CORPORATE BRAND EXTENSION AND FIRM PERFORMANCE: A CASE OF THE NAKUMATT BLUE LABEL

BY

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DECLARATION

This research project is my original work and has not been presented to any other university or institution of higher learning for examination purposes.

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

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DEDICATION

I dedicate this project to my family for being my constant source of energy, and for standing by me as I worked hard to further my knowledge and expertise. I know the best times are still ahead of us, and I can only sigh with excitement when I imagine the joy, laughter, the gladness that awaits us both in the near and distant future. Carol, Michael and Elsie, you are my A-team.

TABLE OF CONTENTS

LIST OF TABLES

ABSTRACT

The brand concept has come a long way especially during the product marketing times, where branding and management of brands played a huge role in creating differentiation and product preference in consumers' mind. Brand extensions newly introduced maximizes on brand name equity already established. Core brand names that customers are familiar with aid products newly entering the market and enable them quickly capture new market segments. Locally, there lacked studies addressing strategies for brand extension. The gap needed for a study to be developed that looks into how strategies on brand extension affects local firm performance. Brand extension strategies are often used in international markets. This research therefore sought to investigate the relationship between brand extension and firm performance in the case of The Nakumatt Blue Label. A customer's decision to accept a brand extension is determined by several factors. the ability of a brand extension to fit into a parent brand is the most widely acknowledged factor. There is an increased embrace of the implicit theory roles of the self to interpret and understand human behavior by social and cognitive psychologists. The theory of associative-network memory is the overarching theory for comprehension of evaluations concerning brand extension and their impacts on feedback. A consumer capability to have brand knowledge in their memory is recognized schema, a brand information nodes network. According to literature, a parent brand, initially evaluated directly and positively affects evaluation of a brand extension, by clients. In entity theory, fixed features include ability, moral and intelligence while the theory of incremental perceive that there will be changes in the aspects. The former views intelligence as a trait despite learning new things, it remains fixed the latter are of the view that intelligence level is bound to change as they put more effort into it. As a result of these different perceptions, there is a probability of the entity theory to translate into a presumably negative personality change. This study used a descriptive research method and a case study design. The researcher used a questionnaire for data collection. From the study findings, it was clear that Nakumatt sales have grown steadily since introduction of the Blue Label. The researcher also established that this growth is attributable relatively to introduction of the Blue Label. This implies that the introduction of the Blue Label has been responsible for sales growth directly at Nakumatt. Therefore, it has been established that there is a relationship between Blue Label categories growth and general sales growth. This means that there is high evidence that for Nakumatt to strengthen its sales position, it is imperative that they strengthen the category strength of the Blue Label products within each individual category. Based on the findings of the study, the researcher concludes that since Nakumatt sales have grown steadily since introduction of the Blue Label, it is implied that the introduction of the private label has immensely benefited the sales baseline of Nakumatt, and therefore that corporate brand extension and firm performance are not only correlated, but also have a positive relationship.

CHAPTER ONE

INTRODUCTION

1.1 Background

There have been tremendous changes experienced in retail landscape over two decades resulting from macro and micro environmental forces. There are many challenges that firms experience contemporarily due to advancement of technology, domestic market saturation, increasing demand and consumer sophistication and competition advancement (Watchravesringkan, Karpova, Hodges and Copeland, 2010).

There is constant need to come up with strategies that creates competitive advantage and brand name with associations that are well established as a result of extreme competition among firms. Investment in brand names is becoming crucial for enterprises since they are valuable assets which provides the platform for firms to maximize the competences of the corporate and strengthen their firms culture that makes them unique to find a place in the minds and hearts of buyers (Keller, 2008). Firms must be responsible for branding of their entities to promote an image that is positive for its brand. Investments are expensive for many companies to afford or do not want to risk heavy investments especially for their new product for branding purpose and thus the need for a strategy that is more economical for the introduction of a new product.

In the todays market where products belonging to one category do not differ much, becoming a brand is what distinguishes firms making them more preferable. The ability of a company to uniquely identify itself as a brand, amongst other similar firms is so crucial as it creates a competitive advantage over rivals (Mohammadian and Ronaghi,2010).

There is a consistent need for firms to continually come up with new products due to the dynamic customer preference and intrest (keller, 2008). However, coming up with new products requiring new brands call for extra costs that managers need to control through proper strategies. This can be employed by use of brand extension, a strategy employed in eight of every ten new products introduced in the market (Fedorikhin, 2008). Another method is through customer retention since it is less costly compared to customer recruitment and hence more focus on encouraging existing customers to keep purchasing the products.

Therefore, entities must utilize strategies that coerce consumer buying as frequent as possible and also retain them. The acceptance of new brand buy customers and market establishment is time consuming. Using an already successful brand to introduce a new product is an effective strategy as it encourages quick recognition, acceptance of products in the market.

1.1.1 Branding

Brand, a Germany originated term associated with slaves, livestock and criminals whoe were permanently marked with a hot iron to indicate ownership (http://oxforddictionaries.com). Ries and Ries (2000) viewed a brand as that peculiar term in the consumers' mind that has the capability to influence purchase. Another definition of brand by American Marketing Association (AMA) entails the mode of identification of a product or service by a seller(s) by a name, item, sign, design or symbol to distinguish it from other similar sellers(www.marketingpower.com). Branding is therefore not about being the preferred company over rivals but being the sole company providing that specific product or service. Kotler (2001) states that branding entail the seller constant capability into delivering features, benefits or services specific to the purchaser. Branding has become such a force in the economy such that hardly is nothing unbranded.

The basic role of branding or brand management is creation a product or service differentiator aiming as being preferred as the sole provider of the item in a consumer's mind. Brand the term in business has its roots in product marketing (Knox and Bickerton,2003).

Further argument by De Chernatony and McDonald (2003) about branding is that it conveys simple message about functional qualities of a product and benefits for the establishment of trust and confidence. how a customer perceives the attributes of a product and a brand trust influences a brand. Strizhakova and Price (2008), Kapferer (2008), and Srivastava and Gregory (2010) insists of the need for firms to develop branding strategies for their product. This can enable the positioning and identification of the brand with positive benefits of a product so as to potential customers are attracted, brand awareness creation and profit increase.

1.1.2 Brand Extension

When a new product is coming into an existing brand name, such can be referred to as brand extension (Tauber, 2008). Through brand extension, newly launched products can maximize on the already established brand name equity. This is an advantage for new product entering the market to quickly capture the market segment existing (Melewicz and Herbig, 2004). What makes this method advantageous is that it reduces the costs that could be incurred in introducing the product into the market and advertising and also increases the chances for the product's success as it has a higher preference just for being a part of a key brand equity. The equity of the parent brand is enhanced due to possible reciprocal effects produce (Chen and Liu, 2004).

For a new product to be successful via brand extension, the parent brand ought to be perceived as fit by customers (Volckner and Sattler, 2006). Companies that go for brand extension also focus on learning as much as they can from the from the parent brand. The choice of a brand name that is well established is good for a new product as failure rates and marketing costs are reduced (Keller, 2008). 80 percent of entities opt for brand extensions for product marketing according to Keller (2008), as a way of creating a competitive advantage over other firms, although becoming a brand can be tough and costly (Keller, 2008).

1.1.3 Firm Performance

Firms are impacted by dynamic performance concept related to social, economic, legal elements. In economy, performance is measured via sales, profit and productivity while staff and consumer satisfaction is the measure of social performance. Legal performance entail rules and regulations and law-like recommendations and other ethical considerations (Hernant, 2009). Companies are able to make plans, control and direct activities by us of the information provided by performance measures. There are financial and non-financial indicators that that comprise performance which result from relationship between external or internal factors. These indicators allow for performance measurement, the signaling and education of suppliers on the performance dimensions that are important and the identification of deviation from standards through improving activities directly. Among the many frameworks set to help achieve these goals is the balance score card (Kaplan and Norton, 1992).

Customer satisfaction is fundamental for any firm and so company managers are always dealing with challenges involving decision making and action taking to counter competition (Chenet, *et al.*, 2010). An enterprise's performance is measured via growth in revenue, profits or productivity. Different firms use these measures in determining their progress, however, the measurements cannot be used in absolute terms for all companies since they differ in many ways for example, on firm may be operating in a sector with high growth e.g. food and drink sector and another in a sector that is declining such as the dry battery sector. Today, performance is measured through elements that are intangible such as perception and public image, buyer satisfaction, satisfied staff and attrition, level of skills, product innovation and investment in training and new value streams etc.

1.1.4 Retail Sector in Kenya

With chains of new supermarkets arriving in Kenya, the retail sector is increasingly expanding. However, limitations such as project pipeline that are congested especially around Nairobi, are capabale of negatively interfering with retail rentals. In Sub-Sahara Africa, Nairobi has the largest shopping center floor space with thousands being retail stores being opened up over the decade. For example, available gross leasable area of at least 390, 000 sq metres and 470,000sq metres in pipeline development. The dramatic rise in formal retail space has helped attract new foreign investors in the sector. In mid-May 2016, Carrefour, the world's second-largest retailer, opened its first outlet in Kenya, its first in sub-Saharan Africa. The French chain – through its franchise-holder, Dubai-based Majid Al Futtaim Retail – occupies 5000 sq metres as the anchor tenant in the new Hub Karen in Nairobi. Carrefour has plans to open a second outlet at the Two Rivers Mall, also in the capital, set to launch by the last quarter of this year. Another significant international entry in the Kenyan market is Botswana-based supermarket chain Choppies. In early May Choppies announced it had taken over eight Ukwala Supermarket outlets in Nairobi, Kisumu and Bungoma, according to press reports. (Oxford Business Group, 2016)

In addition to the growing supply of retail property, rising levels of disposable income and an expanding middle class have contributed to Kenya's appeal among overseas retailers. The transition has been underpinned by the country's middle class, which represents around 45% of the 47million-person population, according to the African Development Bank, although this figure includes individuals with a consumption level of between $2 and $4 per day and those at risk of falling below the $2 poverty line, which means that formal retailers still tend to focus on the higher-income segments of the market. Global retailers are being drawn specifically into the upper end of the sector, according to Peter Kang'ethe, managing director of Tiger Haco Brands. The high-end segment is attracting foreign brands as it is growing with new developments such as Garden City and other mega retail space. While these developments are primarily in Nairobi, these are expected to spread to other areas. The increase in household income has also led to a change in consumer behaviour, which has favorable results for foreign retailers, according to Chris Steenkamp, manager of South African-owned discount retailer Game. Consumers in Kenya tend to equate international brands with quality. Conspicuous consumption and status shopping in the county have become more prominent than in other emerging markets.

However, there are some potential bumps ahead that the sector will have to navigate. While Nairobi does have several new mall projects in the pipeline, which should help attract new retailers, there are some concerns that the market may struggle to accommodate the coming floor space. Additional formal retail space may lead to a risk of oversupply, according to some analysts, as leasing activity declined in some established malls. Those malls could be prompted to undertake upgrades to regain lost footfall and tenants as major retailers move to newer malls or secure space in upcoming developments. According to Britam Asset Managers, retail spaces are no longer required expect the Two Rivers Malls opening as the year ends, to avoid oversupply. Other industry stakeholders, meanwhile, cited tough market conditions for retailers, and pointed out that potential growth markets may be elsewhere, such as in the low-end market, according to local media. This potential for oversupply was also noted in a “Shop Africa” report conducted by real estate consultancy Knight Frank, which showed Nairobi had the fourth-highest ratio after Gaborone, Windhoek and Harare of GLA to population among 18 sub-Saharan cities, at 104 sq metres per 1000 residents. The formal sector has witnessed rapid growth in penetration, from 15-20% of sales a few years ago to 30% today. However, this pace of expansion risks stretching financing too thin. (Oxford Business Group, 2016)

As a result, there has been a push to expand formal retail activity and shopping centre acreage outside of Nairobi, into other major urban areas and commuter regions. In light of the increased investment outside of the Kenyan capital following the devolution process, retail property development is likely to pick up pace in outlying neighborhoods undergoing significant population growth, including towns such as Kiambu, Kiserian, Kitengela, Mlolongo, Ongata Rongai, Ruaka and Syokimau. With the IMF forecasting GDP growth will rise from 5.6% last year to 6% in 2016, retailers will be aiming for stronger returns amid increased consumer confidence.

1.1.5 Nakumatt Blue Label

Nakumatt is an abbreviation of Nakuru Mattresses and it represents a supermarket chain in Kenya. The supermakett is private and Kenyan owned by Atul Shal family and Hotnet Limited. December 2015 indicated an almost 65 stores in East African Countries such as Kenya, Rwanda, Ugandan. There has been an excess increase of US$450 million in gross annual revenue and at least 5, 500 employment rate. Then, there was a need for opening up of more stores in the countries where he was present. The first store opened outside Kenya was on 23 August, 2008 based in Union Trade Centre, in Kigali. A store was opened in June 2009, on Yusuf Lule Road on Kololo Hill in the capital city of Kampala, which was the first in the country. The Nakumatt supermarket expanded into 2 supermarkets Bugoloobi and Bukoto suburbs of Kampala in November 2010 which shared the name, payless supermarket and thus an overall 3 supermarkets. Opening the first store in Uganda (Kololo) costed approximately US$3 million, while the two Payless supermarkets, later opened only costed US$650 000. The company aimed at expanding outside Kenya, to five new stores in half a year, in February 2016. In 2006, annual gross income(turnover) way by 150% the previous year i.e. over US$300 million. There was an almost US$650 million turnover in 2013. There was a speculation in July 2013 that the chain wanted to sell 25% stake for the purpose of regional brand expansion, to an anonymous investor. Even after the sale, the company's core shareholder remained to be the Shah family.

Nakumatt Blue Label: Nakumatt launched its line of in-store packaged goods, which are cheaper than producer-branded goods as it sought to control a bigger market share in the retail sector. The regional retailer had a Ksh200 million investment meant for repackaging of products such as sugar into smaller quantities under its Nakumatt Blue Label brand. Rival brands like Tuskys, Ukwals, Naivas and Uchumi have also turned into repackaging of products under their brands and in units that are smaller, a strategy often known as "kadogo brand", offering consumers bargains on the essential consumer goods.

Nakumatt considers this to be a win-win opportunity for manufacturers to raise production while extending quality and value for money products to customers.

A survey of shoppers' behaviour carried out in 2012 by research firm Consumer Insight found out that the market share of repackaged sugar more than doubled from seven per cent to 18 per cent as buyers became more 'price-sensitive.' The findings of the study showed that retailer-owned brands are set to upset brand names in future, riding on in-store advertising which is deemed highly effective and Kenya's consumer price preferences. The entry into private label products is the latest innovation in the Kenyan retail scene which now feature eateries, bakeries, butcheries, groceries, laundry shops and pharmacies within their stores to offer one-stop shopping for consumers.

1.2 Research Problem

Today's retail environment is highly competitive hence the need for all firms to build a strong brand in order to improve their economic performance (Colucci *et al.,* 2008). A firm may and to launch their own product for the sustaining of their stand, a strategy that although attractive, its disadvantages outweigh its benefits. Moreover, Calantone and Montoya-Weiss, (2004) reports an almost 35% probability of failure of products, newly launched. Reasons for failure is associated with factors such as high advertising cost involved and competition constant increase making it difficult for the new product to be sustained and succeed in the market. The mentioned challenges did result to the brand extension option, where core brands were utilized and their names applied to the new products for capturing of the already existing, unexplored or new market segments to enable generation of revenue, market cost reduction and probability of failure (Keller, 2007).

However, manufacturers continue to raise pertinent issues regarding the future of consumer brands in the face of growing private label products. The fact that these products are priced lower than traditional brands and are also made more available by the supermarkets through preferential in-store merchandising and positioning plans. This has the effect of choking the industry and increasing the power of retailers thus creating an entry barrier to new manufacturers. Private labels have been flagged therefore as a hindering factor to the growth of brands in the manufacturing industry.

As Kenya's retail sector continually increase and become more competitive, firms do require strategies that provide them with competitive advantage over their rivals. The intensifying of competition means that companies have to constantly develop ways to differentiate itself so as to remain profitable. Since consumers are aware different producers' brand, extension of a brand creates a greater impact compared to new brand name creation. Also, the use of an already existing brand name is good for a new product since less is spend in advertising, channels of distribution and purchase promotion points. There are a number of studies that looks into strategies of brand extension. Martinez and Pina (2003) how extension of a brand can influence image of a parent brand. The results show a parent brand performance is strengthened and supported when products resulting from branding extensions are of high quality. This in turn increases brand equity an asset that is valuable considering the adverse environment. Muriithi (2014) researched on the transferability of brand equity to private labels and was able to ascertain that brand equity can be transferred to private brands as long as they have more value and fair pricing compared to national brands.

Research by Hongo (2001) focused on extension of brands of consumer goods that move fast in Kenya. It was found out that instead of producer brand image being weakened it was strengthened by an increase in brand extension. Through extension, specific brand relations sharing benefits with a business/brand name are strengthened leading to a consequent increase in brand value in the original category of brand. other aspects that relate to extension of brand where analyzed by other researches from an international viewpoint.

Studies addressing strategies of brand extension were not studied locally. The gap developed an opportunity for the study aimed at analyzing how strategies of brand extension impact on firm performance locally since international brands often utilize the strategy. In this research, the relationship between brand extension and firm performance in the case of The Nakumatt Blue Label was investigated This therefore led to the following research question: what is the relationship between brand extension and firm performance in the case of The Nakumatt Blue Label?

1.3 Research Objectives

The key objectives of the study were to determine the effect of corporate brand extension on firm performance in the case of The Nakumatt Blue Label. More specifically, the researcher sought to investigate the impact of corporate brand extension on sales volume.

1.4 Value of the Study

The fact that brand extension puts at stake the image of the parent brand, makes it a risky or challenging. Therefore, elements necessary for marketing and evaluation of target market is vital for any newly extended brand. The study will be beneficial to core company(brand) managers to enable proper decisions to determine the appropriateness of a brand extension strategy. Information about brand extension effects on entity performance will be studied here. Findings obtained in this study are useful for determination of the appropriateness of introducing a newly extended brand into the market and to what scale label line. This is essential for successful securing of market share and the sustenance of parent brand equity.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In chapter two, we shall explore existing knowledge on the subject pertinent to the research problem, and analyze what other academics and publishers had to say about the notion of the extension of the brand, and the firm performances. Covered in this chapter also, will be the foundational theoretic of the extension of the brand and the effects brand expansion approaches on sales, imaging of the brand, market share of private label and market share of retail.

2.2 Brand Extension

There exist several aspects that will dictate the degree to which the customers will accept the extended brand, and the generally accepted reason is the level to which the extended brand ‘fits’ the parent brand (Völckner and Sattler 2008). There has been a growing acknowledgement of the function of the inherent theory of the self in the analysis and the understanding of the behavior of humans, in the body of cognitive and social psychologists. Identification of two special inherent theory that point to the hypothesis that people create on the flexibility of ethics, personal traits and acumen by Dweck, Chiu, and Hong (1995), has been found to affect an array of judgements concerning the self and others.

The network theory of memory encompasses the understanding of the assessment of the extension of branding and the feedback effect. Keller (2007), indicated that the information about a brand in the memory of the customer is carried as what is known as a schema, or in other terms a chain of brand information nodes. In most cases, the customers usually have a mental connection relating to favorable to the parent brand before the introduction of the extended brand, and thus the positive attitude is transferred due to the interlinked memory nodes existing prior to the extension. In the event that a customer was not satisfied, the vise-versa of the same occurs and this causes a feedback effect (Sheinin, 2000). An analysis of the parent brand is expressed by the customer's perception of the equity of the brands parent, this referring to total information about a brand carried in the customer's memory. The extension of a brand makes profit of the equity within a parent brand. According Bhat and Reddy (2001) to favored brands which are positively regarded by customers have a high chance of their new commodity in possession of the brand name being accepted.

Entity theorists suppose that acumen, capability and morality cannot change, while the incremental theorists suppose that these factors do change (Butler 2000). According to the believers of the entity theory, acumen remains constant and in as much as individuals grasp additional knowledge. Believers of the incremental theory suppose that intelligence can be increased when effort is put. The implicit theory is called upon when interpreting personality attributes, giving reason for and deciphering behavior of human (Hong, Levy, and Chiu 2001).

According to entity theories believers, when an individual's personality is known, then their behavior can be predicted in new circumstances, and through understanding how the individual was behaving before, can draw one to a conclusion about the individual's personality. Interchangeably, believers of the theory of incremental are less likely to make such an encompassing assessment. While the believers of the entity theory depend on personality, incremental believers rely on behavior psychologically. The perception of the entity theorist is that an individual's belief remains as before, and hence an assumed change in personality may be translated as being negative.

2.3 Firm Performance

Performance, as a term varies as stated by some academics. Productivity and performance are used correspondingly by some, while others indicate a varying criterion of assessment (Mentzer, 1991).

It is suggested that the assessment of the functioning of the market can be branched into three concepts, namely performance, utilization, and productivity. This is whereby productivity represents real output to real input ratio, utilization represent used capacity to available capacity ratio and performance represents actual output to standard output ration.

The completion of an assigned job in an efficient and effective manner serves as an evaluation of measured performance thereby fostering the marketing performance of the organization through profit, growing of sales and sale quantity. The analysis of the performance is in connection the firms' achievement of a target. This target is comprised of accomplishments of the future, and proper usage of the existing labor. Setting up and actually achieving these targets is one of the roles of the administration. In total, the targets of the firm must be merged with those of the different departments (Konrad, 1991).

Researchers have hinted to the lack of a general agreement as to the definitive meaning of output. An example of this is the interchanged usage of the terms productivity and performance when pointing out the similarities and differences in management performance since it is of an opinion that belongs under the marketing performance system. Effective and efficient are some of the terms used by other academics while gauging the organizations performance of distribution. An appraisal of performance in a study can focus on the growing of sale and profit and quantity of sales (Lopez, 2002; and Seligman,1998).

It was put forward by a researcher, that there existed an efficiency of input, and efficiency of output, with efficiency of input paying more attention to the level of competence with which inputs are joined together by the organizations to give out minimum cost output. Efficiency of output on the other hand was to focus on competences in price evaluation and achievement of high degrees of output capable of being measured through growing of sales and profit, and quantity of sales.

Zeller (1998) held the position that plans for marketing needed to be widened to include the growth of the vendor when in the process of making performance as effective as possible, and this was hinted as influencing the performance of the organization positively. The study revealed also, that companies which embrace identifying and meeting the demands of the customers and going through with steadfast business scheme in their study of the market, they become advantaged when it comes to the amount of sales, growing of sales and profit.

An analysis of the performance trend is established by the role it played in the attainment of the firm's target. (Asiegbu et al, 2011, Johnson and Marshal, 2003, Dalrymple et al., 2004). The role that the functions of the marketing played towards the attainment of the corporation's targets can be said to be the performance of the market. (Jackson et al., 2004). A suitable method with which the performance of the market can be measured has long been an issue of debate, since academics regarded that measurement of the performance needed to be analyzed in accordance to its pertinence in the attainment of the targets of the corporation which correspond to the organizations plans. (Asiegbu et al., 2011, Maskell (1994). With the differing outlook of a number of researchers, who pointed out to the varying measures of marketing scales utilized for the measurement of performance, we choose our tool of measurement based Spegels (2004) remarks which indicated that variables that are specific ought to be applied as tools for relevant measurement of variables necessary for measurement. Tools of measuring performance therefore needed to be established on the basis of the framework formulated for the research in addition to its path. Three instruments of measuring the marketing performance were chosen from the variables of the marketing performance to examine the correlation amid the predicting variable (Brand Extension Strategy), against the variable of criteria (Marketing Performance). Growth of sales and profit and volume of sales are categorized as the marketing performance variable, while similarity in product category, and similarity in the image of the band constituted the predictor variable. We shall hence analyze the impact of brand expansion strategy on marketing performance in this chapter.

According to Keller (1998), extant literature has suggested of the performance advantages incurred to organizations with whom customers bear the assumption of a brand having some degree of excellence and thereby conveying the assumption to the brand in extension. It is hard to attain important outcome for some of these organizations through sale volumes, and growth and profit that are high, because customers usually relate price as a signal for quality. Hence, it becomes harder to establish the assumption of both a price that is low and a quality that is high and influences quantity of sales, growing of sales and profit. (Karmani and Rao, 2000).

Furthermore, attainment of an assumption of superior quality for the targeted customers usually costs more due to the use of high quality raw material, service operators that have improved training, high tech exceptional technologies for manufacturing and operating and huge expenses for marketing communication for the purpose of obtaining the firms goal (Keiningham*et al*, 1995). These supplementary costs might increase the challenge of selling the extended brand of the organization within the costs that the customers assume is reasonable (Morgan and Rego 1994).

2.4 Brand Extension and Sales Performance

Buday, (1998) claimed that the sales ability of a new item is a huge indication as to the probability of the extension of a brand. Brand expansion is thereby effective when deriving the benefits of the financial budget and enabling the traders to make a reduction in the budget and in return making a just profit. Ambler and Styles (1997) deduced that the extension of the brand makes a reduction in the promotion of awareness and taking advantage of the popularity of the main brand, thereby resulting in one item promoting the other one.

In agreement with Buday, (1989), Nilson (1998) said that the major appeal in extending a brand lies in the saving in cost through increased level of production. The rationale behind this is that the usage of a brand across more products lowers the communication investments per sales unit.

According to Nilson (1998) brand extension occurrence can be attributed to saving in cost through increased level of production. It is believed that using a single brand on a lot of item, the investment per sales quantity on communication will decrease. Extended brands bear high media spending so that the awareness created will provide a reaction since the customers are acquainted with the product. In addition, an extended brand that has been under proper management will create high returns through sales and it is a huge stimulator for firms to expand the net profit (Nilson, 1998). Kapferer (2001) considered that the reasons for the extension of the brand being financial gain, then the basis for profit growth ought not to be mistaken for cost reduction. There exist markets that produce more profit as compared to others. Reasons for this could be due to cost incurred during production, communication or distribution, difference in the degree of competition of price due to distributor's own-brand. The revenue acquired fluctuates with different markets and profit is not equal for all the items.

We can best describe the extension of a brand as the instance when an owner of brand creates a new item which comes to be referred to as the extended product and this item is given a brand name of a product that is already in existence (Dahlberg *et al,* 2004). The item that was first produced comes to be referred to as the parent (Kapferer, (2005): Grime *et al*, (2002): Akar, (2001): Ambler and Styles (1997).

Regarding the topic, Kapferer (2001), argued that the extension of a brand is among the highly debated concepts and has come to be the most extreme form of change facilitated by these new-style brand managers when there is plans to make use of that product name and turn it into a huge brand. Brand extension nowadays depicts growth in sales, extension of room for action and flexibility in the market, and has become vital to branding in general. On the foundation of the earlier discussed, extension of a brand was described as a way in which an organization or a person can bring a new item into the market housed by a brand name that is already in existence mainly for satisfying a new demand, at the same time not losing the previous purchasers. Kapferer (2001) purports that when all other methods of growing the initial product have been examined, brand extension would then be of benefit. According to Sharp (1993), extension of a brand helps to in the achievement of growth, in a world regulated by cost.

Through analyzing the customer's wants and wishes, and in turn attempting to satisfy them by way of product extension, Weilbacher, (1995), believed that this will help to maintain the satisfaction of the customer and keep them faithful to the brand. Brand extension will be cheaper since less investment is needed, and it has a higher chance of succeeding as compared to launching a new brand. Very small costs will be required when extending a brand because there won't be a need for name research and advertising for the purpose of creating awareness. Since extended products enter the market with an upper hand of having an already recognized name, the risk of it failing reduces significantly (Aaker, 1992).

Those firms that believe that their brands are strong are better placed since they can add supplementary charges for around 17 percent on extended products (Buday, 1989). The logic behind brand extension, according to (Ambler and Styles, 1997), is so as to attain a large experimental degree to lessen the costs. This is because the extended product bears a brand name that is familiar and this restores confidence in the customer more than the value of the extended product. It is believed that extension of a brand is capable of offering beneficial equity that is customer based to the parent brand. The worth and image of a brand higher, thus creating a strong end product (Pitta and Katsanis, 1995). The position of the brand strengthens with a hike in the worth, and it also expands the power of bargaining with suppliers and creates an arousal of curiosity from the investors (Ambler and Styles, 1997). Brand extension is logical, according to Kapferer (2001), in order to sustain the brand in an ever-changing environment, in and out of the firm. Old and aging brands need to be reinvigorated through extension so as to catch up. This extension aims to reposes relevance in the market, consumer interest and the latest image. Changes in high ranking supervisors in a firm, may aid in brand extension since a new management may be the source of new ideas, in opposition of the old.

2.5 Brand Extension and Retail Market Share

Customers in most cases put their trust in a familiar brand, since it's a perception to them that it is risk free (Cox1967; Roselius 1973).

Information about a product from a similar company becomes a substitute for the information about the extended product, thereby easing the mind of the customer by lessening the doubt existing between promotion of product trial and acquiring the item. The substitute information lessens the amount of knowledge the customer need in order to decide on the extended product, and this in turn helps the firm spend less in advertisements (Bellizzi and Martin 1982; Jacoby, Olson, and Haddock 1973). Werner felt (1988) established that brands that have been extended ought to act signals for surmising the quality of a product. Investments' made to the extension of a brand are presumed to behave like "collateral". If the extended product is of a poor quality, customers will opt out of purchasing that product again, and this may lead to a reduction of the value of the products associated to it (Sullivan 1990). Through the extension of the brand, trials are encouraged so as to assist customers eliminate the problem of decision-making (Alba and Hutchinson 1987; Johnson and Russo1984; Park 1976; Park and Lessig 1981).

Products, with which customers often come in contact with in the marketplace, as study has shown, are likely to be more accessible as compared to those lacking presence (McNeal, McDaniel, and Smart 1983). Customers acquire the chance to get in contact with the products through the extension of the brand, and this exposes the consumer to a number of products under the same brand. A number of scholars have indicated that the productivity of a brand with numerous extended products eventually decreases with time (Aaker 1990; Kesler 1987; Ogiba 1988; Tauber 1985,1988; *The Economist* 1990). Logical reasoning for the above statement can be explained through the theory of categorization. It states that the brands 'meaning' starts to be vague in the customer's head, and thereby a coherent basis for the classification of the extended products that follow is not provided, as the number of extended products increase.

In the event that an extended product is being classified, and the customers fail to discern a difference between the parent and the extended brand, then the chances of the initial product being affected are significantly lessened. There is risk however in utilizing a known brand on a wide number of products. Park, Jaworski and Maclnnis (1986) made a convincing claim that through a methodical brand extension, the opinion of the customer might be reinforced in a strong way.

Wemer felt (1988) recommended that a brands worth as an indication of quality is exalted, as the amount of the extended product rises. Similarly, a widely recognized, albeit controversial, theory of attitude formation holds that a positive inclination in favor of an item (e.g., a brand) increases with increased exposure (Zajonc 1968, 1980), as the result would turn out, if a brand were utilized on a number of product items.

Finally, a recent study by Keller and Aaker (1992) indicates that an extended product that thrives might amend the customers' assessment of the parent and that brands evaluations appear to be resilient to unsuccessful extensions. We examine the degree with which the extension of the brand impacts the share of the market and the effectiveness of advertising, which are further influence by a couple of items related to the brand. However, given the conflicting predictions, we do not offer directional hypotheses.

Referent product-extension product similarity is a term long used simply to refer to similarity. We can define it as the level of the customer's perception about extended products which share a similarity with the other items related to the brand. This perception is normally surrounding the satisfaction of the customers' need, the circumstance to which the product is being utilized, the parts that make up the product and essential skills needed when the product was being made.

Similarity is a complex construct in that its effects on new product success arise from both supply-side and demand-side forces. Though our primary interest is in understanding demand-side effects, supply-side effects cannot be overlooked; to clearly assess the former, we must understand and account for the latter. The supply-side effects of similarity arise from the synergies that are possible in multiproduct firms. Synergies arise when a newly introduced item makes use of the supplies available to the firm. Such supplies may be palpable, as is the case when newly introduced item is able to use a firm's present channels of distribution, selling systems, physical distribution systems, and so forth. They may also be less tangible, as is the case when a product is able to benefit from a company's accumulated expertise and know-how in serving a particular customer segment (Day and Montgomery 1983; Porter 1985; Smith and Sohi 1990; Wells 1984). The ability to tap such resources has long been recognized as pivotal to the accomplishment of a newly introduced item (Ansoff 1965; Biggadike 1977; Cooper 1980). The likelihood of such synergies arising is in turn a function of the similarities of a newly introduced item to a firms other items (Gatignon, Weitz, and Bansal 1990; Peters and Waterman 1982; Teece 1980). Both empirical and conceptual work on synergy suggests that the supply-side effects of similarity are likely to have their greatest effect on introductory market share and marketing costs associated with selling and distribution. The extent to which advertising efficiency is subject to supply-side effects is unclear.

Demand-side effects refer to the effects of similarity on consumer responses to brand extensions. The relationship between similarity and the inferences consumers make about brand extensions is one of the more well supported demand-side effects of similarity. Specifically, consumers' beliefs about referent products tend to transfer to an extension most readily when the extension is perceived as being highly related to the referent products. In contrast, consumers tend to be cautious of extended products as they assume it to be deviating further from the original (Aaker and Keller 1990; Boush and Loken 1991; Minnesota Consumer Behavior Seminar 1987). Thus, the more the products look similar, it should be expected that the perceived unwillingness of customer to buy to diminish, which in turn should promote trial and reduce consumers' perceived need for and motivation to process additional marketer-provided information. A second demand-side effect of similarity arises from its impact on the spillover effects of referent product advertising.

Specifically, the effects of spillover information from referent product advertising should increase as its usefulness in evaluating the extension increases. Usefulness of spillover information in evaluating the extension depends on its level of abstraction. As similarity increases, the level of abstraction of spillover information decreases and hence its usefulness in evaluating the extension increases. Thus, as similarity increases, so should the impact of the extension of the brands on the effectiveness of infomercials. In summary, the supply-side effects of similarity arise from synergies that tend to occur when new products are highly related to a company's other products. These effects are expected to be reflected primarily in market share and should not differ between brand extensions and individual brands. In contrast, demand-side effects are unique to brand extensions and are expected to affect market share and advertising efficiency. Therefore, because of the presence of the negative impacts of both supply and demand, the magnitude of the similarity-market share and similarity-advertising efficiency associations should be greater for brand extensions than for individual brands.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this study the suitability was the qualifying factor for a research method option. The research applied six main methodology which include; research design, target population, sampling techniques, collection of data techniques and operational definition of variables.

3.2 Research Design

According to Orodho (2003) a research design aims at generating research problem answers using a plan or an outline. Creswell (2008), states that the descriptive method of research gathers information about conditions presently existing. although the main focus was collection of quantitative data, some qualitative technique was applied that would aid in understanding of the data collected and further assist in data interpretation. This method concerned the intense investigation of the situation, which is relevant to the research problem.

3.3 Research Instruments

Among the tools that assisted in data collection is the questionnaire. The questionnaire was categorized in two levels; bio data of the respondents and open ended questions which were either structured or unstructured. Structured questions allowed for easy analysis since they will be formed for immediate use and tend to be easy to administer as an item is followed by an alternative answer. On the other hand, unstructured questions are elaborative in form allowing for specific response by individual or group. Often, the respondents gave direct or indirect reasons for their response. While some questions were open ended others were closed. Questions that were open ended allowed respondents to have their opinion. Piloting was done prior the actual collection of data to give room for unforeseeable errors and correction. The research instrument was also tested for validity using Cronbach's Alpha.

3.4 Data Collection Procedure

The data collection technique applied in the study was both primary and secondary data. The primary data allowed for the obtaining of information from branch managers at Nakumatt through questionnaires. The top manager opinion was based on their level of management. And entailed the general performance of the Blue Label while the branch managers offered insight into how the Blue Label is doing compared to its competitor brands. The questionnaire was administered through a drop and pick up later method that gives the respondents ample time to give proper responses. Confidentiality of responses given in the questionnaires was assured to the respondents. The source of secondary data was industry publications as well Nakumatt Limited's accounting and other records. More information was obtained from relevant marketing surveys as applicable.

3.5 Data Analysis

To check the mean of the data, descriptive analysis was applied. Testing of relationships was done based on objectives and the conceptual framework. Data analysis was then followed by data presentation that had to show accurate and precise results. Presentation of data was done in tables so that discussions are elaborate. Microform data was presented using tabular presentation which assisted in trend analysis, relationships and other features given in the data. Therefore while tabulation aimed at presenting a number of interrelated characteristics, to answer questions relating to one data characteristics, table presentation was used.

3.6 Legal & Ethical Considerations

Legal considerations concern the researcher's adherence to the law. Mugenda & Mugenda 2003 states that ethics has to do with an individual's behaiviour shown through how one conducts and serves. During research, researchers are expected to portray the highest level of integrity avoiding research meant for personal fulfilment or negatively impacts on others, where are also expected to maintain confidentiality and privacy of the respondents. To ensure safety of respondents and also influence honest response, anonymity was assured to the respondents. Participation in research was supposed to be voluntary and comprehended by participants. Also, the participants were informed of the research purpose. This is in line with the principles of ethical research as well as data protection laws.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the research findings on an investigation to establish the effect of corporate brand extension on firm performance in the case of The Nakumatt Blue Label. More specifically, the researcher wanted to investigate the impact of corporate brand extension on sales volume. The study was conducted on Nakumatt branches. From the targeted 61 respondents, 37 filled and returned their questionnaires making a response rate of about 60%. The questionnaires that were not returned mostly are those that were sent to Nakumatt branches outside Nairobi County. Analysis of gathered information was via descriptive analysis. The researcher begun with collecting demographic information from the respondents as this data many times assists in depicting correlations and facilitating secondary research analysis.

4.2 Demographic Information

This study sought to gather enough information on their respondents so that the researcher can be able to infer possible relationships and correlations from demographic characteristics of the respondents if such analysis becomes necessary in the study.

4.2.1 Position Held

The following were the study findings relating to the position within the organisation that the respondents held.

Table 4.1: Position held by respondents

Position Held	Number of respondents	Percentage (%)
Branch Manager	20	54
Branch Operations Manager	9	24
Branch Sales Manager	6	16
Other	2	6
Total	**37**	**100**

Source: Researcher, 2016

From the above table, we can be able to tell that a majority of the respondents were in senior management and therefore the data collected has a high probability of having authentic, credible and deep information because these respondents are more likely to be involved in branch sales category execution.

4.2.2 Years of Service

The researcher sought to establish the length in years that the respondents have worked at the Nakumatt Limited. This demographic is very important because the longer the managers have worked in the organization will be commensurate to their level of understanding of the impact that the Blue Label has had on the level of sales. They would also be in a better position to understand the justification behind certain Blue Label strategies and tactics employed by the Nakumatt management. The results from the data collected was as follows:

Table 4.2: Years of service

Position Held	Number of respondents	Percentage (%)
Less than one year	2	5
2 – 5 years	11	30
5 – 10 years	19	51
More than 10 years	5	14
Total	**37**	**100**

Source: Researcher, 2016

From the data tabulation, above, it is clear that 95% of the respondents have been working at Nakumatt for more than two (2) years. This is an important indicator that the respondents have the requisite experience to affirmatively respond to the questions presented by this study to a great level of accuracy and integrity.

4.2.3 Gender

Further, the researcher wanted to depict the gender composition of respondents for the benefit of any further analysis that could be derived from this study. The following was the gender composition of the respondents of this study.

Table 4.3: Gender Composition

Gender	Number of respondents	Percentage (%)
Male	31	84
Female	6	16
Total	**37**	**100**

Source: Researcher, 2016

It has been widely believed by observation (and without empirical verification) that there are more men than women in management within the retail sector. This data obtained by the researcher confirms this belief. This also shows that more men than women are responsible for retail strategy formulation and execution within formal retail management in Kenya. This is a fact that may be used later by other scholars for further research.

4.2.4 Age

Age is an important demographic because it shows at what age professionals mature into certain levels in organizations. It also shows the general age profile of workers within a certain professional field. Therefore, the researcher thought it very important to analyze this particular demographic variable in order to find out what age level of working professionals were making sales management decisions within formal retail institutions in Kenya. The following were the results:

Table 4.4: Age profile of respondents

Age Bracket	Number of respondents	Percentage (%)
Below 25 years	0	0
26 to 35 years	7	19
36 to 45 years	13	35
46 to 55 years	14	38
Above 55 years	3	8
Total	**37**	**100**

Source: Researcher, 2016

From the above data, the study was able to establish that 73% of the retail managers at Nakumatt are middle-aged professionals between the ages of 36 to 55 years. This is typical for most organizations in Kenya. However, very notable is that fact that there is a certain percentage of these decision-makers who are relatively young between the ages of 26 to 35 years. They represent a substantial 19% of the respondents. These findings proposition that it is probable to find young working professional responsible for retail management decisions at Nakumatt Limited.

4.2.5 Level of Education

There exists an important relationship between the level of education and professionalism in modern-day corporations. There may also exist a relationship between educational qualifications and promotion within organizations. To determine this possibility within formal retail management at Nakumatt, the researcher sought data on the same. These were the results:

Table 4.5: Level of Education

Level of Education	Number of respondents	Percentage (%)
Doctorate	0	0
Masters degree	1	3
Bachelor’s degree	8	21
Diploma	17	46
Certificate	7	19
Other	4	11
Total	**37**	**100**

Source: Researcher, 2016

From the above data, it is clear that 70% of respondents have at least a diploma or higher qualification. This means that Nakumatt prefers to recruit substantially trained professionals into decision-making roles within retail management. It may also be inferred from this data that there is a relationship between the quality of retail management decisions and the level of education. However, we can also note that the organization values experience within these positions as depicted by the almost non-existence of managers with second degrees coupled with the fact that most managers at this level have more than ten (10) years of experience.

4.3 Reliability of Research Instruments

Research data ought to be reliable. Reliability entails use of research tools to find out whether information collected is consistent after repeated trials. To determine an instrument's reliability, internal consistency method was applied. Item correlation was determined by Cronbach's Coefficient Alpha which is a reliability coefficient that provides a faire data estimation overview. When an alpha coefficient is 0.60 or higher, collected data is consistent and can be used generally, to show a participant opinion in the target population (Zinbarg, 2005).

4.4 Corporate Brand Extension and Sales Growth

The researcher in a bid to determine the success of the Nakumatt Blue Label through examination of firm performance decided to analyses one key metric which is sales growth. The study analyzed the responses from 37 corporate managers from Nakumatt who were mostly either branch managers, operations managers or sales managers within the branch organization. The following is the analysis of their responses:

Table 4.6: Corporate brand extension and sales growth

Corporate brand extension and sales growth					
Statements		**Frequency**	**Percentage**	**Mean**	**Standard Deviation**
Nakumatt sales have grown steadily since introduction of the Blue Label	Strongly Disagree	0	0%	4.043	6.107
	Disagree	1	4%		
	Neutral	2	9%		
	Agree	15	65%		
	Strongly Agree	5	22%		
Sales growth (if any) is attributable relatively to introduction of the Blue Label	Strongly Disagree	0	0%	3.739	6.656
	Disagree	1	4%		
	Neutral	5	22%		
	Agree	16	70%		
	Strongly Agree	1	4%		
There is a relationship between Blue Label categories growth and sales growth	Strongly Disagree	0	0%	4.130	8.706
	Disagree	0	0%		
	Neutral	0	0%		
	Agree	20	87%		
	Strongly Agree	3	13%		
Total sales growth is experiencing growth commensurate with growth of the Blue Label sales volumes	Strongly Disagree	0	0%	4.348	5.459
	Disagree	0	0%		
	Neutral	2	9%		
	Agree	11	48%		
	Strongly Agree	10	43%		
Nakumatt has the largest sales volume among supermarkets	Strongly Disagree	0	0%	4.739	7.668
	Disagree	0	0%		
	Neutral	1	4%		
	Agree	4	18%		
	Strongly Agree	18	78%		
The leading sales status is directly attributable to introduction of the Blue Label	Strongly Disagree	1	4%	3.348	2.608
	Disagree	6	26%		
	Neutral	4	17%		
	Agree	8	35%		
	Strongly Agree	4	17%		

Source: Research data (2016)

Table 4.7 Analysis of Variance: Sales Growth

Anova: Single Factor

SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Column 1	11	172	15.6364	75.4545
Column 2	11	2.15	0.19545	0.01183

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	1311.32	1	1311.32	34.7524	9.1E-06	4.35124
Within Groups	754.664	20	37.7332			
Total	22.9528	21				

Source: Research data (2016)

From the results above, we can see that with regard to whether Nakumatt sales have grown steadily since introduction of the Blue Label, 87% of the respondents agreed with this proposition. This implies that the introduction of the private label has immensely benefited the sales baseline of Nakumatt, arguably one of the leading retailers in East and Central Africa. This had a mean score of 4.043 and a standard deviation of 6.107. The researcher further demanded to know from the respondents whether sales growth (if any) is attributable relatively to introduction of the Blue Label. 74% of the respondents were in full agreement with this statement. Only 4% of them objected to this proposition. The researcher found a mean score of 3.739 and a standard deviation of 6.656 on analysis of this variable. This implies that the introduction of the Blue Label has been responsible for sales growth directly at Nakumatt.

100% of respondents were in agreement that there is a relationship between Blue Label categories growth and sales growth. This means that there is high evidence that for Nakumatt to strengthen its sales position, it is imperative that they strengthen the category strength of the Blue Label products within each individual product category where the Label is participating. This had a mean score of 4.130 and a standard deviation 8.706. 43% of respondents strongly agreed that total sales growth is experiencing growth commensurate or directly corresponding with growth of the Blue Label sales volumes. A further 48% of the respondents agreed with this proposition. Only 9% of the respondents were in disagreement. This resulted in a mean score of 4.348 and a standard deviation of 5.459. This finding directly suggests that the growth of the sales is directly and proportionately related to the growth of the Blue Label.

Being that Nakumatt has the most successful private label in Kenya among the formal retailing sector, the researcher sought to find out from the respondents whether they believe that Nakumatt has the largest sales volume among supermarkets. The findings were as follows; 78% of respondents strongly agreed with a further 18% also agreeing with this proposition. This means that 96% of respondents feel that Nakumatt has anchored itself within the top position in retailing in Kenya. This had a mean score of 4.739 and a standard deviation of 7.668. Further, there were moderate results collected from the respondents on whether the leading sales status is directly attributable to introduction of the Blue Label. 17% and 35% of the respondents strongly agreed and agreed (respectively) with this proposition. 30% of the respondents were in disagreement with this statement which implies that some of the respondents felt that the leading sales status would be attributed to other factors outside of the private label variable. This can be proven true or untrue through further study that the researcher may undertake in future. This yielded a mean score of 3.348 and a standard deviation of 2.608.

4.5 Brand Awareness of Blue Label Products

The researcher decided to ask further questions to the study respondents that were not part of the main variable of sales growth but that they were going to help shed more light on the performance of the Nakumatt brand. These questions were non-standardized and this is a summary of the findings from the discussions held with the study respondents. According to Tong and Hawley (2009) if a purchaser is able to identify or recall that a particular product belongs to a specific brand, then that is brand awareness. Hongo (2004) concurred with the view adding that given a product category, needs the category satisfy, or any other probe for a cue, a buyer is capable of retrieving the brand. Huang and Sarigöllü (2011), recognizes the brand awareness ability to influence client's decisions especially with packed goods with low involvement and also strengthening of performance by brand in the market. mind top brand awareness is the highest level of awareness of a certain brand. It entails the thought of a specific brand by a client anytime s/he wants to make a purchase. that besides, brand awareness affects customers to make their decision, particularly for low-involvement packaged goods and strengthens brand performance in the market. Consistent and repeated exposure to products and services with time leads to build top mind awareness. It is advantageous for firms when a buyer thinks of that particular firm when in need of a purchase.

From the findings, the study found out that 60% of the respondents felt that customers were aware of the Nakumatt's own branded blue label products while 40% of the respondents felt that customers were not aware of the Nakumatt's own branded blue label products. Some respondents indicated that almost all customers have seen Nakumatt blue label products in the stores' shelves while a significant number have used them at home, in offices and in other places. Nakumatt have displayed their products right from the entry to exit and it is difficult to ignore especially now that everyone is keen on new arrivals. Other shoppers feel that there are so many products but there are those that they are used to using which are found everywhere, and some feel that Nakumatt is a supermarket not a manufacturing company. The majority of the respondents indicated that most customers get to know about the Nakumatt label products through store visits.

This accounted for 40% of the respondents. Others know them through word of mouth, advertisements and friends' home visits. Respondents concurred that the blue label products are displayed prominently in the stores within the customers' line of sight making it difficult to ignore them; "you are welcomed by Nakumatt private labels at the entry and they see you off at the till exit. The products are all over from detergents, cereals to snacks". They further indicated that Nakumatt blue label products are placed at eye level on the stores' shelves, thus making it easy for the customers to spot them. Their packaging and distinct branding with an iconic blue band that reflects the stores' corporate colour draws the attention of shoppers who were not planning to buy the stores' product.

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

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

In brand equity, a brands value is beyond the tangible assets such as equipment and buildings. Brand equity can only be developed by developing a higher level of brand awareness. As people gain awareness of a firm, does it become stronger and more reputable, increasing profit potential and the brand value at large. A market strategy that always works is word of mouth as it helps brands to grow through increasing customer base and developing loyal associations with to clients (Hongo, 2004). With internet and digital technology evolution, the essence for brand awareness is increasing as it has provided platforms that allow for quick communication about the brand either positively or negatively. Therefore, reputation is everything for firms and they need to maintain the integrity of their services to maintain the reputation firm practice and involvement of community like customer social responsibility which a crucial for sustainable success.
(Huang and Sarigollu, 2011).

The respondents' choice of their shopping store in Nairobi was mainly based on the stores' strategic location particularly in malls where customers can enjoy other services including entertainment within the shopping mall, an assortment of quality products on offer, the shopping environment, the sense of security, among other factors. "This is an all under one roof shopping complex. customers come here because the place is lively and they enjoy all the other services with family and friends too under one roof. As they shop, children enjoy the 5D games, they can go to the salon and have some coffee before they go home". Considering the level of awareness of Nakumatt stores as a brand, a respondent suggested that Nakumatt should consider building top-of-mind awareness and brand preference when it comes to the blue label products by enhancing the connection between these products and the customers through value addition. Similarly, Erenkol and Duygun (2010) argue that brand awareness brand relations, perceived quality and brand loyalty consist of brand equity dimension most common. Yoo et al., (2000), further argues that when brand equity is positive, purchasers relate positively with firms, associations are created, a perception of high quality items and thus, consumer loyalty towards the brand.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This last chapter summarizes the findings of the research, and these findings are then presented in relation to the goals of the research. Conclusions, recommendations, as well as proposal for additional study are covered in this chapter. The main objective for this research was to uncover the connection existing between the extensions of a corporate brand and firm performance; a case study of the Nakumatt Blue Label. The study focused on the following specific.

The purpose of this study was to establish the relationship between corporate brand extension and firm performance; a case study of the Nakumatt Blue Label. The study focused on the following specific goals for the research: to uncover the impact of corporate brand extension on sales growth.

5.2 Summary of Findings

From the study findings, it is clear that Nakumatt sales have grown steadily since introduction of the Blue Label, 87% of the respondents agreed with this proposition. This implies that the introduction of the private label has immensely benefited the sales baseline of Nakumatt, arguably one of the leading retailers in East and Central Africa. The researcher further demanded to know from the respondents whether sales growth (if any) is attributable relatively to introduction of the Blue Label. 74% of the respondents were in full agreement with this statement. Only 4% of them objected to this proposition.

This implies that the introduction of the Blue Label has been responsible for sales growth directly at Nakumatt.100% of respondents were in agreement that a connection between growth of the Blue Label categories and sales increase exists. This means that there is high evidence that for Nakumatt to strengthen its sales position, it is imperative that they strengthen the category strength of the Blue Label products within each individual product category where the Label is participating. 43% of respondents strongly agreed that total sales growth is experiencing growth commensurate or directly corresponding with growth of the Blue Label sales volumes. A further 48% of the respondents agreed with this proposition. Only 9% of the respondents were in disagreement. This finding directly suggests that the growth of the sales is directly and proportionately related to the growth of the Blue Label.

Being that Nakumatt has the most successful private label in Kenya among the formal retailing sector, the researcher sought to find out from the respondents whether they believe that Nakumatt has the largest sales volume among supermarkets. The findings were as follows; 78% of respondents strongly agreed with a further 18% also agreeing with this proposition. This means that 96% of respondents feel that Nakumatt has anchored itself within the top position in retailing in Kenya. Further, there were moderate results collected from the respondents on whether the leading sales status is directly attributable to introduction of the Blue Label. 17% and 35% of the respondents strongly agreed and agreed (respectively) with this proposition. 30% of the respondents were in disagreement with this statement which implies that some of the respondents felt that the leading sales status would be attributed to other factors outside of the private label variable. This can be proven true or untrue through further study that the researcher may undertake in future.

The findings on the effect store image and brand awareness had on blue label products established that indeed how the shopper perceives the store and their level of brand awareness highly influences the purchasing decision they make. According to the respondents, a majority of the shoppers confess that it would be much easier to decide to try a blue label product from Nakumatt supermarket than in other supermarkets like Ukwala and other mushrooming stores in the estates. This was greatly attributed to the image that other supermarkets are perceived to portray compared to Nakumatt Supermarkets. The findings revealed that the initial stage in setting up goals and aims for adverting involves a campaign to increase awareness of a brand.

Tong and Hawley (2009), described awareness of a brand as the extent to which a consumer recognizes or remembers a product, and correctly categorizes it with a specific brand. Hongo (2004), further those customers recovered items from a related classification of products based on a product category ability to satisfy their needs. Huang and Sarigöllü (2011) added that awareness of a brand influences the decision making of the customers, and the performance of the brand in the market is enhanced.

Before creating a positive impact or encourage consumers to purchase the product, an awareness of the brand must be made in order for them to have knowledge of the meaning of the brand. Infomercials on the media are essential for giving helpful information and tips that incorporate the advertised product, thereby encouraging traffic and a talk around the product. When a certain product is thought of first by a consumer when they are intending on buying an item from a product category, then that is referred to as the top of the mind awareness, and this is thought to be the highest degree of awareness of a brand that exists. Top of the mind awareness is slowly built by constant reminders of the product, and a steadfast deliverance of quality goods or services.

The importance of brand awareness has become increasingly significant with the evolution of the perception of customers. The public is more equipped with mobile and social media tools to communicate quickly about a brand, whether good or bad. This means that establishing a strong reputation for good products or services, integrity in the business practices and community involvement are critical to long-term business success. Awareness of the brand has over the years become important, with the constant change of consumers perception about a brand. There is now ease of communication, facilitated by social media and cell phones, thereby giving the costumers a platform to discuss the pros and cons of a brand. To ensure that long term success is achieved, solid and quality goods or services must be established, involving the public in your business, and honesty while practicing your business are crucial.

5.3 Conclusion

The researcher, depending on the results obtained from the study concludes that since Nakumatt sales have grown steadily since introduction of the Blue Label, it is implied that the introduction of the private label has immensely benefited the sales baseline of

Nakumatt, arguably one of the leading retailers in East and Central Africa. The researcher further established that sales growth is attributable relatively to introduction of the Blue Label. This implies that the introduction of the Blue Label has been responsible for sales growth directly at Nakumatt. This means that there is high evidence that for Nakumatt to strengthen its sales position, it is imperative that they strengthen the category strength of the Blue Label products within each individual product category where the Label is participating. Also, since total sales growth is experiencing growth commensurate or directly corresponding with growth of the Blue Label sales volumes, it is recommended by this study that the management of Nakumatt should concentrate all their growth efforts on the Blue Label because this finding directly suggests that the growth of the sales is directly and proportionately related to the growth of the Blue Label. Being that Nakumatt has the most successful private label in Kenya among the formal retailing sector, and the respondents belief that Nakumatt has the largest sales volume among supermarkets, Nakumatt should continue to anchor itself within the top position in retailing in Kenya by strengthening its private label.

In conclusion, it is very true that the corporate brand transfer of Nakumatt Limited to Nakumatt Blue Label has succeeded and has greatly and substantially improved the performance of the company using sales growth as an indicator.

5.4 Recommendations

The study made recommendations based on the study findings that Nakumatt supermarkets should concentrate on building the Blue Label in order to improve the general performance of the company especially its sales baseline. And adopt a suitable strategy to create and sustain the awareness of the brand by the consumer, through the improvement of the link amid the company brand, the blue label products, and consumers. This will affect the selection of a brand by the consumer, thereby choosing the brand that is corporate. A consumers' assumption and sentiments will be more influenced by awareness of the brand first before creation equity in brands, thereby affecting their faithfulness to a brand, and their choice of brand. Nakumatt supermarkets ought to insist on the incorporation of the assumptions on the evaluation of brands and their effects on performance beyond sales growth by the stakeholders. Brand assessment in terms of worth of the product is essential, though factors that are not consumer or product connected tends to influence the brands worth.

The company's products should have clear benefits and features that provide prospective customers what they value most. A unique value proposition should be clearly understood and offered to customers for the purpose of separating the rivals from those who would desire to benefit from the offers. The conclusion therefore is that services and product goods ought to be one of a kind be able to satisfy the needs of the existing and prospective customers.

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APPENDICES

Appendix 1: Research Questionnaire

The purpose of this questionnaire is to seek more information on corporate brand extension and firm performance: a case of the Nakumatt blue label. Information that will be collected through this questionnaire will be made available to appropriate and interested stakeholders. This questionnaire is not a test but purely a request for information. Please answer the questions as honestly as possible. There is no right or wrong answer.

Your participation in this study is essential. Please make your responses as accurate as possible. Your responses will be treated with confidentiality. Please do not indicate your name or that of the institution you represent.

Please give the following information by writing or ticking in the space provided.

SECTION A: GENERAL INFORMATION

1. Gender (Please tick where appropriate)

   Female ☐ Male ☐

2. Please indicate your designation or management level

   Branch manager ☐

   Mid-level manager ☐

   Top-level manager ☐

3. Period of time you have worked at Nakumatt Limited:

   0-1 Year ☐ 1-5 Years ☐ More Than Five Years ☐

4. Are you involved directly with the administration of Nakumatt Blue Label products?

   Yes ☐ No ☐

SECTION B: CORPORATE BRAND EXTENSION AND FIRM PERFORMANCE

With respect to each of the metrics of firm performance which are guided by the objectives of this study, please answer the following questions as applicable by ticking appropriately. Where necessary, please provide more information regarding the aspect in question. The below key is in use:

KEY 1 - Strongly Disagree 2 – Disagree 3 – Neutral 4 – Agree 5 - Strongly Agree

NO.	KEY	1	2	3	4	5	Where appropriate, expound or leave a comment
	CORPORATE BRAND EXTENSION AND SALES GROWTH						
i	Nakumatt sales have grown steadily since introduction of the Blue Label						
ii	Sales growth (if any) is attributable relatively to introduction of the Blue Label						
iii	There is a relationship between Blue Label categories growth and sales growth						
iv	Total sales growth is experiencing growth commensurate with growth of the Blue Label sales volumes						
v	Nakumatt has the largest sales volume among supermarkets						
vi	The leading sales status is directly attributable to introduction of the Blue Label						
	CORPORATE BRAND EXTENSION AND CATEGORY GROWTH						
i	The Blue Label has helped Nakumatt introduce product categories that were non-existent before.						
ii	Blue label introduction has affected competitor stocking and subsequently overall performance.						
iii	Nakumatt has experienced steady growth in categories where they have Blue Label products						
iv	Blue Label categories have increased customer enthusiasm with shopping at Nakumatt						
v	Success in initial lines has forced Nakumatt to enter more categories						