term business success.

The study also sought to establish the effects of the blue label products on the stores' image. Majority of the respondents indicated that the blue label products did not alter their perception of the store, but rather served as a first by the firm to differentiate itself from the other supermarkets by adopting the practice as a global trend. A few shoppers were not sure whether the stores' outlook changed at all and even if it did it was not significant. This was further explained by the fact that adding their categories of products was the same as having more suppliers offering their products for sale in the store. The idea of using the stores' brand name on the private brands is a strategy by Nakumatt stores' to build and grow the brand in the retail industry as well as create a positive impact on the stores image both locally and globally. According to Anselmsson &

Johansson (2007), private brands help in building the store image in the sense that the perceived value of private labels increases the perceived value of the store‘s products in general. However, where the perceived value of the private brands is low, then the store image is deemed to be equally low.

5.3 Conclusion

Based on the findings of the study, it was concluded that it is possible for Nakumatt store to transfer its brand equity to its blue label products on condition that they review their brand awareness and add value to their brands to differentiate their products from related national brands and price them fairly. Consumer perceptions on blue label products in relation to their pricing are slowly changing as Nakumatt stores' continue to reposition them to match the global trend. However, with the slow uptake of the blue label products in the market there is a lingering perception that these products are of inferior quality considering their pricing and lack of differentiation from the national brands in terms of value addition. The study further showed a clear link between store image and the customers attitudes towards the blue label products as well as other related national brands sold in the store in terms of price, quality, value, image and assortment, although the relationship is interdependent. On the other hand, the blue label products can influence the image of the store, while the store image influences attitudes to the blue label products although this evidence is mixed. This creates a research gap for future research where how the store image affects customer attitudes towards specific private label products can be addressed.

5.4 Recommendations

The study made recommendations based on the study findings that Nakumatt supermarkets should concentrate on brand management and appropriate tactics to build and maintain customers' brand awareness by enhancing connection between a product and its customers, so as to influence customer brand selection. Brand awareness precedes building brand equity in the consumer's mind set and it affects their perception and attitudes as well as it influences customer's brand choice and brand loyalty.

Nakumatt supermarkets should emphasize on integrating stakeholders' perceptions about brands and assessing their impact on performance. In evaluating brands on the basis of the value of a product it is important, yet existing measures do not account for non-product and non-customer related factors that may affect the value of a brand.

The company's products should have clear benefits and features that provide prospective customers what they value most. A unique value proposition should be clearly understood to offer customers in order to stand apart from the competition and those who would want to take advantage of the offers. The bottom line is that the product or service should be unique and be able to meet the need and desire of the existing and prospective customers.

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Appendix I: Interview Guide

The following questions were used as the interview guide:

1. What is your age?
2. How long have you shopped at Nakumatt supermarket?
3. How often do you shop at Nakumatt supermarket and what are your motivating factors?
4. Whom do you shop for at Nakumatt supermarkets? (*Self, family, office, others*).
5. On average, how much do you spend each time you go shopping at Nakumatt supermarket?
6. Are you aware of Nakumatt's own branded blue label products?
7. How did you get to know about them? (*Advertisements*, *Nakumatt website, stores visits, word of mouth, others)*
8. Generally, what are some of the qualities that you desire in blue label products?
9. What makes you prefer Nakumatt among other supermarkets in Nairobi?
10. How has the introduction of the blue label products affected your outlook about the retail store?
11. How do you compare the blue label products with the other similar non-blue label products in Nakumatt shelves?
12. If your friends asked for your advice on shopping at Nakumatt, would you advise them to pick; a blue label product or an equivalent non-blue label product?
13. Do you as a customer, feel that you get value for your money when you buy blue label products or buy non-blue label products?
14. What would you do if a blue label product you were looking for is out of stock?

15. How do you compare the quality of the blue label products with their equivalent manufacturer’s products?
16. Do you feel that the blue label products are priced fairly compared to the other non-blue label products offered in the supermarket?
17. Does the image portrayed by the store influence you on the purchase decision you make on whether to buy blue label products or not?
18. If you were the manager in charge of the blue label products in Nakumatt supermarket, what would you do to ensure that the blue label products are widely accepted in the market?

Appendix II: List of Nakumatt Supermarkets in Nairobi

BRANCHES	LOCATION

Nakumatt Ronald Ngala	Located in lower town part of Nairobi. It strategically located in Ronald Ngala Street opposite Posta.
Nakumatt Thika Road Mall (TRM)	Thika Road Mall, located along Thika at the Roysambu roundabout.
*Nakumatt Lifestyle	It is located along Moktar Daddah and Monrovia streets.
*Nakumatt Galleria Mall	Located at the entrance on the lush Karen Neighborhood. It is at the crossroads of Langata Road and Magadi road.
Nakumatt Moi Avenue	It is located along Moi Avenue near the Railways bus station.
Nakumatt Ridgeways	Located along Kiambu Rd, at Ridgeways Mall
Nakumatt Village Market	This store is along Limuru road in the high end Village Market Center
Nakumatt City Hall	It is along Wabera Street.
*Nakumatt Prestige	This is in the Prestige Plaza along Ngong road
Nakumatt Embakasi	It is located along the Old Airport road
*Nakumatt Junction	It is located at the Dagoretti corner area
Nakumatt Haile Sellasie	Along Haile Sellasie Ave, opp Kenya Polytechnic and Government Press.

*Branches where respondents were interviewed.

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1 August 2014

TO WHOM IT MAY CONCERN

The bearer of this letter....MURITHI JOSPHINE GATAKAA.....
Registration number......D65/79974/2012...............................

is a bona fide continuing student in the Master of Science in Marketing (MSc. Marketing) degree program in this University.

He/She is required to submit as part of his/her coursework assessment a research project on marketing problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interview organisation on request.

Thank you.

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