THE INFLUENCE OF BRANDING STRATEGY ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA

BY

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DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:

…………………………………………..Date:…………………………………

ISAAC NJOROGE MUIRURI
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This research project has been submitted for examination with my approval as the University Supervisor.

Signature…………………………………..….Date………………………………….
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DEDICATION

I dedicate this work to my beloved family and all those who supported me in the completion of this project.

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ABSTRACT

The purpose of this study was to establish the influence of branding strategies on financial performance among commercial banks in Kenya. The study had two specific objectives: To establish branding strategies adopted by commercial banks in Kenya and to determine the influence of branding strategies on financial performance of commercial banks in Kenya. The study adopted a survey design where a census of all the commercial banks in Kenya was conducted. Primary data was collected from 30 commercial banks out of the total 43. Data was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The data was analyzed to generate multiple regression between dependent variable and independent variables. Data analysis established that most commercial banks in Kenya have demonstrated this by implementing various branding strategies to a large extent. The most common branding strategies among commercial banks in Kenya are the use of the bank name alongside other brands for their products; use of multi-brands strategy; use of iconic branding strategy; as well as use of individual brands. Banks also indicated that their financial performance had improved over the years studied as this was evidenced by return on assets, a key measure of financial performance.

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LIST OF ABBREVIATIONS

ABSA – Amalgamated Bank of South Africa

AMA - American Marketing Association

ANOVA- Analysis of Variance

AU - Asset utilization

B.C – Before Christ

CBK - Central Bank of Kenya

DPS - Dividends per share

DY - Dividend Yield

EPS - Earning per Share

KBA - Kenya Bankers Association

NPM - Net Profit Margin

P/E - Price/Earning (P/E) ratio

PWC- Price Waterhouse Coopers

ROA - Return on assets

ROE - Return on Equity

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Branding is the defined personality of a product, service, company, organization or individual. For instance the American Marketing Association (AMA) defines branding as a name, term, design or symbol that a company uses to distinguish its products from other sellers. Keller (1993) states that in the ever changing world where customers' preferences and behavior in making decisions about which product to buy or service to use the selling company has to build and retain their brand in a way which makes it essential to the customer. Financial performance is defined as the measure of the firm's ability to use its assets efficiently to generate profit. It is also referred to as the health of the financial position of a firm for a certain period of time. Financial performance forms the basis for benchmark with other firms in the same industry with similar categorization of firm's specific parameters. It compares the extent to which a certain firm rate in respect to other firms.

A number of theories attempt to explain whether people will tend to contrast or assimilate pieces of information or attitudes (Martin and Tesser 1992). One theory that predicts assimilation between attitudes is known as balance theory (Heider 1945). I suggest that balance theory provides a reasonable explanation of the phenomena of interest, and predicts how consumers' separate attitudes toward brand names are reconciled in evaluating the combined brand package.

Branding is very essential in any business environment since it communicates so much information to customers on product quality. It also plays a significant role in differentiating products as unique from those of the competitors (Kumar & Prasad, 2012). Branding is more critical in industries such as banking where products seem to be more homogenous thus making it difficult for customers to distinguish any clear difference between them. The benefit of a strong brand to firm performance is widely recognized in the marketing literature. The brand equity models provide reasonable evidence that branding creates tangible financial outcomes that should have a positive effect on a company's share price.

1.1.1 The Concept of Branding

When consumers feel an emotional pull towards a brand, they spend less time reasoning through pricing of other competitors that offer the same products in quality, pricing and distribution. You gain their trust and they reward you by buying your products and services and further recommending them to their friends. There are diverse definitions of branding that exist and have been used by different people. For instance the American Marketing Association (AMA) defines branding as a name, term, design or symbol that a company uses to distinguish its products from other sellers. They further indicate that a brand is a trademark in legal language (AMA, 2007). Kottler (2001) indicates that there are several branding strategies that can be adopted by companies so as to make their products look different from those of the competitors. These strategies include using individual names for products; using blanket family names; adopting separate family names for all the company's products or the use of company trade name with individual product names.

Branding in marketing originated in the 19th century with the advent of packaged goods. Industrialization moved the production of many household items, such as soap, from local communities to centralized factories. When shipping their items, the factories would literally brand their logo or insignia on the barrels used, extending the meaning of "brand" to that of trademark. The process witnessed its growth during the era of industrial revolution when the market was flooded with more than one identical product and there arose a need for some way to differentiate them from one another and an alternate way to know which has the better quality or at least to believe it to be so. Now, however, brands are renowned for offering consumers a unique set of perceived benefits not found in other products (Boyle, 2007).

According to Phillip (2006), consumers view the brand as a signal of quality. They trust manufacturers to stand behind their brands. Their positive experience with brands helps establish both a preference for the brand as well as an emotional attachment. In essence, brands reduce potential risks involved for a purchase for consumers such as functional risks financial risks and physical risks among others. As observed by Jones et al. (2002), branding generally offers a range of perceived advantages and benefits for both buyers and sellers including providing images and information on quality, offering recognition, reassurance, security and exclusivity, contributing to brand image and identity, market segmentation, the mutual development and strengthening of trading relationships, and legal protection. Debling (2000) asserts that branding plays a special role in service companies since strong brands increase customer’s trust of the invisible, enable them to better visualize and understand the intangible and reduce customers‟ perceived financial, social or safety risk.

1.1.2 Concept of Strategy

Strategy refers to the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of its resources within a challenging environment and geared towards meeting the needs of the markets as it fulfils stakeholder expectations (Johnson and Scholes, 2002). Thompson and Strickland (2007) define strategy as the match between an organization's resources, skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish.

Quinn (1980) defines strategy as the pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole. This refers to a decision of what to produce in what market. If the environment is stable, an organization can operate without changing its product-market focus. However, if the environment changes, this would require changes in the organization's product-market focus that is its strategy. Product-market focus relates to conditions of the external environment, which have to be incorporated into strategy. If the products the company is producing or the markets it is serving are not reflective of the demands of the external environment, then the company's efforts are futile.

1.1.3 The Concept of Branding Strategy

One of the effective marketing strategies in business world is branding strategy. This strategy uses brand of either products or companies as its marketing media. In branding strategy, brand has an important role to represent the product or company so customers are interested in buying your products. Apple, Samsung, Coca-Cola and LG are popular brands that are known for their high quality products. A brand strategy is the process of identifying your brand's most compelling unique attributes and combining them into a unique promise. A strong brand stands out from its category. It's relevant to those who come into contact with it. And it's believable, because it's built on credibility and a compelling truth.

According to Stanley et al. (2011), to build and deliver a brand, it is vital that the brand is effectively communicated both internally and externally. The authors further assert that brands are not things; rather brands are a representation of a highly valued idea that resides in the minds of consumers and stakeholders alike. Brands represent a set of unifying principles that guide an organization's behavior and its manner of delivering experiences customers highly value above the available alternatives in the marketplace. Strong healthy brands maintain an intrinsic value to customers that over time translates into tangible financial value for the brand's owners. According to Bhaskar (2004), some companies let a web of subcontractors, produce their goods and they spend all of their time building up their brand image. The companies build their brands by projecting their brand image onto the culture of consumers as well as drawing brand image inspiration from the culture itself. Holt (2004) identifies a number of branding strategies that are used by organizations. These strategies include: using the company name as a brand; there is individual branding where each product has its own brand; attitude or iconic branding; "No brand" branding; brand dilution or brand extension; multi-brands; derived brands; private labels; organizational and individual brands; crowd sourcing branding and nation branding.

According to Phillips (2006), branding strategies is comprised of two elements that are external and internal to the customer. Internal brand elements include personality, which relates to customers' description of the brand; culture, or the social context within which a brand is perceived and self- image, which encompasses what consumers feel the brand says about them. External elements include physique, or the physical characteristics of the brand that makes consumers want to know what it does; reflection, which relates to the target user or customer being nurtured; and relationship, which says the customer must have an identifying relationship with the brand itself. Stanley et al. (2011) assert that there are two main keys of success in branding. The first one is the combination of execution of the model and strong customer service, and secondly to ensure that the new service is allowed to build its own brand position in customers' minds so that it may eventually survive and thrive on its own, differentiating itself from direct competitors and from the parent brand of complementary services. The combinations of the two with a balanced marketing mix and clear marketing message will ensure the success of branding.

1.1.4 Financial Performance

Financial performance is defined as the measure of the firm's ability to use its assets efficiently to generate profit. It is also referred to as the health of the financial position of a firm for a certain period of time. Financial performance forms the basis for benchmark with other firms in the same industry with similar categorization of firm's specific parameters. It compares the extent to which a certain firm rate in respect to other firms. The managers are able to establish their level of effectiveness in management of organizations. Financial performance signifies whether a firm has performed poorly or good. Higg (2004) expressed that financial performance is a key indicator in measurement of corporate governance practices of a firm.

The key ratios used to measure financial performance of firms are profitability ratios, liquidity ratios, asset utilization ratios and market value ratios. Profitability ratios include; Gross profit margin, Operating profit margin, Net profit margin(NPM), Return on assets(ROA) and Return on Equity(ROE).Liquidity ratios include; Quick ratio, Current ratio and Net working capital. Asset utilization ratios include Inventory turnover, Receivables turnover, fixed asset turnover and total assets turnover. Market value ratios include; earning per share (EPS), Dividends per share (DPS), Price/Earning (P/E) ratio, Dividend Yield (DY), Market price to Book value and Pay-out ratio. The information about the financial performance of a firm can be retrieved from firm's financial reports and book of accounts.

Financial performance is quite important since it is a good measure of how assets were utilized effectively to reap benefits to the firm in form of revenues, profit or sales. It forms target in which managers aim to achieve in a certain period e.g. one year. Therefore, managers apply relevant financial ratios to analyze whether the firm has done well or poorly. The managers are able to classify the financial performance of their firms by comparing with financial ratios of other firms in the same sector and equal benchmark parameters.

Financial performance is thus operationalized by determining financial ratios such as profitability ratios that measure the power of a firm to earn a profit, liquidity ratios that measure the ability of the firm to pay its financial obligations, asset utilization ratios that measure the ability of the firm to use its assets efficiently to generate profit and market value ratios that depicts the market value of the stock and firm. This study adopted ROA as a measure of the magnitude of net income per unit of asset of the Commercial Banks .A higher ratio shows that the assets of the Commercial Banks are efficiently utilized to raise income whereas lower ratio depicts the investment of the Bank is not generating much revenue.

1.1.5 The Banking Industry in Kenya

Banking activities were sufficiently important in the second Babylonia in the second millennium B.C. that written standards of practice were considered necessary. Deposits were not of money but of cattle, grain or other crops and eventually precious metals. Depositors could use written orders for the withdrawal of a certain quantity of grain as a means of payment. This system worked so well that it continued to exist even after private banks dealing in coinage and precious metals were established. The development of banking spread through Europe and a number of important innovations took place in Amsterdam during the Dutch Republic in the 16th century and in London in the 17th century. During the 20th century developments in telecommunications and computing resulting in major changes to way banks operated and allowing them to dramatically increase in size and geographic spread.

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalised in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system (PWC, 2012).

As at 31st December 2014, the banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 44 banking institutions (there were 43 commercial banks and 1 mortgage finance company), 8 representative offices of foreign commercial banks, 9 Microfinance Banks (MFBs), 2 Credit Reference Bureaus (CRBs), 13 Money Remittance Providers (MRPs) and 87 Foreign Exchange (forex) Bureaus. Out of the 44 banking institutions, 30 were locally owned banks while 14 were foreign owned. Of the 14 foreign owned banking institutions, 10 are locally incorporated subsidiaries of foreign banks and 4 are branches of foreign incorporated banks. Further, 10 of the 44 banking institutions are listed on the Nairobi Securities Exchange.

The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector’s interest. The KBA serves as a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by; an industry wide branch network expansion strategy both in Kenya and in the East African community region. Automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products (PWC, 2012).

The Central Bank of Kenya (CBK) indicates that there are currently 43 commercial banks that are fully licensed to operate in Kenya (CBK, 2012). This number has been growing over time thus increasing the level of competition among commercial banks in the country. The competition has resulted from increased innovations among the players and new entrants into the market. Among these innovations include moving from the traditional decentralized banking to one branch banking that has been enabled by integration of various business functions (PWC, 2012).

In order for commercial banks in Kenya to maintain brand leadership and customer loyalty, they employ various strategies such as introduction of unique products and instating on good customer relations management. The rapid increase of commercial banks in Kenya has resulted to the increase of the number of banking products and services that are offered by various players in the industry. This has created challenges among banks in retaining customers and attracting them. As a result, the banks need to pursue a number of strategies to meet their broad goals and objectives. Among the strategies, that banks utilize is branding strategies aimed at creating a distinctive image of the banks' products and services among various customers.

1.2 Research Problem

Branding is very essential in any business environment since it communicates so much information to customers on product quality. It also plays a significant role in differentiating products as unique from those of the competitors (Kumar & Prasad, 2012). Branding is more critical in industries such as banking where products seem to be more homogenous thus making it difficult for customers to distinguish any clear difference between them.

The banking industry worldwide is undergoing transformation. The driving force for this attitude globally as observed by Bello (2005) as the dynamic changes experienced in the global business and marketing environment. Due to these changes in the global market, competition among commercial banks is stiffer than any other time. Therefore for a bank to remain more competitive than the other competitors there is need to build strong brands that can be able to maintain the loyalty of customers.

According to Larry (2001), strong brands can be achieved by developing brands that address the basic needs of customers. In the face of homogeneity of products in the banking industry, banks need to adopt appropriate branding strategies that can lead to customer loyalty and hence strong financial performance. Commercial Banks in Kenya have been forced by the existing competition to differentiate their products in order to survive. Daffey and Abratt (2002) carried out a study on corporate branding in a banking environment in South Africa. It was established that ABSA created a personality for its brand by determining the most desirable characteristics required by the banking public for a financial services corporation. Anna, Carollina and Persson (2004) also conducted a study on the promotion strategies of banking services in Estonia. It was confirmed that banks attempt to standardize their promotion as much as possible in order to reduce costs and reach economies of scale. Kumar & Prasad

(2012) carried out a study on the branding strategies of the new decade, featuring banks in India. The study established that various brand attributes such as quality, reliability and innovation are very important and are to be packaged in a way that appeals to the people who will be using it.

Locally, Wambua (2004) when studying on consumer brand and financial performance found that the correlation between brand equity and organisation performance is both positive and superlative. The study was a survey carried out on commercial banks in Kenya, where the sample size comprised 18 commercial banks. Kamiri (2006) carried a survey on creation and application of brand equity in insurance companies in Kenya. The survey was carried out on 30 insurance companies operating in Nairobi. It was found that application of brand equity is well pronounced in insurance products where image is created through formation of attachment between the brand name and quality Muta (2009) conducted a study on the branding strategy for the Kenya agricultural Research institute and its products. The study established that KARI adopts a branding strategy that creates visual linkages with its customers.

According to a study conducted by Shah et al. (2011) on the banking industry in Kenya, The number of commercial banks in Kenya is high and this has increased the level of competition among commercial banks thus making it more challenging to achieve customer loyalty Mahoney (2012) carried out a study on the changing strategies in marketing Kenya's tourist art. The findings indicate that Kenya's artisans and traders have also adapted to diverse and complex tastes beyond the desire for an invented tradition. In Kenya there has been stiff competition among banks and this has ignited the need for banks to build strong brands that can assist them maintain customer loyalty. This study will seek to fill this academic gap by answering the following question: what are the branding strategies adopted by commercial banks in Kenya and what relationship exists between branding strategies and financial performance?

1.3 Research Objectives

The objectives of the study were:

i. To establish branding strategies adopted by commercial banks in Kenya.

ii. To determine the influence of branding strategies on financial performance of commercial banks in Kenya.

1.4 Value of the Study

The study will help the academic to gain problem solving skills as well as the skills of academic report writing and will also benefit through the communication skills that will be gained by the time the research project is completed. Future researchers can use the study as a reference point on branding and the related topics. The findings of the study will be of use to trainers in marketing field in that it will assist them in knowing the areas which should be given concentration when training managers on brand management. The study will be of importance to other government agencies whose interest lies on improved services delivery for economic development and creating investor confidence. It will assist the government in pointing out areas of difficulties in the allocating of resources towards addressing priority needs. The study will help the government in formulating a policy on the regulatory process in the economy in the areas that necessitate brand protection, in order to ensure orderly economic growth and development.

The study will provide a platform for further research in the area of branding that will contribute to successful building of brand strategy in the banking industry in Kenya.

In addition, the results of the study will be important to the industry players both in the private and public sector by contributing to the existing body of knowledge in the area of marketing in general and properties of branding strategies in particular.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents relevant literature in the area of branding and financial performance. The issues discussed include, theoretical foundations, branding strategies, banking industry as well as financial performance. The chapter also presents the summary of the literature review and the knowledge gap.

2.2 Theoretical Foundation

A number of theories attempt to explain whether people will tend to contrast or assimilate pieces of information or attitudes (Martin and Tesser 1992). One theory that predicts assimilation between attitudes is known as balance theory (Heider 1945). I suggest that balance theory provides a reasonable explanation of the phenomena of interest, and predicts how consumers' separate attitudes toward brand names are reconciled in evaluating the combined brand package.

Heider's balance theory (1945) is one of a set of concepts known as cognitive consistency theories (Schewe 1973). Congruity theory and cognitive dissonance also belong to this set of concepts. All three theories hold that individuals seek to maintain consistency or internal harmony among their attitudes, values and opinions (Festinger 1957; Heider 1945, 1958; McCaul, Ployhart, Hinsz, and McCaul 1995; Okechuku and Wang 1988; Osgood and Tannenbaum 1955; Schewe 1973; Tellis 1988). In the branding strategies previously described, the potential for disharmony between attitudes toward the two brands is a significant consideration. A cursory reading of the popular business press illuminates the importance of preserving a brand's equity. Companies are battling the value conscious consumer of the 90's by combining two brands in an effort to create the perception of increased worth of the product

(Carpenter 1994). Pairing two brands creates the potential for linking a brand that has positive affect with one that has less positive - or even negative - affect.

In the present context, balance theory would predict assimilation; if an unknown or less preferred brand is paired with a well-known brand, the consumer's evaluation of the unknown brand may be enhanced. Conversely, and consistent with balance theory, I argue that it is also possible for the evaluation of a well-known brand to be diminished when it is paired with an unknown or less preferred brand. Because balance theory is concerned with the direction of attitude change, it is possible to predict outcomes of combining positive, neutral, and negative brand names (Heider 1945, 1958). These varying combinations can lead to different evaluations of the separate brand names as well as the resulting overall evaluation. Balance theory will help me interpret results of the studies designed to address the research questions enumerated in the next section.

Stake holder value theory A central premise of much of the literature on stakeholder theory is that focusing on stakeholders, specifically treating them well and managing for their interests, helps a firm create value along a number of dimensions and is therefore good for firm performance (e.g., Donaldson & Preston, 1995; Freeman, 1984; 1994; Freeman, Harrison and Wicks, 2007; Harrison, Bosse & Phillips, 2010; Jones, 1995; Jones& Wicks, 1999). The existing empirical literature, reviewed by Freeman, Harrison,Wicks, Parmar, and de Colle (2010), is generally supportive of a positive relationship between stakeholder-oriented management and firm performance, which is almost always measured in terms of financial returns (i.e., Berman et al., 1999; Choi &Wang, 2009; Hillman &Keim, 2001).

Financial performance is important to many of a firm's stakeholders, but it is not the only aspect of value that is important to stakeholders. Consistent with

Freeman's(1984) fundamental idea that a firm should serve multiple stakeholders, firm performance might be defined as the total value created by the firm through its activities, which is the sum of the utility created for each of a firm's legitimate stakeholders. Phillips (2003) identifies a firm's legitimate (or normative) stakeholders as those groups to whom the firm owes an obligation based on their participation in the cooperative scheme that constitutes the organization and makes it a going concern.

2.4 Branding Strategies

Branding strategies are aimed at influencing people's perception of a brand in such a way that they are persuaded to act in a certain manner, e.g. buy and use the products and services offered by the brand, purchase these at higher price points, donate to a cause. In addition, most branding strategies aim to persuade people to buy, use, and donate again by offering them some form of gratifying experience. As branding is typically an activity that is undertaken in a competitive environment, the aim is also to persuade people to prefer the brand to competition (Gelder, 2002). As asserted by Gelder (2002), a brand needs to provide relevant meaning and experience to people across multiple societies. To do so, the brand strategy needs to be devised that takes account of the brand's own capabilities and competencies, the strategies of competing brands, and the outlook of consumers (including business decision makers) which has been largely formed by experiences in their respective societies. There are four broad brand strategy areas that can be employed that is brand domain, brand reputation, brand affinity and brand recognition.

Holt (2004) identifies a number of branding strategies that are used by organizations. These strategies include: corporate brand strategy; using the company name as a brand; there is individual branding strategy; where each product has its own brand; attitude or iconic branding; here, brands present a larger feeling to the buyer ;"No brand" branding; a type of strategy in which a company creates a package that imitates the generic brand simplicity by either use of colour without a brand name; brand extension strategy; the existing strong name can be used as a vehicle for new or modified products, the new product usually has a brand name marking; multi-brands strategy; an organization can deliberately launch a totally new product to compete with their own existing strong brand; derived brands; some suppliers of key components may wish to guarantee their own position by promoting a component as a brand in its own. e.g. Safaricom stickers on mobile gadgets; private labels; also called own brands; organizational and individual brands; the type of branding that treat individuals and organizations as the products to be branded; crowd sourcing branding strategy; where the people create the brands for the organization and nation branding; aims to measure, build, and manage the reputation of countries e.g. Kenya being advertised as the best tourist destination in Africa.

In terms of Kotler, et al (2001), four brand strategies can be used to develop a brand. Line extensions strategy are done through adding new features, flavours, colours, size, packaging etc with company's existing products. The reason for doing this is to increase the sales when company faces high competition. Brand extensions strategy is to launch new or modified products/services. Companies extend their brand because it increases consumers brand loyalty. Apple's Ipad2, Smirnoff apple, Smirnoff ice, Pepsi max, Lucozade sport are examples of brand extensions. Multi brands strategy was defined as "a strategy under which a seller develops two or more brands in the same product category". Multi brand strategy is an innovative brand development idea. Most companies go through this strategy because when they promote similar products under the different brand name they can fill up the price and quality gaps of the target market. It helps them to have greater market share. This strategy has some risks as well such as, a company might be denied due to miscommunication with targeted consumers and poor management.

New brands strategy means creating a complete new product and new brand whether multi brand stays with existing product but establishes new brand. For example, Toyota created a separate family name “Lexus” (luxury executive car) in order to distinct its identity. According to Phillips (2006), branding strategies is comprised of two elements that are external and internal to the customer. Internal brand elements include personality, which relates to customers’ description of the brand; culture, or the social context within which a brand is perceived and self- image, which encompasses what consumers feel the brand says about them. External elements include physique, or the physical characteristics of the brand that makes consumers want to know what it does; reflection, which relates to the target user or customer being nurtured; and relationship, which says the customer must have an identifying relationship with the brand itself.

A corporate branding strategy consists of different elements, which all to some extent are dependent on each other. For many years, Hatch and Schultz have carried out research into these elements, and have proven that to create a strong corporate branding strategy there has to be coherence between these elements (Hatch and Schultz 2008, 2010). These elements include brand name, corporate logo, corporate slogan, corporate reputation, vision and mission, corporate culture, corporate identity and corporate values.

2.5 Branding and Financial Performance

Bhatnagar and Sinha (2012), assert that the one-size-fits-all branding and customer loyalty marketing strategies often does not work for all industries/institutions. Understanding what motivates customers and cause them to choose the selected branded services or products over other competitors' brand plays a key role in developing appropriate branding and customer loyalty strategies. Thus, carefully selecting a brand position can provide an entity such as the bank with marketplace advantages help in translating the existing position to a strong and consistent brand identity. Including the intuitive brand architecture backed up with a strong name, icon, and tagline that concisely reinforces brand promise. Banks also have to indulge in activities such as developing brand messages by including a well framed and focused speech, educating its employees about the brand promise and giving them the incentives, helping customers identify itself easily with its identity standards for services delivered. Similarly, the tools and training methods to become effective brand and customer loyalty champions should be periodically assessed at all levels by using the most effective and efficient means. Banks also should develop an integrated launch and ongoing marketing plan, and should emphasize the banks promise at each point of customer contact.

The benefit of a strong brand to firm performance is widely recognized in the marketing literature. However, how stock market valuations incorporate independently-assessed brand value and brand ranking list information is still a matter of debate. Prior studies in finance have found evidence to suggest that intangible assets are not fully valued by the stock market and hence firms with significant intangible assets might be undervalued (e.g. Edmans, 2011; Chan et al., 2001). Furthermore, Madden et al. (2006) discovered that American firms with strong brands included in the Brand's "Top 100 Most Valuable Global Brands" list during 1994-2001 generated excess returns when compared to a relevant benchmark.

This study investigates the influence of brand value on financial performance. Intangible assets are difficult to measure and compute because they do not appear on a firm’s balance sheet, and thus could be under-priced by equity markets. Recent studies have attempted to explain the relationship between a firm’s intangible assets and its financial performance. (Puffer, 1987; Filbeck & Preece, 2003a). Madden et al. (2006) base other hypothesis on several prior study results which suggest that brand development strategies create shareholder value, manifested as above average stock returns. The brand equity models provide reasonable evidence that branding creates tangible financial outcomes that should have a positive effect on a company’s share price. Stock market returns increase when brand values are used as portfolio weights, signalling the importance of nominal brand value as determined by an independent agency, Interbrand in this case.

Several brand value relevance studies (Kerin et al., 1998; Kallapur and Kwan, 2004) indicate that the values assigned to brands by independent brand agencies are reliable and therefore using brand values as portfolio weights should have a positive effect on financial performance, as higher brand values should be reflected in firm’s financial performance. Madden et al. (2006) continues that brand value estimates should provide incremental information about firm’s financial performance that might be useful in investment decision making. Hence, a brand portfolio incorporating detailed brand value information should outperform a brand portfolio that does not include this information.

2.6. Financial Ratios used to Measure Bank Performance

Profitability ratios measure the total effectiveness of a bank’s management in generating profits on interest income, assets, and owner’s investment. These ratios are Return on Equity (ROE), Return on Assets (ROA), profit margin and asset utilization ratio. Return on Equity measures how well the bank has performed in all categories i.e. measures the amount of net income after tax for each shilling of equity capital.

Owners prefer ROE to be high. Risk of bankruptcy increases as equity levels fall. The decomposition of ROE allows a bank to identify its strengths and weaknesses and provides a systematic method to identify reasons for these strengths and weaknesses (CBK, 2000). Return on Assets measures the income produced per shilling of assets Change in ROA leads to a change in ROE. Profit Margin measures net income per shilling of total revenue. This ratio shows the bank's ability to control expenses and reduce taxes. The greater the profit margin, the more efficient in reducing expenses or taxes (CBK, 2000). Asset utilization (AU) is affected by how a bank utilizes its assets in earning revenue. Asset utilization represents gross yield on assets.AU=Total Revenue/Total Assets. (CBK, 2000).

Kathanje, (2000) used financial Ratio analysis to evaluate financial performance of Kenyan banking sector during the period 1987 to 1999.He sought to determine whether financial performance in the pre-liberalization periods (1987-1992) is significantly different from performance in the post liberalization period (1993-1999).His findings were that the overall performance of banks in the pre-liberalization period was different from that of post liberalization period. Generally, the financial performance of commercial banks and other financial institutions has been measured using a combination of financial ratios, benchmarking, measuring performance against a budget or a mix of these methodologies (Avkiran, 1995).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlights the research methodology that was used to conduct this study. Among the issues discussed herein shall include the research design that was employed, the population targeted by the study, the sample size and how it was selected, the data collection methodology and instruments as well as the data analysis and presentation techniques used in analyzing the data that was collected.

3.2 Research Design

This study adopted descriptive survey design. Tanur (1982) asserts that a survey is a means of collecting information about a large group of elements referred to as a population. A survey has three characteristics: to produce quantitative descriptions of some aspects of the study population in which case it is concerned either with relationships between variables, or with projecting findings descriptively to a predefined population; data collection is done by asking people structured and predefined questions and data is collected from a fraction of the target population (Pinsonnault and Kraemer, 1992). Descriptive design research was appropriate for this study since the researcher was interested in studying the variables in their state without making any changes to them. The data collected was in descriptive form.

3.3 Population of the study

The population of the study for this research included all the commercial banks operating in Kenya. The Central Bank of Kenya (2014) indicates that there were 43 licensed commercial banks as at December 2014. The 43 banks therefore formed the target population of the study. The study involved census of all the licensed commercial banks in Kenya.

3.4 Data Collection

The researcher collected both primary and secondary data. Primary data was collected through semi structured questionnaire which were distributed to marketing or brand managers and finance managers in the licensed commercial banks in Kenya. The questionnaire comprised Likert type questions, multiple choices and open ended questions. The questionnaire was divided into two sections: Section A of the questionnaire contained questions on the bank profile. This section sought general information on the bank; Section B solicited data on the extent of usage of branding strategies adopted by commercial banks in Kenya. Financial data was retrieved from secondary sources especially yearly audited financial statements between 2012 and 2014 that are attached on the websites of the sampled commercial banks.

3.5 Data Analysis

The data analysis was done using both qualitative and quantitative approaches. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The relationship between the extent of usage of the various branding strategies was measured using correlations analysis. Content analysis was used in making inferences on the qualitative data that shall be collected.

The information was displayed by use of tables and in prose-form. This was done by tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of statistical package for social sciences (SPSS).

3.5.1 The Analytical Model

The researcher used a multiple regression model to test whether there is correlation between branding strategies and financial performance of commercial banks in

Kenya. The general algebraic equation considered financial performance as a dependent variable that is given by the ROA for the period between 2012 and 2014. The branding strategies were independent variables. The independent variables taken into account include; Company name branding, Product branding, Iconic branding, Multi-branding, and Individual branding. The equation is as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Where **Y** = Bank Financial Performance

X_1 = Using the company name as a brand

X_2= Branding each product

X_3= Iconic Branding

X_4= Use of multibrands

X_5= Using individual brands

ε = Error Term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The purpose of this study was to establish the influence of branding strategies on financial performance among commercial banks in Kenya. The study had two specific objectives: To establish branding strategies adopted by commercial banks in Kenya and to determine the influence of branding strategies on financial performance of commercial banks in Kenya. Primary data was successfully collected from 30 out of the 43 commercial banks in Kenya. This is an indication that the study achieved a response rate of 70%. The findings from the study are discussed next.

This chapter reports the data analysis, results and discussion of the findings of the study of the influence of branding strategies on financial performance of commercial banks operating in Kenya. The researcher operationalized branding strategy aspects that affect financial performance. These include; company name branding, product branding, iconic branding, multi-branding, and individual branding. The ROA was calculated as the measure of financial performance.

All the 43 commercial banks operating in Kenya studied. The researcher administered questionnaires to the finance managers and marketing managers in these banks.

4.2 Response Rate

A total of 43 questionnaires were issued to either the finance manager or marketing manager from all the commercial banks operating in Kenya. Thirteen questionnaires were not returned. This translates to a response rate of 70% which is within Mugenda and Mugenda (2003) who prescribed the significant response rate for statistical analysis as a minimal value of 50%.

4.3 Demographic Profile of the Respondents

The researcher sought information on the demographics of the various respondents that participated in the study. The aim of seeking this information was to assist the researcher to get the way the respondents give out results in different demographic situations as this could help in further understanding their branding strategies and financial performance. The findings are presented in table 4.1.

Table 4.1: Position of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Section head	7	23.33	23.33	23.33
Manager	23	76.66	76.67	100.0
Total	30	100.0	100.0	

It is evident from the findings that most of the respondents represented by 76.67% were managers. This is an indication that most of the respondents who gave information had the necessary skills and experience to provide relevant information for the study.

4.4 Work Experience of the Respondents

The respondents were asked to indicate the number of years they have worked in their particular banking institution. The findings are indicated in Table 4.2.

Table 4.2: Experience of the Respondents

	Frequency	percent	Valid Percent	Cumulative percent
5-10 years	12	30	30	30
11-15 years	10	33.33	33.33	63.33
More than 15 years	8	26.67	26.67	100
Total	30	100.0	100.0	

The findings from the study reveal that 26.67% of the respondents had worked in the various banks for more than 15 years; 33.33% had worked for between 11-15 years whereas 30% had worked for 5-10 years. The results confirm that most of the respondents had been with their respective banks long enough to understand the branding strategies used by the banks.

4.5 Years of Operation of the Commercial Banks

The respondents were asked to give information on the number of years the bank they are working in have been in operation and the findings are indicated in Table 4.3

Table 4.3: Age of the Commercial Banks

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 10 years	4	13.33	13.33	13.33
10-15 years	4	13.33	13.33	26.66
Above 15 years	22	73.34	73.34	100.0
Total	30	100.0	100.0	

The study established that 73.34% of the commercial banks that participated in this study have been in operation or in business for more than 15 years. This implies that the banks have a wealth of experience in branding and financial performance having been in operation for a long time.

4.6 Number of Employees of the Commercial Banks

The respondents were asked to indicate the size of the bank in respect to the number of employees working there. The findings are contained in Table 4.4

Table 4.4: Size of the Commercial Banks

	Frequency	Percent	Valid percent	Cumulative percent
100-500	9	30	30	30
500-1000	10	33.33	33.33	63.33
Above 1000	11	36.67	36.67	100.0
Total	30	100.0	100.0	

The results from the study tabulated confirm that 36.67% of the commercial banks in Kenya have more than 1000 employees; 33.33% have more than 500 employees but less than 1000 whereas 30% of the commercial banks have more than 100 employees but less than five hundred. These findings show that the study involved banks of different sizes and thus each bank brought its own experiences in the study.

4.7 Descriptive Statistics for Branding Strategies

The study sought to establish the branding strategies that are adopted by commercial banks in Kenya. The respondents were given a set of commonly used branding strategies to rate them in terms of their usage within the organization. The study findings were described in mean and standard deviation as indicated in the Table 4.5

Table 4.5 Summary of Descriptive Statistics

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
X1	90	3.000	5.000	4.13333	.082411	.781816
X2	90	2.000	5.000	4.24444	.088419	.838821
X3	90	2.000	5.000	3.73333	.095857	.909377
X4	90	2.000	5.000	3.68889	.115734	1.097950
X5	90	2.000	5.000	4.04444	.099826	.947037
ROA	90	.011	.094	.05692	.002291	.021734
Valid N (listwise)	90					

Where;

$\mathbf{X_1}$ = Using the company name as a brand

$\mathbf{X_2}$= Branding each product

$\mathbf{X_3}$= Iconic Branding

$\mathbf{X_4}$= Use of multibrands

$\mathbf{X_5}$= Using individual brands

The responses obtained from the respondents were subjected to descriptive statistics and the mean for the extent of usage of each strategy was used to explain the outcome. The results are presented in Table 4.5. The lowest score was 1 representing not at all while the highest score was 5 representing to a very large extent.

It is evident from the findings that using the brand name is very common among the commercial banks in Kenya. This is supported by a mean of 4.13. This is an indication that most of the commercial banks use their company names as their brand in selling the services they offer to customers. Use of product branding by commercial banks had a mean of 4.24, an indication that banks also use product brand strategies to a great extent. Use of individuals branding strategy was also common as this had a mean of 4.04. The other two strategies are also used by the commercial banks to a moderate extent. These strategies include iconic branding which has a mean of 3.73 and use of multi-branding strategy with a mean of 3.68 in the table below. The study further revealed that each branding strategy had relevance and is actually used by the commercial banks operating in Kenya. The average value of ROA for the three years was 0.05692

4.8 Regression Analysis

The study findings were used to generate a multiple regression model to study the relationship between the branding strategies (Company Name, Product Branding, Iconic branding, Multibrands and Individual Branding) and financial performance (ROA) for the period between 2012 and 2014.The model was as follows;

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon}$$

R square(adjusted) which is referred to as coefficient of determination that gives the variation in the dependent variable that was due to change in the independent variables as 0.165.Therefore,the variation of 16.5 % in the financial performance of the commercial banks in Kenya was due to the extent of usage of various branding strategies . R which is the correlation coefficient indicates the strength of the relationship between the independent and dependent variables. An estimate of 0.461 indicates a positive linear relationship between the independent and dependent variables. Table 4.6 illustrates summary of the regression model.

Table 4.6: Regression Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.461[a]	.212	.165	.019857	.212	4.525	5	84	.001

a. Predictors: (Constant), X5, X2, X3, X4, X1

Analysis of variance was done to show whether there was a significant mean difference between dependent and independent variables. The ANOVA was conducted at 95% confidence level. The ANOVA results was as indicated in the Table 4.7.

Table 4.7: ANOVA Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.009	5	.002	4.525	.001[b]
	Residual	.033	84	.000		
	Total	.042	89			

a. Dependent Variable: ROA

b. Predictors: (Constant), X5, X2, X3, X4, X1

Source: Author (2015)

To estimate the overall significance the study estimated from F tables the F critical at 5% level of significance and n-1, n-k degrees of freedom as: F critical = 2.92

F critical (2.92) < F calculated (4.525) hence the overall model is significant.

The results for the regression coefficients were as indicated in the Table 4.8.

Table 4.8: Regression Coefficient Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.018	.014		1.294	.199
	X1	.007	.004	.268	1.889	.062
	X2	.003	.003	.109	1.047	.298
	X3	.006	.003	.237	2.011	.048
	X4	-.010	.003	-.498	-3.759	.000
	X5	.003	.003	.120	.968	.336

a. Dependent Variable: ROA

Source: Author (2015)

The estimated multiple regression models were as follows;

$$\mathbf{Y = 0.018 + 0.268X_1 + 0.109X_2 + 0.237X_3 - 0.498X_4 + 0.120X_5}$$

According to the multiple regression equation, while taking constant at zero all independent factors (Company Name Branding, Product Branding, Iconic Branding, Multi-branding and Individual Branding), the financial performance of the commercial banks in Kenya is 0.018. The model also indicate that taking all other independent variables at zero, a unit increase in the usage of company name as a branding strategy will lead to 0.268 increase in financial performance, a unit increase in the usage of product branding strategy will lead to 0.109 increase in financial performance, a unit increase in the usage of iconic branding strategy will lead to 0.237 increase in financial performance, a unit increase in the usage of multi-branding strategy will lead to 0.498 decrease in financial performance, while a unit increase in the usage of individual branding strategy will lead to a 0.120 increase in financial performance.

4.9 Correlation Analysis

The data for independent variables were correlated to examine the issue of multicollinearity. The bivariate correlation analysis was as indicated in the Table 4.6.

Table 4.9: Summary of Bivariate Correlation Analysis

Correlations[c]

		X1	X2	X3	X4	X5
X1	Pearson Correlation	1	.344**	.540**	.625**	.538**
	Sig. (2-tailed)		.001	.000	.000	.000
X2	Pearson Correlation	.344**	1	.190	.181	.269*
	Sig. (2-tailed)	.001		.074	.088	.010
X3	Pearson Correlation	.540**	.190	1	.434**	.431**
	Sig. (2-tailed)	.000	.074		.000	.000
X4	Pearson Correlation	.625**	.181	.434**	1	.554**
	Sig. (2-tailed)	.000	.088	.000		.000
X5	Pearson Correlation	.538**	.269*	.431**	.554**	1
	Sig. (2-tailed)	.000	.010	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

c. Listwise N=90

Where;

$\mathbf{X_1}$ = Using the company name as a brand

$\mathbf{X_2}$= Branding each product

$\mathbf{X_3}$= Iconic Branding

$\mathbf{X_4}$= Use of multibrands

$\mathbf{X_5}$= Using individual brands

It is evident from the correlation results in table 4.6 that there was a relatively strong positive correlation of 0.625 between $\mathbf{X_1}$ and $\mathbf{X_4}$. This is a confirmation that when using the bank name as a branding strategy, the bank equally uses multi-branding strategy to a large extent. Another significant positive correlation of 0.554 was established between $\mathbf{X_4}$ and $\mathbf{X_5}$. This is an indication that when a bank uses multi-branding strategy, one of the main strategies used to a large extent is individual strategy. The study also established that there exists a strong positive correlation of 0.540 between $\mathbf{X_3}$ and $\mathbf{X_1}$. This confirms that when a bank has used iconic branding to a large extent, the company branding strategy is also used to a large extent. The is also a strong positive relationship of 0.538 between $\mathbf{X_5}$ and $\mathbf{X_1}$ implying that when the company uses individual names as a branding strategy, the company name strategy is also used to an equal extent. The study also reveals that there exists a strong relationship of 0.434 between $\mathbf{X_4}$ and $\mathbf{X_3}$ implying that when a company uses multibranding strategy, individual branding is also used to a rather moderate extent while that of $\mathbf{X_3}$ and $\mathbf{X_5}$ was 0.431 also a moderate extent. There was also a moderate relationship of 0.344 between $\mathbf{X_1}$ and $\mathbf{X_2}$. The correlation between $\mathbf{X_5}$ and $\mathbf{X_2}$ was at 0.269 implying that while using individual branding strategy usage of product name strategy was only to a small extent. It was observed that there was no inverse relationship between any two variables. This is an indication that when the banks use any one of the branding strategies, it does not imply non-usage of the other strategies.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study was carried out for the sole purpose of establishing the effect of branding strategies on the financial performance of commercial banks in Kenya. This chapter presents a summary of findings from the study's analyzed data; the conclusions arrived at by the researcher upon careful consideration of the results; the recommendations the study presents for policy and decision making purposes as well as the suggestions on research gaps the researcher believes were left out by the study.

5.2 Summary of Findings

The study sought to find the influence of the usage of various branding strategies on financial performance of commercial banks operating in Kenya. The objective was accomplished by assessing the effect of the extent of the usage of company name branding, product branding, iconic branding, multi-branding and individual branding on the financial performance for the period 2012 to 2014.

The study had target population of 43 commercial banks in Kenya. A census was carried out on all the 43 commercial banks. 30 questionnaires were returned by the respondents. The researcher employed descriptive research design to explain the situation. Questionnaires were administered to collect primary data. Secondary data was collected from audited books of accounts. SPSS software was used to present the data in tables as percentages and mean. The data for the three years was analyzed to generate multiple regression between dependent variable (ROA) and independent variables (extent of usage of the various branding strategies under study).

The study sought to know the extent of the usage of company name branding in the commercial banks operating in Kenya. The mean value of the Likert scale of 1 to 5 was used to show the range of the extent of usage of the various branding strategies. The mean of 4.1333 was observed for company name strategy meaning majority of the commercial banks used company name branding to a great extent in the period between 2012 and 2014. The extent of the usage of product branding had mean value of 4.2444.This means that majority of the commercial banks had used product branding to a large extent.

The mean value of 3.7733 shows that majority of commercial banks had used iconic branding also at a relatively large extent. This implied that the commercial banks created a strong attitude in the minds of the customers who could buy their products on the basis of the attitude created. The study also sought to know the extent of the usage of multi-branding where the banks used a mix of branding in the three years of study. The mean of 3.6888 from the findings shows that majority of the commercial banks again used multi-branding to a relatively large extent, though not as large as for the other branding strategies. The results also indicate that majority of commercial banks in Kenya use individual branding where an individual in the leadership, ownership of the bank or as a major customer is a key component of the bank's brand. The mean of the extent of usage of this strategy was at a large extent of 4.0444. The average ROA for the three years period of study was 0.05692.

Regression analysis was carried out to know the relationship between the extent of the usage of various branding strategies and financial performance of commercial banks operating in Kenya. An estimate of 0.461 indicated a positive linear relationship between the independent and dependent variables. The ANOVA was conducted at

95% confidence level. The comparison between F calculated and F critical affirmed the significance of the model.

5.3 Conclusions

Branding is a very significant factor contributing to financial performance among commercial banks in Kenya. Most commercial banks in Kenya have demonstrated this significance by establishing departments that deal with all the branding issues that they face. The most common branding strategies among commercial banks in Kenya are the use of the bank name alongside other brands for their services; use of product branding use of multi-brands strategy; use of iconic brand strategy; use of the individual brand. Banks also indicated that their financial performance change significantly in response to usage of the various branding strategies as clearly reflected in the return on assets as a measure of financial performance.

5.4 Recommendations for policy and theory

The study has established that branding is very essential in improving financial performance. Commercial banks in Kenya should be encouraged to look for better ways of strengthening their brands in order to enhance their financial performance.

It is clear that the brand strategies that were tested are used by commercial banks to a relatively large extent. There were other branding strategies that were not tested including brand extension strategy, derived brand strategy and use of private label strategy. It will be important for commercial banks to benchmark with other banks in other countries that are more advanced for best practices in branding and branding strategy mix.

As the value of branding strategy has been shown to be high, it will be important for the banking industry regulator to develop a policy on brand protection for enhancing creation of strong brands among Kenyan banks and hence position them in the global competitive market.

5.5 Limitations of the study

This study was limited to the generalized influence of branding strategies on financial performance among commercial banks in Kenya and did not include the impact on the number of customers and customer loyalty that is derived from the usage of the various branding strategies by the banks.

The data collection was confined to only thirty commercial banks in Kenya. The replication of the study in different regions in East Africa or the African continent would enable better generalizability of the findings of the study. At the same time data collection with enough time given for the activity could have elicited better responses improving findings which were not the case in this study due to time constraint.

5.6 Suggestions for further Research

The purpose of this study was to determine influence of branding strategies on financial performance among commercial banks in Kenya. The study concentrated on Kenyan banks alone and thus the findings cannot be generalized among other industries.

A comparative study needs to be carried out to compare the branding strategies and its impact on financial performance between Kenyan banks and other commercial banks in another country. This will assist in benchmarking for best practices.

Future research can seek more information on the different branding strategies that the commercial banks use to retain their existing customers and hence improving on financial performance.

This study can also be replicated in other industries so that a cross industry comparison can be done to establish any possible similarities and differences.

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APPENDICES

APPENDIX I: RESEARCH QUESTIONNAIRE

Please fill in the questionnaire. Your responses will be treated with utmost confidentiality and only used for the purposes of this study.

Section A: Company Profile

1. Name of the bank (Optional)
2. Your role at the bank (briefly explain)
3. Number of years you have worked with the bank
    a) Less than five
    b) 5-10 years
    c) 11-15 years
    d) More than 15 years
4. Number of years the bank has been in operation
    a) Less than 10
    b) 10-19 years
    c) 20-29 years
    d) More than 30 years
5. No of employees in the bank
    a) Less than 100
    b) 101-500
    c) 501-1000
    d) Above 1000

Section B: Branding Strategies

Kindly indicate the extent to which the following branding strategies used by your bank have influenced financial performance for the period between 2012 and 2014.

Use the scale of: 5= Very large extent 4= Large extent 3= Moderate extent 2= Small extent = 1 Not at all

No.	Strategy	Year	1	2	3	4	5
1	Using the company name as a brand (where the company presents its name as a strong brand in the market)	2012					
		2013					
		2014					
2	Branding each product (where each product is presented to the market as a strong brand)	2012					
		2013					
		2014					
3	Using attitude or iconic branding –This is where the bank strongly creates a general impression to the customers about its brand hence the customers buys the bank’s products on the basis of this perception.	2012					
		2013					
		2014					
4	Use of multi brands (where the bank uses a mix of products with the products competing with each other)	2012					
		2013					
		2014					
5	Using individual brands (where the bank brand is also strongly dependent on an individual)	2012					
		2013					
		2014					

THANK YOU FOR YOUR COOPERATION

APPENDIX 2: FINANCIAL PERFORMANCE

The secondary data for the measure of financial performance of Kenya commercial banks between 2012 and 2014.

YEAR	2012	2013	2014
ROA			

APPENDIX 3: COMMERCIAL BANKS IN KENYA AS AT DECEMBER 2014

1.African Banking Corporation Ltd
2.Bank of Africa Kenya Ltd
3.Bank of Baroda (K) Ltd
4.Bank of India
5.Barclays Bank of Kenya ltd
6.CFC Stanbic Bank Ltd
7.Charterhouse Bank Ltd
8.Chase Bank (K) Ltd
9.Citibank N.A Kenya
10.Commercial Bank of Africa Ltd
11.Consolidated Bank of Kenya Ltd
12.Co-operative Bank of Kenya Ltd
13.Credit Bank Ltd
14.Development Bank of Kenya Ltd
15.Diamond Trust bank Kenya Ltd
16.Dubai Bank Kenya Ltd
17.Ecobank Kenya Ltd
18.Equatorial Commercial Bank Ltd
19.Equity Bank Ltd
20.Family Bank Ltd
21.Fidelity Commercial Bank Ltd
22.Guaranty Trust Bank Ltd
23.First Community Bank Ltd

24.Giro Commercial Bank Ltd
25.Guardian Bank Ltd
26.Gulf African Bank Ltd
27.Habib Bank A.G Zurich
28.Habib Bank Ltd
29.Imperial Bank Ltd
30.I & M bank Ltd
31.Jamii Bora Bank Ltd
32.Kenya Commercial Bank Ltd
33.K-rep Bank Ltd
34.Middle East Bank (K) Ltd
35.National Bank of Kenya Ltd
36.NIC Bank Ltd
37.Oriental Commercial Bank
38.Paramount Universal Bank
39.Prime Bank Ltd
40.Standard Chartered Bank Kenya Ltd
41.Trans-National Bank Ltd
42.UBA Kenya Bank Ltd
43.Victoria Commercial Bank Ltd
44.Housing Finance Company of Kenya Ltd (NBFI)

SOURCE: Bank Supervision Annual Report 2014