THE INFLUENCE OF MARKETING MIX STRATEGIES ON CUSTOMER LOYALTY IN FAST FOOD RESTAURANTS IN NAIROBI, KENYA

BY

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DECLARATION

This project is my original work and has not been presented for the award of a degree in this University or any other Institution of higher learning for examination.

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D61/64500/2013

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

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DEDICATION

This project is dedicated to my family for their love, care, support and encouragement.

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ABSTRACT

Fast food sector in Kenya are found in major streets in key cities and it mostly targets the middle class which is growing in the economy. The fast-food industry in Kenya, just like in other countries, is built around a model of convenience as opposed to traditional restaurant businesses. In the marketing mix, the marketer must develop a pricing strategy. Fast food businesses in Nairobi are booming with both local and international brands. As a result, marketing strategies are vital in any management practice as they help determine the output of sales in organizations. The study sought to find out the marketing mix strategies adopted by fast food restaurants in Nairobi Kenya and establish the relationship between marketing mix strategies and customer loyalty. This study was guided by the theory of cognitive dissonance and buyer's remorse. This study used the descriptive survey design. The use of this design facilitated an in depth analysis of the role of marketing strategies on customer loyalty in fast food industry in Nairobi. The population of this study was the fast food restaurants in Nairobi County. The study stratified the fast food restaurants into the three constituencies. The collected data was cleaned, edited and coded before the analysis. The findings confirmed that, branding, product marketing, price considerations and location all form part of the customer proposition. The study ascertained that the role of the marketing channels is not only focus on the demand satisfaction by offering goods, but also need to stimulate demand through information, creating proximity and promotion by customer. The study concluded that customer loyalty is one of the indicators of business performance metrics.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Knowledge of strategic marketing is essential for any business venture because in the current competitive market, companies can perform well if they know how to position themselves well in the market. The tools of marketing strategies should be used properly for they help an organization to achieve a big market share. It is important for scholars and business practitioners understand the basic principles in strategic marketing. Marketing strategies can be used to influence the loyalty of customers to a business (Killing, 2012).

Marketing strategies and customer loyalty can be best explained using the cognitive dissonance theory. Cognitive dissonance is a psychological analogy identified with self-question when deciding. In advertising, it is frequently alluded to as purchaser's regret, and identifies with the vulnerability clients feel subsequent to settling on an intense buying choice. As a business, comprehension the potential for disharmony and tending to it helps in maintenance of clients. In purchaser conduct, psychological discord happens amid the post-buy assessment, the last stage in the ordinary shopper basic leadership handle. This is the time that a client spends surveying a buy subsequent to utilizing the item or actualizing it. A positive assessment prompts to rehash business and, in the long run, faithfulness. A negative ordeal or solid sentiments of uncertainty increment the potential that the client will choose an option item or administration whenever, or even look to give back an item for a discount where that is conceivable. Proper marketing strategies are thus influential at this stage. If applied properly, the post purchase evaluation will lead to positive results which will enhance customer loyalty (Piercy, 2012).

Fast food sector in Kenya are found in major streets in key cities and it mostly targets the middle class which is growing in the economy. The fast-food industry in Kenya, just like in other countries, is built around a model of convenience instead of customary eatery organizations. Fast-food organizations intensely publicize in mass and other media and hold their brands in high regard charging higher wholes as eminences and authorizing expenses to fly their banner. The chains in Kenya hold a higher volume of regular customers compared to the other hotel businesses that do not offer fast food services. In this respect thus, loyalty can be an important aspect of the business success (Regmi, 2001).

1.1.1. Marketing Mix Strategies

Successful competition in any organization can be realized if there is a proper plan for marketing. Marketing mix strategy is one of the plans that should be focused upon. The marketing mix is defined as the controllable factors the organization assembles to fulfill the objective market. The objective market for this situation is the gathering of clients the organization needs to draw in or speak to with the administration or item. The showcasing blend incorporates four components called the four P's of marketing: product, place, price and promotion (Hoffman & Bateson, 2010).

Highlights, benefits, quality, adornments, establishment, directions, guarantee, bundling and marking and additionally the physical merchandise, administrations or items lines are key factors. These factors can influence the finished result and be a way to make separation if fundamental. On the off chance that a client has the decision between two comparative items, the advertiser can offer qualities, for example, a superior guarantee, merchandise exchange or support administration to convince the client to buy the item or administration (Codita, 2010). This in effect might improve the loyalty that customers have towards the business enterprise.

The market has to break down the area of the client as well as how to get the item or administration to the client. While talking about the issue of situation, factors, for example, brokers, delivery, and capacity ought to be tended to. In the current internet era, placement has changed in such a way that clients can purchase goods online and then they get delivered to them using courier services (Bowman & Gatignon, 2010).

In the marketing mix, the marketer must build up a valuing system. A few cases of issues to consider are cost for creation, rivalry and how much the client will pay. The business offering the item or administration cannot bear to offer the thing for short of what it is created for. The opposition might have the capacity to give a similar item to the client at a lower cost. In the meantime, the customer is not going to pay more than he or she feels the item is worth. Three estimating systems can be utilized once the client base has been recognized. Focused valuing will offer the item at the most minimal cost when contrasted with the contenders. Taken a toll in addition to benefit evaluating is deciding cost in view of an estimation of how much the organization needs to appear in benefits notwithstanding the cost of generation. Esteem estimating is constructing the cost in light of how much esteem the organization, as the maker, conveys to the client (De Mooij, 2013).

The element of promotion manages drawing in new clients and holding current clients. The main role is to influence client conduct keeping in mind the end goal to make the deal. Three types of advancement incorporate ad, advertising and deals. Promotion can be accomplished in through numerous structures, for example, TV and radio ads, web pop-ups, bulletins or daily paper ads (Bowman & Gatignon, 2010).

1.1.2. Customer Loyalty

Thus customer loyalty is the point at which a provider gets a definitive reward of his endeavors in cooperating with its client. Client unwaveringness tends the client to deliberately pick a specific item against another for his need. The unwaveringness might be item particular or it might be organization particular. At the point when a dedicated client has monotonous necessity of a similar item, such clients might be portrayed as being 'brand steadfast'. Then again he may likewise require distinctive results of a similar maker. That is to say, he makes huge buys coordinate from an indistinguishable provider and that tallies from the organization particular reliability (Zineldin, 2006).

In business, high number of customers leads to improved sales which in turn lead to improved profits. Such customers can be retained if they are loyal to the products or services of the business enterprise. Customer loyalty is both attitudinal and behavioral. It is the propensity to support one brand over all others, whether because of fulfillment with the item or administration, its accommodation or execution, or just recognition and solace with the brand. Steadfastness is essential to the yield of a business. Client devotion urges purchasers to shop all the more reliably, spend a more prominent share of wallet, and feel positive about a shopping background, pulling in buyers to well-known brands notwithstanding a focused situation. Loyalty can be behavioral or attitudinal. On the off chance that a man makes most buys in a given item class from one provider, paying little mind to the reason, the individual was characterized as faithful. This reliability is behavioral. A second component of reliability is attitudinal dedication. This component of unwaveringness spotlights on how solid the mental duty or connection is to the brand (Coelho & Henseler, 2012).

1.1.3 Fast Foods

Fast food restaurant is a specific type of an eatery characterized both by its fast food cuisine and by minimal table service. It is also known as a quick service restaurant in some jurisdictions like the United States of America. The types of food served in these fast food restaurants typically caters to a sweet meat diet and if often offered on a menu that is limited. Food in these restaurants is cooked in bulk. Due to the fast moving nature of the food, advance cooking is used. Some people eat the food from the restaurant while others take it with them to their homes. They are situated along highways, streets and other areas that are quickly accessible to consumers willing to purchase food quickly (Schlosser, 2012).

Fast-food chains have gone under feedback over concerns extending from guaranteed adverse wellbeing impacts, affirmed creature mercilessness, instances of laborer abuse, and claims of social corruption by means of movements in individuals' destroying designs from conventional nourishments. The admission of fast food is expanding around the world. To battle feedback, fast food eateries are beginning to offer more wellbeing neighborly menu things. Notwithstanding wellbeing pundits, there are recommendations for the fast food industry to end up more eco-accommodating. The chains have reacted by "lessening bundling waste" (Schlosser, 2012).

1.1.4. Fast Food Restaurants in Nairobi, Kenya

Fast food businesses in Nairobi are booming with both local and international brands. These brands are expanding industry to capitalize of the growing middle class. Consumers in the city are becoming international in their choice of food. As well, the middle class is adopting the culture of eating out. These fast food chains in Nairobi are located in various parts of the street, both uptown and downtown. They target different types of fast food chains and they target different clients. Some target the high end consumers while others target the low end consumers. There are more than 394 fast food restaurants in Nairobi (Kang et al, 2012). This includes both the international and the local restaurants.

1.2. Problem Statement

Marketing strategies are vital in any management practice as they help determine the output of sales in organizations. One of the ways through which strategic marketing affects sales output is through attracting and retaining customers. In strategic marketing, the approach depends on key administration, in which an organization concentrates on developing and holding existing clients through impetuses. Marking, item showcasing, value contemplations and area all shape part of the client recommendation. Here, subjective evaluation by the client of whether to buy a brand or not in view of the incorporated mix of the esteem they get from each of these marketing strategies (Killing, 2012). Customer loyalty should be improved using different intervention mechanisms. One such mechanism is through the use of the strategic marketing mix techniques (Coelho & Henseler, 2012). However, the magnitude of the influence of marketing mix on customer loyalty has to be understood well.

Market strategies in fast food restaurants should be understood by business people and experts of marketing strategies. (Kang et al, 2012). Marketing strategy aimed at building customer loyalty plays an important role in the hotel industry. Recent studies of the effectiveness of the hotel industry point out to the fact that it is necessary to improve loyalty of customers by promoting interpersonal service encounters to build long-term relationships between customers and hotels (Wang, 2004). However, the link that connects marketing strategies and customer loyalty in fast food restaurants in Nairobi is not clear. It is vital to understand the link between the two variables in order to improve the customer loyalty in the fast food restaurants.

A study carried out by Oly (2007) uncovered that there is a relationship between client loyalty and relationship marketing. The study inferred that customer loyalty can be made, fortified and held by advertising arranges went for building trust, showing responsibility to administration, speaking with clients in a convenient, solid and proactive mold, and taking care of contention proficiently. An exploration ponder completed by Auka et al (2013) examined the relationship between administration quality measurements and client devotion. The study information was gathered from a specimen of 384 current clients of business counts on the five measurements of administration conveyance: substance, unwavering quality, responsiveness, confirmation and sympathy. The outcomes demonstrated that every one of the measurements of administration quality impact client unwaveringness in retail banking.

1.3 Objectives

This study was guided by the following research objectives

i. To find out the marketing mix strategies adopted by fast food restaurants in Nairobi Kenya

ii. To establish the relationship between marketing mix strategies and customer loyalty in fast food restaurants in Nairobi

1.4 Value of the Study

The findings of the study will be useful to players in private sector and the academic field. The private sector will find the research findings useful because the information can be used in implementing marketing projects that might help in improving loyalty of customers in their business. Fast food shops in Kenya can improve customer retention and loyalty by adopting marketing mix strategies reported in the study. The academic community will be another beneficiary of this study. The issue of loyalty of customers is of interest to researchers. The results of the studies can be used as sources of secondary data for the researchers. The published results of the findings will be accessed as referencing material for future studies about marketing mix and customer loyalty. As well, it is possible for researchers to formulate hypotheses from the results of this study and come up new information about customer loyalty and marketing mix strategies.

Policy makers and government can adopt the results of this study to come up with policies and regulations which can be used to improve profit making organizations. Government and other policy makers sometimes help small business with capacity building in order to improve their business. Effective marketing strategies are essential for improvement of businesses. The policy makers can thus employ the results of this study as one of the guiding tools in coming up with marketing strategies to help upcoming businesses.

Marketing practitioners are also bound to benefit from the results of the study. The practitioners work as consultants to businesses. They can use the results of the studies to inform their decisions about improvement of customer loyalty. They can also use the results to evaluate the existing concepts about marketing strategies and customer loyalty. Such assessment can help them improve the quality of consultancy services offered to their clients.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter, there is discussion of the published materials about marketing strategies and customer loyalty. First, the chapter discusses the theoretical foundations of marketing strategies and customer loyalty. The study uses Barry Schwartz's cognitive dissonance element of buyer's remorse as its theoretical foundation. Secondly, the concept of marketing strategy is explained using different definitions from different authors. This will enable the research to bring out a wider range of ideas which will also facilitate the comprehension of this work. This section will be followed by an overview of types of marketing strategies and measurement of customer loyalty. Lastly, the chapter discusses empirical studies that link marketing strategies to customer loyalty.

2.2. Theoretical Foundation of the Study

2.2.1 Cognitive Theory

This study is guided by the theory of cognitive dissonance and buyer's remorse. Cognitive dissonance refers to conflicting attitudes, behaviors or beliefs, according to Simple Psychology. The theory of cognitive dissonance states that the circumstance happens when somebody holds at least two clashing demeanors or convictions around one item or administration. Cognitive dissonance is well on the way to happen after a buyer makes a buy. Shoppers may likewise encounter cacophony preceding making a buy. Cognitive dissonance breeds purchaser's regret, which is a feeling of disappointment subsequent to having made a buy. It might originate from dread of settling on the wrong decision, coerce over excess, or a doubt of having been excessively affected by the seller. The resulting cognitive dissonance may motivate the consumer to bring harmony to inconsistent elements and thereby reduce psychological tensions (Solomon, 2014).

Cognitive dissonance may bring about the client to justify her choice. One of the ways she may fulfill this is through research. A client who has regret will accumulate more data about the item. A few clients will assemble data that reaffirms their choices. Different clients will float towards data that affirms they committed an error. In any case, the client turns out to be better with keeping the item or settling on the choice to return it. Clients may return to your organization for data (Mullen & Johnson, 2013).

This framework will be useful for this study because it will guide the researcher to connect the purchasing decisions of consumers and the marketing strategies of the fast food restaurants in Nairobi. Of particular interest is the decision consumers make after buying food from the restaurants and whether the decisions are affected by the marketing strategies used by the eateries. By using this framework, the study assumes that the marketing strategies used by the fast food restaurants affect the post purchase evaluation of the consumers and their decisions to either keep off the place or to go back for more goods.

The cognitive dissonance framework has been used before in studies about consumer behavior. Such a study was conducted by Dedeoğlu & Kazançoğlu (2010) where he attempted to develop a phenomenological account of consumer guilt. Through this, the researchers aimed to broaden the understanding of the dimensions and dynamics of consumer guilt grounded in consumers' lived experiences. In the study, a thorough analysis revealed the existence of five dimensions of consumer guilt, namely, hesitation, sadness, reluctance to spend, regret and self-blame. Consumer guilt is felt due to transgressions, self-control failures and indulgence in hedonistic desires. The findings show that guilt feelings are found to be cyclic, short-lived and superficial and mostly arise as a result of good and bad actions but not always of right versus wrong actions. In the consumption society, guilt is attached to new concerns brought about by cultural drift. Similar studies that use consumer remorse to evaluate purchasing decisions can be found in Zarley & Yan (2013) and Terry (2011).

2.3 Marketing Strategy

In the business field, marketing is one of the activities assisting in profiting a single company. The buyers are too many, greatly dispersed, and different in their needs. Therefore, marketing strategy should being used to see the products or services from the customer's perspective and communicating the message in customer's language (Featherstone, 2007). Basically, customer driven marketing strategy is divided into four major steps: market segmentation, market targeting, positioning and market differentiation.

Market segmentation is a process of grouping people together with similar needs or smaller segments who show similar buying pattern. Segmentation is done either for differentiating a product or to target a specific group of people to earn profit. It is a form of critical evaluation rather than a prescribed system or process. Market segmentation should meet specific requirements. It should be measurable in a way that it should be dependent on the buying capacity of the consumer. As well, for effective segmentation, the product should be easy to access and it should fulfill the needs of the consumer. Segmentation of the market should also be substantial in a way that it should have enough number of people willing to purchase it. When the focus is on segmented markets a company is allowed to use its resources more effectively and efficiently thereby increasing the chances of its success in the market (McDonald & Dunbar, 2004).

According to (Dibb et. al. 2006) the advantages of segmentation of a market can be done by focusing on four areas. Understanding the customer requires a careful study and research to understand the customer needs and wants. Therefore an organization can focus on the key factors and put more emphasis on understanding the customer thereby improving brand loyalty. Understanding the competitor is another factor and it requires a study of the market to know who the main competition for an organization is and which segment is been targeted. There should also be effective resource allocation. After understanding the customer and the competitors an organization is in a better position to utilize the company resources effectively. Lastly, there should be strategic marketing planning. This involves dividing the market into segments helps the marketers to develop special plans to gain the attention of the competitors.

In business, positioning is a marketing strategy, which aims to differentiate a brand in relation to competing brands in order to gain market share. It is the act of designing and creating the company's image and communicating the benefits of the company's products, so it gains a distinct place in the market. This can be done by highlighting the main features of the brand or through advertising channels. Each brand differentiates itself differently to gain customers and to create a distinct position in the mind of the consumer. The essence of this marketing strategy is for companies to create a story that facilitates the growth of their business and indicates how their business desires to be perceived by the stakeholders. After a brand has been positioned, it is very challenging to reposition the brand without demolishing the image or integrity of the brand (McDonald & Dunbar, 2004).

Product differentiation is the process of distinguishing a product or service from others, to make it more attractive to a particular target market. This involves differentiating it from competitors' products as well as a firm's own products. The objective of differentiation is to develop a position that potential customers see as unique. Differentiation primarily affects performance through reducing directness of competition: As the product becomes more different, categorization becomes more difficult and hence draws fewer comparisons with its competition. A successful product differentiation strategy will move your product from competing based primarily on price to competing on non-price factors (Stuyck, 2013).

Target Marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments. It can be the key to attracting new business and making your small business's a success. In business, it is essential for marketers to understand their target markets. A target market is a group of people considered likely to buy a product or service. A target market consists of customers that share similar characteristics, such as age, income and lifestyle, to which a business directs its marketing efforts and sells its products. As marketing efforts are becoming increasingly online based, the need to find the right audience for marketing campaigns is essential. One of the first steps in developing an effective marketing campaign is determining an appropriate target market so that marketing goals can be set and implemented (Zeithaml et al, 2010).

In marketing strategies, marketing mix is associated with the four Ps of price, product, promotion, and place. A product is seen as an item that satisfies what a consumer demands. It is a tangible good or an intangible service. Tangible products are those that have an independent physical existence. The amount a customer pays for the product. The price is very important as it determines the company's profit and hence, survival. Adjusting the price has a profound impact on the marketing strategy and, depending on the price elasticity of the product, often it will affect the demand and sales as well. Promotion comprises elements such as: advertising, public relations, sales organization and sales promotion. The last P is place, the distribution channel which is the location where the delivery the value. The role of the marketing channels is not only focus on the demand satisfaction by offering goods, but also need to stimulate demand through information, creating proximity and promotion by customer (Verhoef, 2003).

2.3. Dimensions and measurements of Customer Loyalty

Customer loyalty is one of the indicators of business performance metrics. Research has demonstrated that there is a link between financial success, growth and customer loyalty. There are several objective measures of customer loyalty that show the relationship with financial performance. These include number of referrals, word of mouth, purchase again, purchase of additional products, increase in purchase size and customer retention rates. Through the use of referral process, companies can grow through the acquisition of new customers. The idea here is that customer acquisition process relies on existing customers to promote and recommend the company to their friends. The friends in turn become customers (Gerson, 2012).

Customer loyalty, when measured using surveys, can be assessed using standard questions and items. This should however mirror the objective measures of loyalty. For each of the items listed, a customer is asked to rate his level of affinity for, endorsement of and approval of a company. These items usually ask for a rating that reflects the likelihood that the customer will exhibit future positive behaviors towards a given company. In a typical situation, customer loyalty questions should include overall satisfaction, likelihood to choose again, likelihood to recommend, likelihood to continue purchasing the same product and services, likelihood to purchase additional products and services and likelihood to switch to a different provider. All these questions should be related on a given scale. These questions have been proven to be reliable, valid and useful measures of customer loyalty (Hayes, 2008).

2.5 Marketing Strategies and Customer Loyalty

Business managers have to deal with the hurdle of attracting customers, delighting and retaining them. In this respect therefore, businesses have to think of ways of attracting and retaining customers in order to improve their sales output. Improvement in the sales output of any business leads to productivity where the value of invested money is increased. Even though the concept of attracting customers and retaining them has been attractive to all enterprises, it still eludes many as to how to improve their loyalty. Marketing experts have sought to relate the concept of marketing mix strategies with customer loyalty (McCullough et al, 2008). This relationship needs to be explored further, in different business ventures, to understand with exactness, how the different variables of customer loyalty and marketing mix strategies interact in a business setup.

Firms has engaged in greening programs where it installs solar panels on all of its base transmission stations. This is meant to portray them as responsible citizens to their clients. Firms have also engaged in different plans of giving back to the community (Thwaits & Bower, 2013). All these efforts are geared towards improving the loyalty of their customers, most of who come from poor backgrounds. It is worth noting however that the results of these interventions have not been documented and it might take time to be known. The interventions put in place by the telephony companies are indicators that customer loyalty cuts across different market players, whether they sell the same or different products.

Customer loyalty is also an issue of central focus by many companies, especially in enterprises like banking, insurance services, telephony and supermarket chains. McNamee et al (2015) have listed some of the competing business interests and ways through which they help retain their customers. Supermarket for example has initiated the customer loyalty points. In this set up, clients get loyalty points whenever they shop at one of the retail chains. These points can then be redeemed to get free goods. Such schemes have also been adopted by other growing firms. It is however not clear if these schemes have helped improve the loyalty of customers towards these business enterprises. It is worth studying the influence that these schemes have on retention of customers.

Studies have been carried out to relate marketing strategies and customer loyalties n different business situations. Oly Ndubisi (2007) carried out a study with an aim of finding the relationship between relationship marketing and customer loyalty. In the study, a questionnaire that was derived from earlier studies and the relevant literature was completed by 220 bank customers in Malaysia.

The study used multiple regression analysis to assess the impact on customer loyalty of four key constructs of relationship marketing, namely, trust, commitment, communication and conflict handling. It was found that the four variables had a significant effect and predicted a good proportion of the variance in customer loyalty. Moreover, they were significantly related to one another. Demographic data showed that a slight majority of respondents were female: 585, to 42 per cent male. Just less than three quarters were under 40 years of age. Graduates accounted for 43 per cent of all respondents. Almost half had been with their current bank for 11 years or more, 39 per cent for between 6 and 10 years, and only one in five (19 per cent) had been customers for 5 years or less (Oly Ndubisi, 2007). Loyalty was thus found to be the starting point for relationship marketing, or at least inertia. The author suggested improvement to the study. He suggested that relationships investigated in this study deserved further research. Because the data analyzed were collected from one sector of the service industry in one country, more studies were required before general conclusions could be drawn.

One way of marketing products is through the use of customer loyalty points. A study has been carried out to assess if there is any effect of the use of customer loyalty points on customer loyalty. The study was carried out by Uncles et al (2003) and it was informed by the reasoning that customer loyalty was seen as primarily an attitude-based phenomenon that can be influenced significantly by customer relationship management initiatives such as the increasingly popular loyalty and affinity programs. The author carried out an empirical study to relate the two. In the study, it was found that there was no positive relationship between use of customer loyalty points and the customer loyalty.

Another study was carried out by Too et al (2001), with a purpose of presenting and testing a conceptual model of a process by which the implementation of relationship marketing can enhance such loyalty. This study was informed by the thought that there was little empirical research has been conducted on the link between relationship marketing and customer loyalty in a retailing context. A dyadic exploratory study of clothing store managers and their customers was conducted. Findings reveal that customers' perceptions of clothing stores' relationship marketing efforts were crucial to enhanced commitment and loyalty.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methods that were used to get answers to the research problem. The research methodology is organized into the following sections; research design, population, sample and sampling technique, data collection methods, and data analysis methods.

3.2 Research Design

This study used the descriptive survey design. This type of design gathers data in order to describe events and issues the way they are. While using this design, an in-depth and narrative description of numbers organizes the data into patterns that are easy to understand (Moti et al., 2012). In this design, the researcher studied a given phenomenon and reports the relationship between the variables. This design is important because the researcher reported the events unaltered. The use of this design facilitated an in depth analysis of the role of marketing strategies on customer loyalty in fast food industry in Nairobi.

3.3 Population of the Study

The population of this study was the fast food restaurants in Nairobi County. The study evaluated all the fast food restaurants found within the political unit of Nairobi County. According to Eat Out Kenya (2016) website, http://eatout.co.ke/restaurants, there are 2010 fast food restaurants in Nairobi. They are located in different sections of the city.

The research targets to collect data from this population and attempt to come up with a relationship between marketing strategies and customer loyalty.

3.4 Sample Size and Sampling Technique

This study used stratified random sampling technique. In this technique, a population is stratified into strata. A stratum should have similar characteristics. A simple random sampling is then carried out on each of the strata (Mugenda and Mugenda, 2003). It is advised that a minimum of 10 % of the population should be sampled. According to Mugenda & Mugenda (2003) the sample size should be as large as possible so as to produce the salient characteristics of the accessible population to an acceptable degree.

The study stratified the fast food restaurants into the three constituencies. They are Westlands, Starehe and Kamukunji. From each constituency, a list of fast food restaurants was drawn. A simple random sampling was then carried out to select the subjects to be studied. Table 3.1 shows the sample size in each stratum.

Table 3.1: Sample Size

Constituency	**Population of fast food restaurants**	**Sample Size**
Westlands	230	23
Starehe	210	21
Kamukunji	250	25
Total	**690**	**69**

3.5 Data Collection

The study collected quantitative data from the respondents. In the collection of the data, independent and dependent variables were measured. The independent variables tested the marketing strategies indicators while the dependent variable tested customer loyalty indicators. The data was collected from the marketing managers of the hotels. The managers are well placed to understand the dynamics of customer loyalty and marketing strategies. Questionnaires were used to collect the data. They used close ended questions, using a likert scale.

3.6 Data Analysis and Presentation

The collected data was cleaned, edited and coded before the analysis. Quantitative techniques were used to undertake the data analysis. Quantitative analysis involves the use of numeric measures in establishing the scores of responses provided (Flick 2009). The statistic were organized, tabulated, depicted and described by use of visual aids. This comprised graphs and pie charts. This study used measures of central tendency and measures of central dispersion. As well, multiple linear regressions were used to relate the marketing strategies and customer loyalty in the fast food restaurants in Nairobi.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents the findings and their interpretation based on the main objective of the study which was, to find out the marketing mix strategies adopted by fast food restaurants in Nairobi Kenya. The findings are presented using frequency tables.

4.2 Response Rate

This study targeted 69 respondents; questionnaires were distributed to all targeted respondents. However, out of 69 questionnaires distributed only 60 respondents fully filled and returned the questionnaires. This contributed to 86.9% response rate. The findings which are contained in this chapter are based on 86.9% response rate. Mugenda and Mugenda (2003) stated that a response rate of 50% and above is a good response rate for statistical reporting.

4.2 General Information

The respondents were requested to respond to a series of questions about their roles and history in the different organizations.

4.2.1 Designation in the Company

The study sought to establish the designated rank of the respondents in the organizations, the results are as depicted in Table 4.2 below.

Table 4.2: Designation of the respondents

Designation	Frequency	Percentage
Project Manager	18	30%
Any other management	31	51.7%
Operational Officer	11	18.3%
Total	**60**	**100%**

Out of this number, 30% indicated that they were project managers in their organizations, 51.7% indicated to be in other management positions while the remainder 18.3% stated that they work as operational officers in the organizations. Majority of the respondents sampled for the study worked in other management positions other than those indicated in the questionnaire. This shows that the project managers and operation officers were few as compared to other levels of management.

4.2.2 Number of Years Worked in the Organization

The study also sought to establish the period of time that the respondents have worked in the organizations; the findings are as presented in the table below.

Table 4.3: Number of Years Worked in the Organization

Number of Years Worked in the Organization	Frequency	Percentage
Between 1 and 5 years	38	63.3%
More than 5 years	22	36.7%
Total	**60**	**100%**

From the findings, Majority of the respondents (63.3%) indicated that they have worked in their organizations for a period ranging between 1 and 5 years. The remainder 36.7% indicated that they have worked in the organization for more than 5 years. None of the respondents had worked in the organization for less than 1 year. The work experience among respondents is essential in achieving the objective of the study which is to find out the marketing mix strategies adopted by fast food restaurants in Nairobi Kenya.

4.3 Customer Loyalty in the Organization

The study sought to determine the level of customer loyalty in the organizations. In this case, the respondents were required to indicate their level of agreement based on five point likert scale, Where: 1 means strongly disagree, 2 disagree, 3 neither agree nor disagree, 4 agree and 5 strongly agree. The findings are contained in table 4.4.

Table 4.4: Customer Loyalty

Customer Loyalty Statements	Mean	Std Dev
The rate of customer retention in the company has been high	**4.36**	**0.412**
The rate of people who would recommend our business to others has grown	**4.25**	**0.257**
Our customers are likely to choose us next time as a preference to our competitors	**3.64**	**0.147**
The average purchase decision resolution time for our clients is shorter	**3.00**	**0.214**

According to the study findings, the respondents strongly agreed that; the rate of customer retention in the company has been high with a mean score of 4.36 and the rate of people who would recommend our business to others has grown with a mean score of 4.25. The respondents also agreed that their customers are likely to choose them next time as a preference to their competitors with a mean score of 3.64. However, they neither agreed nor disagreed that the average purchase decision resolution time for our clients is shorter with a mean score of 3.00. This depicts that the rate of customer retention in the company has been high.

4.4 Marketing Mix Strategies

The study sought to establish some of the different marketing mix strategies that are applied by fast food restaurants in Nairobi Kenya. The respondents were questioned on the use of price, product positioning, promotion and place as marketing mix strategies in their organizations. Mean scores and standard deviation were computed for each statement and summarized.

4.4.1 Use of Price

The respondents were asked several questions regarding use of price as a marketing mix strategy in their organizations. Mean scores and standard deviation were computed for each statement and summarized in Table 4.5.

Table 4.5: Use of Price

Parameters	**Mean**	**Std Dev**
Prices in our organization are determined by market surveys	**4.23**	**0.298**
Our current pricing structure include discounts, product options, rebates	**3.32**	**0.149**
Our organization is a leader in price offerings, compared to her competitors	**3.96**	**0.125**
We offer prices that reflect the value of our product	**4.01**	**0.359**

The findings in Table 4.5 show that the respondents strongly agreed that; prices in their organization are determined by market surveys with a mean score of 4.23. Additionally, they strongly agreed that they offer prices that reflect the value of their product with a mean score of 4.01. The respondents further agreed that; their organization is a leader in price offerings, compared to the competitors by a mean score of 3.96. however the findings shows that the respondents agreed to a moderate extent that their current pricing structure include discounts, product options, rebates with a mean score of 3.32, The findings therefore point to very high levels of use of price as a marketing mix strategy in fast food restaurants in Nairobi Kenya. As per the findings, the low values of standard deviation indicated a consensus on statements regarding use of price as a marketing mix strategy in fast food restaurants in Nairobi Kenya.

4.4.2 Use of Product Positioning

The respondents were asked several questions regarding use of product positioning as a marketing mix strategy in their organizations. Mean scores and standard deviation were computed for each statement and summarized in Table 4.6.

Table 4.6: Use of Product Positioning

Statement	**Mean**	**Std Dev**
Our products are of Superior Quality	**4.29**	**0.111**
Our organization emphasizes on innovation and style to match with changing consumption trends	**3.86**	**0.365**
Our products and services are reliable	**4.01**	**0.136**
Our products are distinguishable from that of our competitors	**3.01**	**0.38**

With regard to the level of agreement with the use of product positioning as a marketing mix, the respondents strongly agreed that; their products are of Superior Quality with a mean score of 4.29. They also strongly agreed that their products and services are reliable with a mean score of 4.01. Further the respondents agreed that their organization emphasizes on innovation and style to match with changing consumption trends with a mean score of 3.86. Finally, they neither agreed nor disagreed that products are distinguishable from that of their competitors with a mean of 3.01.

4.4.3 Promotion

The respondents were asked several questions regarding use of promotion as a marketing mix strategy in their organizations. Mean scores and standard deviation were computed for each statement and summarized in Table 4.7.

Table 4.7: Use of Promotion

Statement	**Mean**	**Std Dev**
Our organization relies on advertising as a marketing strategy	**3.75**	**0.251**
Sales promotion is an essential component of promotion of our products	**3.82**	**0.31**
We use personal selling to promote our products	**3.56**	**0.267**
Public relations is used as a promotion strategy in our organization	**4.12**	**0.369**

With regard to the level of agreement with the use of promotion as a marketing mix, the respondents strongly agreed that; public relations are used as a promotion strategy in their organization with a mean score of 4.12. They also agreed that Sales promotion is an essential component of promotion of our products with a mean score of 3.82. The respondents agreed that their organization relies on advertising as a marketing strategy with a mean score of 3.75. Finally, they agreed to the use of personal selling to promote their products with a mean of 3.56.

4.4.4 Place

The respondents were asked several questions regarding use of place as a marketing mix strategy in their organizations. Mean scores and standard deviation were computed for each statement and summarized in Table 4.8.

Table 4.8: Use of Place

Statement	**Mean**	**Std Dev**
Our business is located at an accessible place	**4.26**	**0.132**
Our business covers various places in town	**4.12**	**0.218**
In our marketing, we have given out clear directions to our location	**3.87**	**0.369**
We are located in one of the safest places in the city	**3.42**	**0.252**

The findings illustrate that the respondents strongly agreed that; their business is located at an accessible place with a mean score of 4.26. Additionally, they strongly agreed that their business covers various places in town with a mean score of 4.12. The respondents further agreed that; they have given out clear directions to their location in their marketing by a mean score of 3.87, however they neither agreed or disagreed that they are located in one of the safest places in the city with a mean score of 3.42.

4.5: Regression Analysis between marketing mix strategies and customer loyalty

The study applied inferential statistics (regression analysis). The application of regression analysis identifies the relationship between the quantitative variables; that is the dependent variable, whose value is to be predicted, and the independent or explanatory variables about which knowledge is available. The technique can show what proportion of variance between variables is due to the dependent variable, and what proportion is due to the independent variables. The relation between the variables can be illustrated graphically, or more usually using an equation. The study adopted multiple regression guided by the following model:

Regression model

$Y= \beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3 X_3+ \beta_4X_4$

Where; Y= Customer loyalty, β_0 = Constant Term (when $\beta_1 \ldots \beta_5 =0$), $\beta_1 \ldots\ldots \beta_5$ (Beta coefficients), X_1- Use of Price, X_2- Use of Product Positioning , X_3- Promotion, X_4 – Place

4.5.1 Model Summary

Table 4.9:Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.919	0.845	0.789	0.6273

The four independent variables that were studied, explain 84.5% of the customer loyalty as represented by the R^2. This therefore means that other factors not studied in this research contribute 15.5% to customer loyalty in fast food restaurants in Nairobi.

4.5.2 ANOVA Results

Table 4.10: ANOVA of the Regression

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.534	10	1.267	9.475	.000[a]
	Residual	9.307	50	2.327		
	Total	**11.841**	**60**			

The significance value is 0.000 which is less than 0.05 thus the model is statistically significant in predicting how use of price, use of product positioning, promotion and place affect customer loyalty in fast food restaurants in Nairobi. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant.

4.5.3 Coefficient of determination

Table 4.11: Coefficient of determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.147	0.2235		5.132	0.000
	Use of Price	0.752	0.1032	0.1032	7.287	.000
	Use of Product Positioning	0.487	0.3425	0.1425	3.418	.000
	Promotion	0.545	0.2178	0.1178	4.626	.000
	Place	0.439	0.1937	0.0937	4.685	.000

As per the SPSS generated in the table above, the following regression equation was obtained:

($\mathbf{Y} = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes:

($Y= 1.147+ 0.752X_1+ 0.487X_2+ 0.545X_3+ 0.439X_4$)

According to the regression equation established, taking all factors into account constant at zero, customer loyalty will be 1.147. The data findings analyzed also shows that taking all other independent variables at zero, a unit change in use of price will lead to a 0.752 increase in customer loyalty; a unit change in use of product positioning will lead to a 0.487 increase customer loyalty, a unit change in promotion will lead to a 0.545 increase customer loyalty, while a unit change in place will lead to a 0.439 increase in customer loyalty in fast food restaurants in Nairobi.

This infers that use of price contributes most to the customer loyalty followed by promotion. At 5% level of significance and 95% level of confidence, all the marketing mix strategies were all significant.

4.6. Discussion of findings

In business, positioning is a marketing strategy, which aims to differentiate a brand in relation to competing brands in order to gain market share. Each brand differentiates itself differently to gain customers and to create a distinct position in the mind of the consumer. After a brand has been positioned, it is very challenging to reposition the brand without demolishing the image or integrity of the brand (Killing, 2012).

Product differentiation involves differentiating it from competitors' products as well as a firm's own products. This leads to the development of a position that potential customers see as unique (Killing, 2012). In this case, a successful product differentiation strategy will move your product from competing based primarily on price to competing on non-price factors. The study found out that a product is seen as an item that satisfies what a consumer demands.

Finally, the study found that Sales promotion is an essential component of promotion of our products (Verhoef, 2003). In this case, fast food restaurants showed reliance on advertising as a marketing strategy. Additionally, they were also found to utilize personal selling to promote their products. The restaurants are located at an accessible places and their business covers various places in town. Moreover, the restaurants offer their customers clear directions to their location in the safest places in the city. Finally, it was found that the organizations utilized public relations are used as a promotion strategy.

The study found that fast food restaurants believed in Superior Quality and that their products and services are reliable. Additionally, the organizations emphasized on innovation and style to match with changing consumption trends that ensured that their products are distinguishable from that of their competitors.

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CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings on the marketing mix strategies adopted by fast food restaurants in Nairobi Kenya, the conclusions and recommendations are drawn there to. The chapter is therefore structured into summary of findings, conclusions, recommendations, limitations and area for further research.

5.2 Summary of findings

The findings confirmed that, branding, promotion, product marketing, price considerations and location all form part of the customer proposition. The study also found out that in marketing strategies, marketing mix is associated with the four Ps of price, product, promotion, and place. The findings further ascertained that promotion comprises elements such as: advertising, public relations, sales organization and sales promotion.

The study ascertained that the role of the marketing channels is not only focus on the demand satisfaction by offering goods, but also need to stimulate demand through information, creating proximity and promotion by customer. The findings additionally found that business managers have to deal with the hurdle of attracting customers, delighting and retaining them. In this case, it was established that businesses have to think of ways of attracting and retaining customers in order to improve their sales output.

5.3 Conclusion

The findings concluded that, branding, promotion, product marketing, price considerations and location all form part of the customer proposition. The study also concluded that in marketing strategies, marketing mix is associated with the four Ps of price, product, promotion, and place. The findings further concluded that promotion comprises elements such as: advertising, public relations, sales organization and sales promotion.

The study concluded that the role of the marketing channels is not only focus on the demand satisfaction by offering goods, but also need to stimulate demand through information, creating proximity and promotion by customer. The findings additionally concluded that business managers have to deal with the hurdle of attracting customers, delighting and retaining them. In this case, it was established that businesses have to think of ways of attracting and retaining customers in order to improve their sales output.

5.4 Recommendations for Policy & Theory

The study made the following recommendations:

1. Restaurants must focus on those attributes of trust which consumers' use to judge the trustworthiness of the services offered.

2. Restaurants must emphasize on building a positive brand image to meet customer's expectation and offer more benefits to customer.

3. Restaurants operators who are interested in building brand loyalty should endeavor to satisfy their customer through the provision of enhanced catering services.

4. Operators should offer something valuable to customers in service interaction process, such as reward and promotional offers, in order to gain customer satisfaction and trust, which are expected to enhance customer loyalty.

5.5 Limitations of the study

The following limitations have been identified;

Convincing customers to answer the questionnaires was rather challenging as some of them claim they are busy and therefore do not have time.

Some people could not respond to all the items on the questionnaire which makes them invalid and therefore have to exclude from the data.

The researcher was limited by the time frame from which she was supposed to carry out the study. This made her to carry out the study at a constrained time schedule

5.6 Recommendations for further Research

In this research, the sample used was selected from Nairobi County due to resource constraints. Further research studies could expand the sample size by selecting sample units from all major cities across Kenya in order to have a better representation of fast foods in Kenya.

It is also suggested that future research should be conducted to examine the rate of implementation of relationship marketing by companies in Kenya. It is also suggested that future research replicates this study in other developing countries for better understanding and comparative analysis of marketing mix strategies adopted by fast food restaurants.

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Appendices

Appendix i: Letter of Introduction

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P.O. Box 30197
Nairobi, Kenya

DATE 21/09/2016

TO WHOM IT MAY CONCERN

The bearer of this letter EVA JELAGAT CHESEREM

Registration No. D61/64500/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management 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 interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
21 SEP 2016
P.O. Box 30197 – 00100, NAIROBI

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix ii: Questionnaire

The purpose of this study is to establish the influence of marketing mix strategies on customer loyalty in fast food industry.

This questionnaire is a part of Masters of Business Administration course at the University of Nairobi, and is completely anonymous and your answers will be used for academic purposes only and will be treated with strict confidentially. Please indicate the correct option as honestly and as correctly as possible by checking a TICK (√) on one of the options. For the questions that require your opinion, please complete the blanks.

(You are kindly requested to respond to ALL the questions for a valid and reliable research)

Part I: General details

1. What is your designation in the company

   (a)Project Manager ☐

   (b)Any other management ☐

   (c)Operational Officer ☐

2. For how long have you worked in this organization?

   (a)Less than 1 year ☐

   (b)Between 1 and 5 years ☐

   (c)More than 5 years ☐

Part II: Customer Loyalty in the Organization

4. (a) Kindly rate the below statements in a scale of 1 to 5 depending on your level of agreement;

Where: 1 for strongly disagree, 2 disagree, 3 neither agree nor disagree, 4 agree and 5 strongly agree.

Statement	1	2	3	4	5
The rate of customer retention in the company has been high					
The rate of people who would recommend our business to others has grown					
Our customers are likely to choose us next time as a preference to our competitors					
The average purchase decision resolution time for our clients is shorter					

Part III: Marketing Mix Strategies

Use of Price

3. (b) Kindly rate the below statements in a scale of 1 to 5 depending on your level of agreement;

Where: 1 for strongly disagree, 2 disagree, 3 neither agree nor disagree, 4 agree and 5 strongly agree.

Parameters	**1**	**2**	**3**	**4**	**5**
Prices in our organization are determined by market surveys					
Our current pricing structure include discounts, product options, rebates					
Our organization is a leader in price offerings, compared to her competitors					
We offer prices that reflect the value of our product					

Use of Product Positioning

4. (a) Kindly rate the below statements in a scale of 1 to 5 depending on your level of agreement;

Where: 1 for strongly disagree, 2 disagree, 3 neither agree nor disagree, 4 agree and 5 strongly agree.

Statement	1	2	3	4	5
Our products are of Superior Quality					
Our organization emphasizes on innovation and style to match with changing consumption trends					
Our products and services are reliable					
Our products are distinguishable from that of our competitors					

Promotion

5. (b) Kindly rate the below statements in a scale of 1 to 5 depending on your level of agreement;

Where: 1 for strongly disagree, 2 disagree, 3 neither agree nor disagree, 4 agree and 5 strongly agree.

Statement	1	2	3	4	5
Our organization relies on advertising as a marketing strategy					

Sales promotion is an essential component of promotion of our products					
We use personal selling to promote our products					
Public relations is used as a promotion strategy in our organization					

Place

6 Kindly rate the below statements in a scale of 1 to 5 depending on your level of agreement;

Where: 1 for strongly disagree, 2 disagree, 3 neither agree nor disagree, 4 agree and 5 strongly agree.

Channels, coverage, assortments, locations, inventory, transportation, logistics

Statement	1	2	3	4	5
Our business is located at an accessible place					
Our business covers various places in town					
In our marketing, we have given out clear directions to our location					
We are located in one of the safest places in the city					

Thank you for taking time to respond to this questionnaire