FACTORS INFLUENCING BRANDING STRATEGY AMONG COMMERCIAL BANKS IN KENYA

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DECLARATION

This research project is my original work and has not been submitted for an academic award in any other university.

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This Research project report has been submitted with my approval as the University of Nairobi Supervisor.

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DEDICATION

I dedicate this research project report to my children Kyle and Keylan, everything I do I do it for you.

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First my special appreciation to my supervisor Professor Munyoki for the guidance and intellectual advice. I acknowledge my colleagues and classmates whom I consulted in the course of preparing this report. Special gratitude to my family who endured my absence while I was away working on this project. Finally I express my appreciation to the administration and the management of the University of Nairobi for giving me the opportunity to pursue my master's degree at this prestigious institution of learning.

ABSTRACT

Brand management involves many aspects, and the most important aspect is to choose what kind of brand architecture because it's not only a purely theoretical concept, but also an important management concept. If companies cannot confirm their own brand architecture, it will lead to misallocation of resources and chaos of marketing strategy. Therefore, establishing an effective brand strategy is essential for a company's development. The researcher through prior study did not find research work where the focus was on factors affecting branding strategy among banks in Kenya. It is the above premise and research gap that the researcher is sought to fill. The objective of the study therefore was to establish the factors influencing branding strategy in the commercial banking industry in Kenya.In this study, a descriptive research design in form of a survey was used. The population of interest of this study was the 42 commercial banks that are operating in Kenya. The researcher conducted a census study of the whole population. Data was collected by use of questionnaires which were distributed to marketing managers or their equivalent in the marketing department in the banks. The correlations between different items that were used gave the impression that the most important thing when talking about brand awareness was to be "top of mind". This implies that the most important thing for banks is to be on top of mind in the heads of their customers, since dealing with customers in banking is very much about retaining your customers and creating long-term relationships. The purpose of this research was to establish the factors influencing branding strategy within commercial banks in Kenya. The most important factors for branding strategy choice were related to the brand association, competition, and nature of product. The researcher established that there is an insignificant relationship between market size and branding strategy. An associative relationship between brand association, competition and branding strategy was the most important part according to the findings in this research. The study found that the most important factors for choice of bank branding strategy were related to the associations, competition, nature of product, and company resources. The study thus recommends that commercial banks should embrace personal relationship with the customers as an important part that will help in creating their brand association and increase the customer attitude towards their products.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Brand management involves many aspects, and the most important aspect is to choose what kind of brand architecture because it's not only a purely theoretical concept, but also an important management concept. If companies cannot confirm their own brand architecture, it will lead to misallocation of resources and chaos of marketing strategy. Therefore, establishing an effective brand strategy is essential for a company's development.

In today's competitive business environment, industrial marketers must work harder than ever before to achieve some degree of differentiation for their products to avoid being viewed as a commodity. Strong brand creates options of growth, command market share, barrier of entry for competitors and customer loyalty in organizations. Strong brand enhances positive evaluations of a product's quality, maintains a high level of product awareness, and provides a consistent image or brand personality (Rodrigues & Biswas, 2004). In order to keep up with fierce competition, companies may seek to transform their business due to changing business directions or branching out business units. Branding has become one of the most important strategic tools and has been applied to all kinds of commodities, institutions, personalities, and pets among others due to its effectiveness and contribution to the bottom line. Over a period of time most brands lose their relevance in the eyes of their consumers in particular and market in general. This brings to bear the role of rebranding either the product or organization.

The study is based on open systems theory and the theory of the competitive advantage. Systems theory provides managers with metaphors, terminology and explanations about how organizations function. It emphasizes the role of management in deciding such structures and determining the specific goals that are to be achieved. Environmental influences that affect open systems can be described as either specific or general. The open-systems theory assumes that all large organizations are comprised of multiple subsystems, each of which receives inputs from other subsystems and turns them into outputs for use by other subsystems. The subsystems are not necessarily represented by departments in an organization, but might instead resemble patterns of activity. The general environment encompasses influences that emanate from the geographic area in which the organization operates. First, firms within an industry or strategic group may be heterogeneous with respect to the strategic resources they control. Second, since these resources may not be perfectly mobile across firms, heterogeneity can be long lasting.

1.1.1 Branding Strategy

Branding strategy refers to the ways that firms mix and match their brand's name on their products (Laforet and Saunders, 1999); and a firm, through its products, presents itself to the world (Aaker, 2004). A corporate brand stands for the relationship that an organization has with its employees, as much as it represents the relationship that it has with its customers through its product and service offering. The corporate brand is a valuable asset that encompasses the vision, core values, image and actions of the corporation. It increases its profitability and sales, reduces its costs and creates a unique position in the marketplace if it

is based on a well-run promotion campaign following an effective corporate branding strategy (Aaker, 2004). Consequently, one crucial decision in multi-business corporations is to determine the use of corporate branding strategy, and corporations should assess whether the selected strategy effectively meets the intended outcome or not.

A corporate brand that has high complexity (Balmer, 2001) is a name, term, sign, symbol/ design or a combination of these elements, intended to identify and differentiate the company's products from those of the competitors in the minds of the subjects concerned (Olins, 1989). Essentially, it is about people, values, practices and processes (Balmer and Soenen, 1999). For a brand to come to life with customers, the organization must be internally aligned to deliver the brand promise through the organization's culture, reward systems, key success activities and structure. In other words, employees must 'live' the brand values in their day to day interactions; and management must demonstrate their commitment to these values through behavior as well as corporate communications, demonstrating sincerity.

The corporate brand contributes not only to customer-based images of the organization but to the images formed and held by all its stakeholders which are include employees, customers, investors, suppliers, partners, regulators, special interests and local communities (Hatch and Schultz, 2008). The ability to use the vision and culture of a company as part of a unique selling proposition is brought by corporate branding to marketing (Hatch and Schultz, 2003). It also represents the agreement between the organization behind the brand and its multiple stakeholders (Balmer, 2004). Balmer suggested that corporate brands

are underpinned by three elements: values, promises and behaviour. Hatch and Schultz (2001) proposed successful corporate branding depended on the coherence between strategic vision, organizational culture, and stockholders' image. The importance of brands is often discussed in terms of brand value or equity, which can be viewed from two perspectives depending on who is the beneficiary of the value of the brand, the firm or the customer (Dowling, 2001).

1.1.2 Factors Influencing Branding Strategy

Many factors do influence the branding strategy that an organization may adopt. For instance, Market Size: When the market size for the product category is quite large, a company can follow a product branding strategy provided the sales generated could fund the investment in the brand. In the case of a relatively small size of a market, growing slowly as well, the investments in a brand may not be justified. In such situations, the company should look at leveraging an existing brand asset and go in for options such as double branding, umbrella branding or endorsement branding. This will reduce the branding expenditure and also reduce the payback period for the brand. Competitive Situation: When the competition is fierce, there is a huge need to highly differentiate the product offering. This requires communicating specific consumer benefit and the brand's personality dimensions. The choices available to the marketer in a competitive environment are product branding, endorsement branding or double branding depending on the resources available. If the competition is low, there may not be a need to create separate brands for each offering (Keller 1998).

Company Resources: Building a brand is expensive. If the resources are scarce, umbrella branding could be a good idea where a common equity pool is created

and the entire range of products can exploit this equity. Of course, the product quality has to be good and the customer service should be good as well. Product Newness: As the companies and markets grow, there is a proliferation of new products. The consumers have tremendous choice of brands under several product categories. Suppose a company adopts an umbrella branding strategy such as the one followed by Philips or Samsung for the new product, it becomes extremely difficult for the customers to make a purchase decision since the brand now stands for a huge number of products. In order to differentiate the truly new features of the new product, the company might have to follow product-branding strategy. This is often an expensive proposition. The other options include following a double branding strategy (e.g. Tata Indica) or an endorsement strategy like Kellogg for its breakfast cereal brand, Chocos (Kotler & Keller, 2006).

Innovativeness and Technology: Really disruptive innovations such as entirely new product category or a major technology breakthrough presents special problems in branding. The company has to make sure that the success of the product brings recognition to the company but if the product fails for some reason, the sales of other brands should not get negatively affected. In this case, a product branding approach works best. However, the investments to be made are quite high. The next available option is an endorsement branding where there is a mention of the name of the company. For instance, Apple, Du Pont and 3M follow product branding as well as endorsement branding strategies. A double branding strategy like the one employed by Tata Motors for its Indigo brand is another option if the company is confident of the new brand.

1.1.3 The Banking Industry in Kenya

The Companies Act, the Central Bank of Kenya (CBK) Act and the Banking Act are the main regulators and governors of banking Industry in Kenya. These Acts are used together with the prudential guidelines which Central bank of Kenya issues from time to time. In 1995 the exchange controls were lifted after the liberalization of the banking in Kenya. The Central Bank of Kenya is tasked with formulating and implementation of monetary and fiscal policies. Central bank is the lender of last resort in Kenya and is the banker to all other banks. The CBK ensures the proper functioning of the Kenyan financial system, the liquidity in the country and the solvency of the Kenya shilling. The CBK falls within the Ministry of Finance.

There are however some major issues facing the banking industry in Kenya. New regulations especially with the passing of the new constitution: CBK required financial institutions to build up their minimum core capital requirement to Kenya Shillings 1 Billion by December 2012. The Terrorist attacks on the twin towers in United States of America emphasized and led to the mandating Acts like Anti-money laundering. Nations are working closely to ensure that proceeds of crime do not get into the financial systems of the world. The global financial crisis experienced affected the banking industry in Kenya and more so the mobilization of deposits and trade reduction.

Lastly, the industry has seen turbulence in the last 12 months to July 2016, a period which saw three (3) banks collapse; these were Dubai Bank in July 2015, Imperial Bank in October 2015 and Chase Bank in the first quarter of 2016. This

has necessitated the CBK to tighten its grip on scrutiny of banks' financial statements and the conduct of directors of banking institutions.

1.1.4 Commercial Banks in Kenya

In Kenya, commercial banks play an important role in mobilizing financial resources for investment by extending credit to various businesses and investors. Lending represents the heart of the banking industry and loans are the dominant assets as they generate the largest share of operating income. Loans however expose the banks to the greatest level of risk. There are 43 licensed commercial banks in Kenya; of these, 31 are locally owned and 12 are foreign-owned. The Credit Reference Bureau Africa was the first of its kind to be registered in Kenya by the Central bank of Kenya aimed at enabling commercial banks to share information about borrowers to facilitate effectiveness in credit scoring (CBK, 2012).

Weaknesses in the Kenya banking system became apparent in the late 1980s and were manifest in the relatively controlled and fragmented financial system. Differences in regulations governing banking and non-bank financial intermediaries, lack of autonomy and weak supervisory capacities to carry out the Central Bank's surveillance role and enforce banking regulations, inappropriate government policies which contributed to an accumulation of non-performing loans, and non-compliance by financial institutions to regulatory requirements of the 1989 Banking Act among others posed a challenge to the Kenya banking system (Rajan, 1994).

The low quality loans led to high levels of non-performing loans and subsequently eroded profits of banks through loan provisioning some of which appeared out rightly political. Commercial banks adopt different credit risk management policies majorly determined by; ownership of the banks (privately owned, foreign owned, government influenced and locally owned), credit policies of banks, credit scoring systems, banks regulatory environment and the caliber of management of the banks. Banks may however have the best credit management policies but may not necessarily record high profits. In additional although there are industry standards on what is a good credit policy and what is not and further banks have different characteristics. (Rajan1994) notes that expanding lending in the short-term boosts earnings, thus the banks have an incentive to ease their credit standards in times of rapid credit growth, and likewise to tighten standards when credit growth is slowing (CBK, 2012).

To address issues that affect the Banking industry in Kenya, banks came together and formed a forum under the Kenya Bankers Association. Kenyan Banks have realized tremendous growth in the last five years and have expanded to the East African region. The banking industry in Kenya has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customers and globalization challenges too. There has been increased competition between local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholders are the ones who have benefited the most.

1.2 Research Problem

Apart from providing a relative advantage to the bank, it is widely acknowledged that improved service quality also ensures greater customer satisfaction (Herstein and Gamliel, 2006). High-quality service contributes to a bank's profits, lowers costs and encourages referral marketing recommendations to potential customers (ibid). Although the banks have recently taken much interest in generating perceived value for the customer, they have experienced high levels of dissatisfaction on the part of users (Huang and Lu, 2000). This is because it is not fully understood exactly what consumers want. While it seems to be clear to everyone how important it is for the bank to compose an offer of value to the customer, it does not seem to be clear what the value perceived by the customer is (Roig, Garcia, Tena and Monzonis, 2006).

Research has shown that it is a more profitable strategy than gaining market share or reducing costs (Aaker, 2013). For example, in an empirical study linking customer satisfaction to profits, Chen (2008) examines the impact of complaint-handling programs on customer retention and concluded that marketing resources are better spent keeping existing customers than attracting new ones. Therefore, a key observation that we would make is that it appears suggestively from previous experience that banking institutions need to tailor their strategy around creating customer value. However, is this their main concern? Are there other considerations unbeknownst to scholars and research that commercial banks are having to place into considerations in crafting their strategy? Prior Studies like Mutwiri (2007) and Ogutu (2011) have focused more on the strategies and key responses that firms have used to cope with

competition in general. Kahora (2012) studied the effectiveness of brand positioning strategies while Owino (2013) focused on an assessment of service branding strategies. However, the researcher has not found a study where the focus was on factors affecting branding strategy among banks in Kenya. It is the above premise and research gap that the researcher is seeking to fill. The study was to establish the factors that play a part in shaping banks' branding strategy. This study therefore sought to answer the following research question: what are the factors influencing branding strategy amongst commercial banks in Kenya.

1.3 Research Objective

The objective of the study was to establish the factors influencing branding strategy in the commercial banking industry in Kenya.

1.4 Value of the Study

The findings of this study are of help the managers and other decision makers of commercial banks in Kenya on how to manage the image of the organization and how it influences organizational performance. By identifying the challenges of implementing rebranding strategies, managers and directors of commercial banks will be able to devise relevant strategies to overcome these challenges in future. The findings are also valuable to the Government of Kenya especially in the formulation of strategies on corporate behavior and management to ensure that organizations manage their image in a proper way. The findings study are also valuable to future researchers and academicians as it will suggest areas for further research besides acting as a source of reference. It adds value to the

existing knowledge about corporate rebranding and serve as a reference document for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The process of branding originated as a means by which a firm could differentiate its goods or services from those of its competitors (Boyle, 2007). Now, however, brands are renowned for offering consumers a unique set of perceived benefits not found in other products. Branding is generally seen to offer a range of perceived advantages and benefits for both buyers and sellers including providing images and information on quality, offering recognition, reassurance, security and exclusivity, contributing to brand image and identity, market segmentation, the mutual development and strengthening of trading relationships, and legal protection (Jones, Shears, Hillier and Clarke-Hill, 2002).

2.2 Theoretical Foundation

Branding strategy is a crucial issue for firms operating in today's international marketplace. Kapferer (1992, pp. 46-7) argues that branding is far much more than giving just a brand name to a product or products: "brands are a direct replica of the strategy of market segmentation and product differentiation in a firm". Companies employs a combination of brand attributes to meet most expectations of specific customers in various economic conditions. Numerous corporate entities and product brands are actively competing in the world markets. Corporate branding refers to the strategy whereby the brand and corporate name are the same (de Chematony, 1997); product branding brings out separate brand identities for different products. The imagery may vary from one brand to another in product branding, despite the fact that a single company may own multiple product brands

or vice versa (Davies and Chun, 2002). Here in we take a look at the theories that have helped in developing the concept of branding strategy.

2.2.1 Lovemarks Theory

Lovemarks theory is based on a simple presumption that human beings are powered by emotion and not by reason. This is the argument behind the Love marks theory. If you want people to take a certain action like whether for something momentous, for example voting for a president, like buying one brand of a body cologne over another, you need to work and ensure that you appeal to their emotions. Neurologist Donald Calne perhaps said it best: “The essential difference between reason and emotions is that reason leads to conclusions while emotion leads to action.” How can we create that kind of appeal that will make people feel inspired or laugh or cry? First, we must understand that brands don’t get it by just asking. They start by showing love and demonstrating that they love the people who buy them. The major change comes when brands stop thinking about their customers as “them” and start thinking about “us.” When marketers realize and make this change, they start rewarding their customers every day with numerous brand experiences that have unique resonance in three key areas: mystery, sensuality, and intimacy. Of all the potential aspects of emotional resonance, perhaps none is more important than the sense of mystery that comes from great story telling. Stories are known to capture people faster than the most elaborately produced annual report (Roberts, 2004).

Sensuality is another aspect of customer emotional engagement that too many brands ignore. Lovemarks ask, “What does our brand smell like, taste like, look

like, sound like, and feel like?" Taste and smell are a sure fire ways to stretch your brain about your brand. "When you think about it, love is based on inspiration. People are inspired by brands for the same reason they are inspired by the people they love. They have principles and want to be treated like human beings who is intelligent and have feelings. They show empathy and bring joy to their lives." (Rodriguez, 2015)

According to Roberts (2014), Lovemarks are not created in a single day or overnight. Marketers in the beginning need to know where they stand, and how well they are doing in the journey to building a Lovemark. This important tool allows companies to measure how much their customers respect their brands visa vis how much they love them. If there is low respect and low love then one is a commodity, If low respect and high love then one is probably a fad, if high respect and low love? Then one is a solid brand with a big opportunity. When there is high respect and high love? Then one is a Lovemark. Whether you Call it a Lovemarks or call it something else, but the pressing question for 21st-century marketing people in a highly digitalized world of social networking and brand advocacy is how to engage people so as to make them embrace and prioritize your brand. The answer to that question: move from the top left hand quadrant to the top right quadrant.

To know the need to prove the Lovemarks theory argument Saatchi & Saatchi engaged pioneers in emotional research, London-based QiQ International. It was of importance to have evidence to show that being a Lovemark resulted to a higher return on investment (ROI). QiQ's findings showed that increasing the love and respect has the potential to increase buying intention for a product by

consumers by as much as seven times. Even if your brand has high respect already, you can increase the volumes by increasing the love and becoming a Lovemark. For example, in the cereal category, a strong brand can increase the probability of future purchase intention by 70% just by increasing their love quotient. In the car category it is 110%. Going beyond purchase intention, people use their Lovemarks more often than they use other products. The average consumer uses their respected brands 28 days per year on average. For Lovemarks this is 119 days. When consumers have a sense of love for a brand they will have a higher sense of brand loyalty and thus spread positive word-of mouth while resisting negative information about that particular brand.

2.2.2 Game Theory

Game theory applies mathematics to study strategy. Game theory studies more than just board sports, games and games of luck. It also studies situations like business and military decisions. In the theory of game, situations re referred as “games." In other words, one can use game theory to study different situations where more than one individual makes choices. The players in a game may not necessarily always be people. Players can be militaries, companies, or other entities. Each player would want something such as a company seeking to make as much sales that equals their potential, or a country wants to win a war.

Sometimes the players work as a team, but often they are competing against each other. Economists have long used game theory to analyze a wide array of economic phenomena, including actions, bargaining, fair division, oligopolies, social network formation, voting systems and to model across such a broad classification as behavioral economics, FarukGul, (2008). This research usually

focuses on particular sets of strategies known as equlibria in games. These "solution concepts" are usually based on what is required by norms of rationality. In non-cooperative games, the most famous of these is the Nash equilibrium. A set of strategies is Nash equilibrium if each represents a best response to the other strategies. So, if all the players are playing the strategies in Nash equilibrium, they have no unilateral incentive to deviate, since their strategy is the best they can do given what others are doing.

The payoffs of the game are mostly taken to represent the utility of individual players. Often in modeling of the situations the payoffs represents money, which presumably corresponds to an individual's utility. This assumption, however, can be faulty. A prototypical paper on game theory in economics begins by presenting a game that is an abstraction of some particular economic situation. One or more solution concepts are chosen, and the author demonstrates which strategy sets in the presented game are equilibria of the appropriate type. It is natural for someone to wonder to what use this information should be put to. Economists and business professors suggest two primary uses: ‘descriptive’ and ‘prescriptive’. These uses can be used in broad array of relationships among them branding strategies and their influencers.

2.2.3 Darwin’s Theory and Branding Strategy

Why did Delta, Northwest, US Airways and United Airlines go bankrupt? Why were C2 and Pepsi Edge such notable failures? One answer might be “divergence.” Over time, every category breaks up into multiple categories, creating chaos for companies that try to keep their brands in the mainstream of the market. Divergence is the least understood, most powerful force in the

universe. In his book The Origin of Species, Charles Darwin called divergence the driving force that creates a new species. In our book The Origin of Brands, we use Darwin's concept to describe the process that takes place to create a new category. (Branding Strategy Insider, 2016). What starts off as a single category (the mainframe computer, for example) winds up as multiple categories — mainframes, mid-range, desktops, laptops, handhelds, servers, among others. Each of these developing categories represents an opportunity to build a new brand. Digital, Compaq, Dell and Palm, for instance.

There are two forces at work in nature, according to Darwin. One is a gradual change from an ancestral to a current condition. (A process biologist's call "anagenesis."); the other is divergence, a dividing of the original tree to create new branches. (Biologists call this "cladogenesis."). Anagenesis produces strawberries the size of plums. It just won't turn a strawberry into a plum. It takes cladogenesis or divergence to do that. Darwin called the first force "natural selection," or the survival of the fittest. The competition between the individuals improves the species. About two hundred years ago, the average American adult male was 5 feet 7 inches tall, currently the average American adult male is 5 feet 9 inches tall. This is called evolution at work. The second force of nature is the principle of "divergence." Random changes or mutations create an incipient new species and then they start competing between species which drives them apart. The first portable computer, introduced in 1982 by Compaq Computer, weighed 18 pounds. Essentially a slimmed-down desktop with a handle, the product was called a "luggable" computer by so many users.

Compare today's desktop with today's portable computer which is now called a laptop.

In today's, an average person working in an office will have on their desk a computer (29 pounds), a monitor (17 pounds) and a keyboard and mouse (3.5 pounds). Total weight: 49.5 pounds. When out of the office, however, they may carry a laptop which could weigh just 4.5 pounds. No longer can you put a handle on a desktop computer and call it a "portable." The portable or laptop computer has diverged from the desktop computer. The process never stops. Today the laptop space is in the process of dividing into full-featured machines that weigh 6 pounds to 8 pounds and ultra-light machines that weigh 3 pounds to 4 pounds. If one is in the laptop computer business, ones motives might lead them in the opposite direction. If one thinks of the customer as a single identity, one will want to try to satisfy the customer's every wish.

As a result, one might decide that the laptop computer may need to be compromised as full featured as possible and as light as possible. In other words, one would put hisr product right in the middle of the market where there is no market. In Darwin's words, "nature favors the extremes." The "sweet spot" of a market is an illusion that soon gives way to several multiple sweet spots. So the question becomes:" which spot do you want your brand to occupy?" Darwin writes about a human example of the pressure that nature exerts on species to diverge. "As with mariners shipwrecked near a coast, it would have been better for the good swimmers if they had been able to swim still further, whereas it would have been better for a bad swimmers if they had not been able to swim at all and had stuck to that wreck." If the sailors were a species, if given enough

time and enough shipwrecks, there would eventually be two species of sailors: swimmers and non-swimmers. Again, the mushy middle is the place to avoid.

Look at a department stores. WoolMart and Target do well at the low end and Saks Fifth Avenue, Natman Marcuses and Nords do well at the high end. It is Sears and JC Penney that are caught in the mushy middle of the game. In groceries, WoolMart has become the leading chain at the low end while Whole Foods is rolling along at the high end. It's the supermarket chains in the middle that are having problems. Kroger, the largest pure grocery chain, lost $21 million last year while Whole Foods made $115 million. In air travel, no-frills airlines like Southwest, AirTran and JetBlue are flying high along with NetJets and the corporate jet market at the high end. It's the traditional airlines like American, United and Delta that are suffering in the mushy middle.

In carbonated beverages, the Coke (170 calories) and Diet Coke with zero calories are big successes while its half-and-half brand, C2 (75 calories), has gone nowhere. If one want their company to live a long and happy life, it is not just enough to "evolve" your brands to keep up with competition. One also need to look for every opportunity to launch new brands and take advantage of diverging categories. Toyota responded to the pressure to diverge by introducing Lexus, a high-end brand which has become the biggest-selling luxury car in America. In the competitive world of business, one needs to practice divergence as well as evolution.

2.3 Branding Strategies

Kotler and Keller (2006) also categorize the different branding strategies existing as generally being four. They are as follows: the Corporate name combined with

individual product name: This is called sub-branding policy. The company name legitimizes, and the individual name individualizes the new product. East Africa Breweries Limited (EABL), Toyota among many others have used this strategy on their products. EABL has various products such as Guinness, Pilsner, Senator among others, which have been individualized but the company's name appears on each product to make it legitimate. Individual brand names: This is where a company's products are given different names. This strategy also is referred to as house of brands. The major advantage of this strategy is that in case one of the organization's products fails, it does not affect the other products within the organization. The major disadvantage is that, an organization may spend a lot on name research and promotion when introducing a new product in the market. A company Like Coca-Cola has used this strategy on its product called Novida which is a nonalcoholic drink as oppose to its other products where they have adopted the corporate name then they combine with individual brand strategy.

Blanket family name: This is where one brand name is used for several related products. It is also referred to as branded house. Organizations that have and are continuously successfully adopting this strategy are Cadburys, Cussons and Johnsons & Johnsons. One of the advantage of this strategy enables the organization to introduce new products quickly and successfully in the market and more so to new markets especially when doing so on a global perspective. The disadvantage is that in the event that a product fails, it affects the organization's image and the uptake of their other products and vice-versa. The blanket family name strategy has an extension strategy called separate family name which refers to the brand name given to a product which falls under a family name to distinguish it from the others. Company's brand name: This is the brand name of a product

which is also the company's name. A company may use its name on a product to promote its image. This strategy has commonly been adopted by most Information Technology oriented companies such as Sony, Alcatel, Dell, Samsung, Nokia, and Techno among many others. Etzel, (2007) highlights certain factors that must be considered when selecting a strategy. These factors are as below.

Branding within a product mix: an organization can choose to either use a separate name for each which is product individual branding; the organization can use the organization's name combined with a products name (Family branding) or the organization can use the company name's alone (company branding) - this is appropriate for products that are related in quality, use etc.). An organization needs to clearly understand the nature of the products that it intends to sell in the market. If the products are of the same use and quality, then this will call for a 'branded house'; and if the products are uniquely different then 'house of brands' will be appropriate.

Co-branding (Dual branding): the strategy to be implemented will be to two separate companies or two separate departments within the same organization and have separate brands. This is commonly evident in food products and franchising. The advantage of co-branding is the differential advantage over competitors and it has a direct effect to increase in sales. On the other hand, if the cooperation fails, there is a greater risk of damaging the brands reputation and also there is possible over exposure of a brand name.

Branding for market saturation: an organization aims at employing multiple strategies to achieve various objectives concomitantly such as: maximize sales, reach different market and penetrate different market segments. There is also

the consideration of the marketing mix when formulating a branding strategy. Since the early 1960's, marketers have been using the four P's to develop marketing strategies. Chematony, et al (1998) states that a brand is the result of a coherent marketing approach which uses all elements of the marketing mix with the aim of directing the buyer to recognize relevant added values that are unique when compared with competing products and services and which are difficult for competitors to emulate.

The four P's of marketing according to Aaker (1996) are:

Product (quality): It is a good, service or idea that a customer needs to satisfy his/her needs. It is developed to suit the needs, wants and demands that are presupposed in the markets. However there is need to introduce the product in the market in a manner that is socially and economically acceptable to the markets. Brands can be built through this P. Price (affordability): It is the values attached/associated with a good or a service. There are different pricing policies that organization adopts and this will depend on their objectives. For example, pricing policy can differ if the organization aims for market saturation as oppose to attracting a niche market. Place (availability): It involves getting the product to the consumers for consumption. There are different mechanisms of getting the product to the consumers. It basically involves the distribution channels that an organization may adopt.

Promotion (advertising and communication) involves the communication strategy between an institution and their customers' ad public. This influences a variety of conditions: awareness, expectations, perceptions, attitudes, behavioral intensions and behaviors. This P is achieved through brand public

relations mechanisms which are, according to Kotler & Keller (2006), sponsorship, brand news, merchandising activities/point of purchase strategy, tactical advertising, relationship marketing strategy and complains and correspondence. Over the years the Ps' of marketing have worked effectively for goods; however, for the marketing of services which are characteristically intangible, the Ps' have been added to capture that very nature of services. These additional Ps' are: people, physical evidence and processes.

2.4 Factors Influencing Branding Strategy

2.4.1 Brand Associations and Branding Strategy

A brand association is anything linked in memory to a brand (Aaker, 1991). The association not only exists, but it has a level of strength. A link to a brand will be stronger when it is based on many experiences or exposures to communications rather than few. A brand image is a set of associations usually organized in some meaningful way. A well-positioned brand will have a competitively attractive position supported by strong associations. Brand image is defined as perceptions about a brand as reflected by the brand associations held in consumer memory. Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. The favorability, strength and uniqueness of brand associations are the dimensions distinguishing brand knowledge. This plays an important role in determining the differential response that makes up brand equity especially in high involvement decision settings (Keller, 1993).

The strength of associations depends on how the information enters consumer memory and how it is maintained as part of the brand image. Strength is a function of both the amount or quantity of processing the information receives at encoding, how much a person thinks about the information, the nature or quality of the processing the information receives at encoding and the manner in which a person thinks about the information (Keller, 1993). When a consumer actively thinks about and elaborates on the significance of product or service information, stronger associations are created in memory. This strength in turn increases both the likelihood that information will be accessible and the ease with which it can be recalled.

Favorability is reflected in the consumers' belief that the brand has attributes and benefits that satisfy their needs and wants such that a positive overall brand attitude is formed (Keller, 1993). Consumers are unlikely to view an attribute or benefit as very good or bad if they do not also consider it to be very important. Hence, it is difficult to create a favorable association for an unimportant attribute. Not all associations for a brand will be relevant or valued in a purchase or consumption decision. Associations might facilitate brand recognition or awareness or lead to inferences about product quality hence it might not always be considered a meaningful factor in a purchase decision. Moreover, the evaluations of brand associations may be situational or context dependent and vary according to consumers' particular goals in their purchase or consumption decisions (Day, Shocker and Srivastava, 1979 cited in Keller, 1993).

Attributes are the descriptive features that characterize a product or service. Attributes are distinguished according to how directly they relate to product or service performance. Product-related attributes are defined as the ingredients necessary for performing the product or service function sought by consumers. Non-product related attributes are defined as external aspects of the product or service that relate to its purchase or consumption. Price is a particularly important attribute association because consumers often have strong beliefs about the price and value of the brand and may organize their product category knowledge in terms of the price tiers of different brands (Blattberg and Wisniewski, 1989).

User and usage imagery attributes can be formed directly from a consumer's own experience and contact with brand users or indirectly through the depiction of the target market as communicated in brand advertising or by some other source of information. User and usage image attributes can also produce brand personality

attributes which in turn may reflect emotions or feelings evoked by the brand (Keller, 1993). Benefits are the personal value consumers attach to the product or service attributes. They constitute what consumers think the product or service can do for them. Benefits can be further distinguished into three categories to the underlying motivations to which they relate (Park, Jaworski and Maclnnis, 1986).

Functional benefits; are the more intrinsic advantages of product or service consumption and usually correspond to the product-related attributes. These benefits are often linked to fairly basic motivations such as physiological and safety needs. Experiential benefits which are the second category relate to what it feels like to use the product or service and also usually correspond to the product related attributes. These benefits satisfy needs such as sensory pleasure, variety and cognitive stimulation. Symbolic benefits as the third category are more extrinsic advantages of product or service consumption. They usually correspond to non-product related attributes and relate to underlying needs for social approval or personal expression and outer-directed self-esteem. Consumers may value the prestige, exclusivity or fashion ability of a brand because of how it relates to their self-concept (Solomon, 1983 cited in Keller, 1993).

2.4.2 Competition and Branding Strategy

Under the rapidly increasing rate of high competition in the global economy today a company needs to seek for the way to remain and keep going in the market. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. One of the strategies for sustainable competitive advantage that marketers should consider is Branding. Branding is important to any

organization which needs a strategy based on the situation of the company in order to create the long term competitive advantage. Building sustainable brand image is key to any organization.

"Everything can be branded, a brand is a perceptual entity rooted in reality, but it is more than that — it reflects the perceptions and perhaps even the idiosyncrasies of consumers" Kotler and Keller (2006 p.275). To create a brand one is not limited in any particular kind of product or service, but it is necessary for an organization too; no matter whether it is a public organization, private organization, political party and even an education institute. Having a unique and strong brand will bring the notable, reputation and good image to its organization. The advance of technology, new inventions, innovation has been developed rapidly and continuously. The main purpose is to response the customers' uncertain preferences and needs caused by the aging of the population, income ratio, tastes and values that have been imitated. These factors result in increasing of competition of goods production and services more seriously. With the competitive advantage through the use of limited productive resources, many countries have turned to setting up strategies and seeking new approaches to create advantages beyond their competitors. There is one strategy that many countries might not deny and it's gaining popularity as a business strategy to success which is Branding.

As mentioned above, any business with a reputable brand and loyal consumers has a greater chance to succeed. Why branding is so important? The answer is branding is not only the introduction of products or services to customers, but branding is making a relationship between customers and products by creating

value, loyalty, expectation of personal 'gut feelings', emotional and also reduce decision-making time on buying hundreds of available options in market. People have too many choices and too little time, plus most offering have similar quality and features, customers, therefore, likely base their buying choice on trust. Trust comes from meeting and beating customers' expectations. In short, the main purpose of branding is to get more people to buy more products for a longer time at a higher price. Since each company has its own characteristic and there are a number of ways of how to brand, managers can choose which one is suitable with the company's situation.

2.4.3 Product Influences and Branding Strategy

According to Keller (1998), branding tactics is a concept that is tackled under brand management. Brand management is basically the application of marketing techniques to a specific product, product line, or brand with the aim of increasing the product's perceived value to the customer and thereby increasing brand equity. Keller (1998) highlights brand elements options and tactics. Brand names should capture the central them or key associations of a product in a very compact and economical fashion. Brand names build brand awareness and brand associations. The name should be simple and easy to pronounce and spell; familiar and meaningful; different, distinctive and unusual; fictitious names and not necessarily real; should suggest something about the product especially its benefits and use. Logos and symbols have a long history as a means to indicate origin, ownership or associations. Because of their visual nature, logos and symbols are often easily recognized and a valuable way to identify products. They are versatile in nature and

therefore can be updated as needed over time and generally transfer well across cultures.

Characters represent a special type of brand symbol that takes on human or real-life characteristics. They are attention getters as they are rich in imagery. However, their lifespan can be short or the intended market can fail to identify with it. A good example of a brand that has successfully used this element is Guinness through Michael Power character. Slogans are short phrases that communicate descriptive or persuasive information about a brand. They should aim at precision and easy to recall. They appear in advertising but also play an important role in packaging. Most organizations have used this element especially when branding their organizations. An example of a slogan that is successful is Safaricom, *the better option.* Jingles are musical messages written around a brand.

A product that has used this element to brand is Cadbury. Packaging is the designing and producing containers or wrappers for a product. They aid in identifying the brand, convey descriptive and persuasive information, facilitate product transportation and protection, assist at home storage and aid in product consumption. Therefore packaging selection should be done with carefulness to be able to communicate the product even before utilizing it; it should be attractive and eye pleasing.

2.5 Conceptual Framework

The conceptual framework depicts the diagrammatic representation of the theoretical relationships that the researcher intends to study. It displays the independent variables that are self-existing as well as the dependent variable that is affected or influenced by changes in the independent variables.

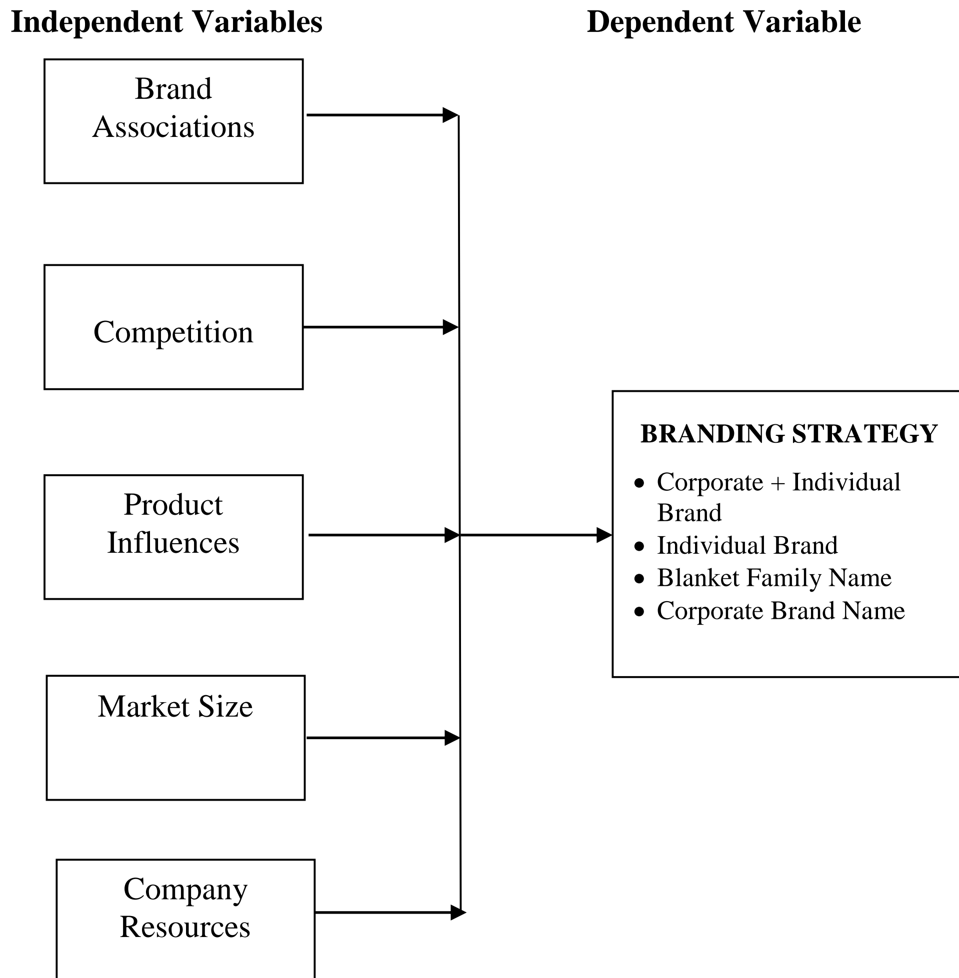

Figure 1.1: Conceptual Framework Source: (Researcher, 2016)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research design, methods of data collection, the population, data collection instruments and procedures, and the data analysis.

3.2 Research Design

In this study, descriptive research design in form of a survey was used. Descriptive research portrays an accurate profile of persons, events, or situations (Robson, 2002). A survey allows the collection of large amount of data from a sizable population in a highly economical way. It allows the researcher to collect quantitative data, which can be analyzed quantitatively using descriptive and inferential statistics (Saunders et al, 2007).

3.3 Target Population

The population of interest of the study was the commercial banks that are operating in Kenya. There are 42commercial banks in Kenya. The researcher conducted a census study of the whole population. This brought out all the unique characteristics across the banking industry hence making the study credible for generalization.

3.4 Validity and Reliability

Validity may be defined as the ability of a test to measure what it purports to measure. Validation of the research instrument was done by use of a pilot study. Prior to the actual study, pilot test of the measures was conducted against prospective sample population. The subjects approached during piloting were marked so that they cannot be applied in the final study. The wording of items

was carefully modified based on the pilot test outcomes and reviewed. Pre-testing the questionnaire was of great significance in this survey. The questions were re-examined to ensure that they were not ambiguous, confusing, or potentially offensive to the respondents leading to biased responses. This helped in increasing validity of the research instruments.

3.5 Data collection

In order to establish the factors influencing branding strategy amongst the commercial banks in Kenya, primary data was collected by use of questionnaires which were distributed to marketing managers or their equivalent currently employed in the marketing departments in these commercial banks. The researcher used research assistants to distribute the questionnaires and in assisting the respondents in properly filling in the responses where necessary, or where the respondents wished to give their responses orally. The questionnaire was designed to identify the factors influencing branding strategy amongst the commercial banks in Kenya. The study targeted one respondent from each commercial bank.

The study, targeting the marketing managers or equivalent persons in the marketing departments made it easier to get adequate and accurate information necessary for the research. The researcher used a Liker scale questionnaire as the main data collection instrument. Secondary data sources were employed with previous documents or material to supplement the data received from questionnaires.

3.6 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data was then be coded to enable the responses to be grouped into various categories. Descriptive analysis was employed; this included the use of weighted means, standard deviation, relative frequencies and percentages. The researcher also used factor analysis to further analyse the data.

CHAPTER 4: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the research findings on an investigation to establish the factors influencing branding strategy within commercial banks in Kenya. The study was conducted on all the major commercial banks in Kenya where one respondent was selected from each bank. From the targeted 42 respondents, 34 filled and returned their questionnaires making a response rate of about 80%. Descriptive analysis was used to analyse the data.

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 (%)**
Director	3	9
Manager	15	44
Executive	8	23
Officer	5	15
Other	3	9
Total	**34**	**100**

Source: Research data 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 bank strategy preparation and execution.

4.2.2 Years of Service

The researcher sought to establish the length in years that the respondents have worked at the respondent banking organisations. This demographic is very important because the longer a marketer has worked in the organisation will be commensurate to their level of understanding of the corporate, marketing and branding strategies that the bank employs. They would also be in a better position to understand the justification behind certain strategies and tactics employed by these banks. 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	4	12
2 – 5 years	16	47
5 – 10 years	9	26
More than 10 years	5	15
Total	**34**	**100**

Source: Research data 2016

From the data tabulation above, it is clear that 88% of the respondents have been working at their organisations 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 or future 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	14	41
Female	20	59
Total	**34**	**100**

Source: Research data, 2016

It has been widely believed by observation (and without empirical verification) that there are more women than men in marketing. This data obtained by the researcher confirms this belief. This also shows that more women than men are responsible for branding strategy formulation and execution within commercial banking corporations 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 organisations. It also shows the general age profile of workers within a certain professional field. Therefore the researcher thought it very important to analyse this particular demographic variable in order to find out what age level of working professionals were making branding and marketing decisions within commercial banking institutions in Kenya. The following were the results:

Table 4.4: Age profile of respondents

Age Bracket	**Number of respondents**	**Percentage (%)**
Below 25 years	1	3
26 to 35 years	11	32
36 to 45 years	16	47
46 to 55 years	4	12
Above 55 years	2	6
Total	**34**	**100**

Source: Research data, 2016

From the above data the study was able to establish that 47% of the branding strategy operations in banks are middle-aged professionals between the ages of 36 to 45 years. This is typical for most organisations in Kenya. However, very notable is that fact that there is a high percentage of these decision-makers who are relatively young between the ages of 26 to 35 years. They represent a

remarkable 32% of the respondents. These findings proposition that it is probable to find a young working professional responsible for marketing and branding strategic decisions in commercial banking organisations in Kenya.

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 organisations. To determine this possibility within marketing and branding functions within the respondent banks, 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	1	3
Masters degree	7	21
Bachelor's degree	25	73
Diploma	1	3
Certificate	0	0
Other	0	0
Total	**34**	**100**

Source: Research data, 2016

From the above data it is clear that almost all the respondents (97%) had a Bachelor's degree or beyond. This means that commercial banking organisations prefer to recruit highly trained professionals into decision-making

roles within the marketing or branding functions. It may also be inferred from this data that there is a relationship between the quality of strategic decisions and the level of education.

4.3 Factors Influencing Branding Strategy

4.3.1 Brand Association and Branding Strategy

This study sought to investigate the role of brand association as an influencer to branding strategy amongst commercial banks in Kenya. The following were the findings:

Table 4.6 Brand Association and Branding Strategy

Brand Association	Mean	Standard Deviation
Before the choice of that bank, customers had heard about positive thing about it	3.42	1.077
Customers could connect to the bank's values	4.08	0.458
Customers find our bank to be unique	2.43	1.032
This is the most suitable bank for our customers	3.91	0.982
The offerings from the bank was an influencing factor in the customer choice	1.49	1.723
Customers had positive things in mind when thinking of the bank	3.79	0.791
The bank offered the services that customer needed	4.59	0.472
Customers compares the bank with other banks before taking the decision	3.57	1.271

Source: Research data, 2016

The study was seeking to find out from the respondents whether customers had heard positive things about the banking institution before the choice of the banks for financial services. The mean of 3.42 and standard deviation of 1.077 is evidence that customer talked about the banks and most often, they had heard

positive things about the banks they use. The Standard deviation indicated a low variance among answers from the respondents. The customers could connect to the banks thanks to similar values. Shared values with the banks had a positive impact, not a strong one though. The researcher wanted to find out if the customers found the banks unique. The customers did not see their banks as unique compared to other banks as shown by mean of 2.43. This might be evidence that the offerings from different banks were homogenous, in other terms they all offered more or less the same services. This is further proved when looking at the mean that did not reveal agreement among the respondents with the statement.

The study sought to find out if the banks were the most suitable for the respondents. The respondents found their choice of bank to be suitable as shown by mean of 3.91. The score for being the most suitable was also strong. It seemed clear that the respondents found their banks good for their businesses. There was a quite high agreement between the respondents but the mean did not go above 4.0, so it could not be said that there was in agreement with the statement. The study sought to find out if customer compared the banks with other banks before taking the decisions. There was no evidence at all that customers sought and compared information about banks before they started doing business with them. The answers were divided over the whole scale, with only one scored highest which means that the respondents did not make the comparisons before deciding upon a bank. There was no agreement whatsoever among the respondents as shown by mean of 1.49 and standard deviation of 1.723.

The study wanted to find out if customers only had positive things in their minds when thinking of the banks. The banks the customers use seemed to be linked to something positive in their minds. The mean of 3.79 indicated that most of the respondents agreed with the statement. This indicated that the banks performed well and took good care of their customers. The bank brands seemed connected to something seen as positive in the minds of the respondents. The researcher wanted to find out if the customer's choice of banks was affected by earlier experiences. The respondents seemed to agree that earlier experience is something that affected the customer decision of which bank to use for their businesses. The mean was found to be 3.57 which were on an acceptable level, yet not strong enough to say that there existed a distinct connection. The answers were also spread over the different levels, an indication that experience played different roles in the minds of the customers.

The researcher also wanted to establish if banks offered the services that the respondents needed. There was a strong agreement that the banks offered services and products that the customer demanded and needed. The banking industry being to a large extent homogenous was proven by this statement. Most respondents agreed that the banks offered necessary products for their business. There was a very strong mean of 4.59 and a very low standard deviation of 0.472, which further strengthens the statement. The offerings from the banks were an influencing factor in the choice. Most respondents agreed that the products of the banks did not matter. The offerings were accepted but they were not seen as unique. The mean was on a level that it can be said the statement was affecting the brand association, but at the same time it was on such a low

level that it cannot be said that it affected the brand association strongly, like one would argue with statement number eight. An important thing for the respondents was the perceived attributes when deciding upon the current banks. The perceived attributes of the bank by respondents was a strong factor for their decisions. A bank that seemed to offer good services, and performed well on the market presented a brighter picture in the mind of the customers. The majority of the answers fell between 3 and 5, which gave an indication that the statement had an impact as shown by mean of 4.08.

4.3.2 Competition and Branding Strategy

After an investigation into the role of competition in shaping branding strategy, the following were the results:

Table 4.7 Competition and Branding Strategy

Competition	**Mean**	**Standard Deviation**
Competition in the market directly shapes your branding strategy	4.58	0.765
Your branding strategy continuously reflects your response to competition	4.21	0.893
You duplicate what your competitors implement	3.42	0.121
You observe your competitors' tactics	2.39	1.316
Your competitors use your strategy to improve theirs	1.98	1.078

Source: Research data 2016

The respondents were asked if competition in the market directly shapes their branding strategy. The respondents strongly agreed that it did, as more frequently than not, they had to respond to what competitors were doing through

branding strategy. The mean was of 4.58 which strengthened the findings that the respondents agreed with this statement. The standard deviation was just 0.765, an indication that the variance among respondents was low. The study also sought to find out whether branding strategy continuously reflects the respondent organisation's response to competition. This was shown by a mean of 4.21 which is an indicator that the majority of respondents agreed with the statement. However, some respondents were not in agreement with this statement, and when the researcher sought further comment on this, the dissenting respondents indicated that their branding strategy was more in response to the entire organisation's corporate strategy as opposed to competition.

The researcher sought to find out if the respondent organisations duplicate what their competitors implement. There was a light agreement that their branding strategy is at times duplicatory, but the agreement was not strong since the mean was 3.42 which this research regards as neutral. The standard deviation was found to be 0.121. The statement might have been inaccurate and hard to estimate for the respondents.

The study sought to find out if the respondent banks observe their competitors' tactics. The respondents seemed to have earlier experience of this and mostly positively practical prior experience from their current banks. Some of the respondents did not agree at all, as shown by a mean of 2.39, either that they had never engaged in this practice, or that they had not made any observations of this at all. The standard deviation was quite high at 1.316, which probably

further influenced the high number. Most answers indicated that competitors' strategy did matter for their choice of branding strategy.

The researcher also sought to find out if competitors use the respondent banks' strategy to improve theirs. The result was a somewhat mixed response. Some respondents had made observations regarding this behaviour in competitors; however a good percentage of the respondents could not identify instances where this had been done by their competitors. The respondents simply did not make their branding decision primarily based on competition but rather on different types of influencers. The mean being very low as shown by 1.98, there was no agreement between respondents and the research statement.

4.3.3 Nature of Product and Branding Strategy

The researcher further sought to know from the respondents the influence of the nature of banking offering or product on their branding strategy. The following were the findings:

Table 4.8 Nature of product and branding strategy

Nature of Product	Mean	Standard Deviation
Our customers are willing to pay a higher price for services of our bank	2.36	1.013
Customers constantly compare my bank’s offerings with other banks	2.51	0.933
The current bank constantly out-competing other banks when it comes to customers’ needs	3.26	1.547
Our customers feel satisfied with the financial services received from our bank	3.14	1.495

Source: Research data, 2016

The researcher sought to find out if services of the banks were performed so well that customer was willing to pay higher price. This statement was something that the respondents did not agree upon. Some would not pay more for the services, whilst others would accept a higher price. The mean was very low 2.36, and most respondents would not accept a higher price. The researcher sought to find out if customer constantly compares their bank offerings with other banks'. The mean score was very low 2.51, and the answers were divided quite equally except for a major proportion of the answers in the lowest alternative. Most customers did not compare different options on a regular basis to see which offer suited their business the best. The customer's current banks were constantly out-competing other banks when it came to their needs. This

statement was something that the respondents were neutral to, yet again the homogenous market for banks tended to appear.

The bank offerings on the market might be perceived as the same. May be the customer did not see their bank as unique hence perceived the performance of other banks as being quite the same. Leading characters' private choice of banks influenced the choice of bank by the businesses. Customers seem to have different ways of choosing their banks. Some were affected by leading characters' own choice of bank. Some customers did not decide upon their banks at all in relation to leading characters. The high standard deviation 1.547 further proved this reasoning. The study contained businesses from different sectors and of different sizes, which might explain why the mean was low and standard deviation was high.

Leading characters private relationships to specific bank influenced the customer's decision upon bank. Leading characters' private relations to a specific bank tended to be important in some cases, yet not important at all in other cases. The standard deviation was very high 1,495, and the mean of 3.14, was just above the limit to accept the statement. The respondents felt satisfied with the financial services received from their banks. Most respondents agreed that they were satisfied with the banks they use. The mean was high 4.14 and the standard deviation was rather low, majority of the answers fell between four and five and as the mean was so high it could be said that the statement had a large influence on brand loyalty.

4.3.4 Market Size and Branding Strategy

The researcher through the findings considered this variable insignificant in determining branding strategy after more than 90% of respondents disagreed with four out a possible five questions. The researcher therefore disengaged this variable from further analysis as it did not satisfy a considerable level of significance in influencing branding strategy among banking corporations in Kenya.

4.3.5 Company Resources and Branding Strategy

Company resources are considered by many technocrats as a determinant of the level of elaborateness an institution is willing to get into with their branding strategy. The researcher therefore investigated this variable and the following were the findings:

Table 4.9 Company resources and branding strategy

Company Resources	Mean	Standard Deviation
The Bank's resources determines the branding strategy	3.75	1.216
The Bank adopts branding strategies which fits their resources	4.13	1.013
The bank considers the cost of branding strategy before adopting it	3.94	0.933
The bank adopts branding strategies with comparable budgets to peers in the industry	4.38	0.830
The bank adopts branding strategies according to past expenditure	4.10	0.981

Source: Research data, 2016

The respondents agreed that a bank's resources determine the branding strategy. The mean of 3.75 indicated a strong agreement but, at the same time, the standard deviation of 1.216 was neither high nor low, which could be affected by the high number of low answers on the statement. Regarding whether the bank adopts branding strategies which fits their resources, the employees of the banks seemed to consider this very important for the perception of the bank in the market. The mean score of 4.13 was above 4.0, and the standard deviation of 1.013 was low. The adoption of the branding strategy to the level of resources available seemed very important. The perceived cost of branding strategy was an important factor in the strategy decision.

The respondents scored it close to 4.0 on a mean of 3.94. The respondents were also in agreement with this yielding a low standard deviation of 0.933.The study further sought to know whether the bank adopts branding strategies with comparable budgets to peers in the industry. The responses were largely positive because the respondent banks feel like they have to defend their presence in the market continually. However the level of branding budget spend will depend on the tier a specific bank lies within. The mean was high at 4.38 and standard deviation of 0.83 was low. Lastly, the researcher sought to know whether the bank adopts branding strategies according to past expenditure. The respondents agreed upon this statement, the mean was 4.10 and the standard deviation of 0.981 among the answers was low. This means that the respondent banks largely consider their past expenditure in drawing up budgets of future branding activities.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following summary, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to establish the factors affecting branding strategy within commercial banks in Kenya.

5.2 Discussion

The researcher used an arithmetic mean when evaluating and analysing answers from this study. For any arithmetic mean above 3.0, there was considered to exist a connection between the answers, and if the mean went above 4.0, it was proposed that the connection was strong. A mean of above 4.5 is considered a very strong connection and an agreement among respondents. Brand association, in particular brand recall and brand recognition are of importance when making a customer aware of the brand and its positive attributes. This was further researched by Aaker (1991) who argued that brand association and awareness refers to the relative strength of a brand's presence in consumer minds. Keller (1993) states that the importance of brand association has to do with thinking of the brand when a need actually does occur.

The brand should come to mind when the product/service category is brought to the fore or highlighted, and when a customer thinks about that given category, the brand should come to their attention. The correlations between different item that were used gave the impression that the most important thing when talking

about brand awareness was to be “top of mind”, which is consistent with the theory by Aaker (1991). This implies that the most important thing for banks is to be on top of mind in the heads of their customers, since dealing with customers in banking is very much about retaining your customers and creating long-term relationships (Fomell and Wemerfelt, 1987). The inter-item correlation variable showed how strong the correlation was between the statements which, in the end, provides a picture of the relation to the subject matter. From within brand association there was found that three correlations were scoring higher than 0.5. These are statements one and two, three, four, and also six and seven. Mutual values and positive feedback from other people were strongly related.

The perceived uniqueness and the most suitable bank were correlated, and also positive thoughts and earlier experience from banks were strongly correlated. The researcher agreed that loyalty had a degree of influence on the decision of the bank. The correlations within this variable are very volatile and it was not easy to draw some real conclusions since they were so significantly different from each other. Hence, there existed a very strong correlation between statement four and five. This indicates that leading individuals within the respondent banks felt that customers’ private choice of banks and relations to a specific bank, were strongly correlated.

In this study, competitive tactics by third-parties banking institutions did influence the respondent banks’ choice of branding strategy to a significant degree. The variance however was quite high (1.661) which might indicate that the answers were not consonant among the respondents, some might have been

affected by this proposition while some not at all. Informal communication is without doubt one of the strongest factors forming expectations regularly in branding strategy (Mossberg, 1995). The connection is strong in theory, yet no direct connections to financial services like banking were established by this investigation. This might be because financial matters and banking a few decades ago were regarded as private and not academic topics which generally arose in social interaction. The respondents therefore did not actively search for information other than what they had concerning their own banks. Regarding their degree of knowing, they expected to be aware of all the relevant branding information from the banks to be available to them.

The branding strategy executed by the fulfilled the respondents' expectations of what the banks should be doing to improve their branding position in the market and the market response they have been receiving is acceptable in relation to the level of branding effort they put in place. Parasuraman et al. (1988) and their results indicate that if consumers' perception of service quality tends to be high, they will be willing to recommend the company to others; this implies that they develop positive word-of-mouth or informal referral. However, this study's findings do not necessarily strengthen the proposition in that theory. The respondents felt that their market was satisfied with their banks and their services and price level, yet they did not seem to talk about their values with others. Perhaps, even better, is the possibility that they were influenced in a more subconscious manner, something they might not find themselves reflecting over.

5.3 Conclusions

The purpose of this research was to establish the factors influencing branding strategy within commercial banks in Kenya. The most important factors for branding strategy choice were related to the brand association, competition and nature of product. The researcher established that there is an insignificant relationship between market size and branding strategy. An associative relationship between brand association, competition and branding strategy was the most important part according to the findings in this research. However, the banking sector of today is moving further away from a personal relationship with their customer. The number of electronic touch points has increased in Kenya over the last decade such that even deposits can be undertaken through automated teller machines. Internet banking is also on the rise. This presents the risk that customers may feel less connection and loyalty to the bank, as the personal relationship disappears.

The need for marketers to alter perceptions and create consumer preference for a particular bank calls for similar branding strategy employed in consumer goods. Banks should make customers feel something about doing business with them (Alvarez, 2001).However since the banks are shifting towards a more anonymous customer orientation, the theory is not supported. The results from this study point out that the most important factors when it comes to brand association are the employees and the relation created between businesses and the employees at the bank. The personal relation demanded and desired by the customers could also be seen as a form of loyalty, since a strong personal relation to a specific bank decreases the will to change to another bank, therefore

banks need to capitalize on this in devising their branding strategy so that their branding tactics are consistent with the customer pull.

As this study shows, branding strategists do want optimal solutions to their specific situations. However, they are often constrained by market trends mainly drawn from their peers in the banking and other industries to seek those solutions.

When not banks do not provide personal relations, then price became more important for the customers and the loyalty could disappear more and more due to lack of integration therefore providing a steep branding challenge for many banking organisations. The findings in this study support that the branding managers in banks feel that the customers do not want to pay a price premium. It is important to highlight that for many banks the term "customer value" is used solely to refer to the value that the customer generates for them, rather than the value that they can offer their users (Payne et a l 1999 cited in Roig et al., 2006). How customers are treated will in the future become even more important than it is today, and failing in this respect this throw branding efforts into obsolescence. This study is partly about banking branding strategy. However, in the future the branding strategy will be more influenced by customer orientation and loyalty and these factors will be more important than today.

5.4 Limitation of the Study

The method used is descriptive research design whereby the variables are such that they cannot be controlled by the researcher. The study used a questionnaire as an instrument for collecting data. This is mainly because the time allocated

for data collection was very limited. The study also was carried out in only one industry due to the financial constraints of the researcher. The study was also limited commercial banking and not the entire banking industry as it sought to establish the factors influencing branding strategy amongst the major commercial banks in Kenya. Despite the above stated limitations, the researcher was able to achieve a reliable level of coherence and articulateness in developing credible findings and conclusions that can be used by various scholars and researchers for academic and research-based studies as well as policy-formulation-based research.

5.5 Implication on Policy, Theory and Practice

The study will prove to be of great importance to policy makers within the banking industry in identifying the most important factors in determining a bank's branding strategy and more specifically regarding brand associations, competition, nature of product, market size and company resources and how they influence branding strategy by commercial banks in Kenya. Competition and the nature of product were the most important influencers according to the findings in this research. With internet banking on the rise, banking institutions have to think more about creating strong brands in cyber space. There is a risk that customers may feel less connection and loyalty to the bank, as the personal relationship disappears and is replaced by banking mobile and internet applications that are not as personalised as one-on-one customer service is.

The need for marketers to control perceptions and create consumer preference for a particular bank calls for the kind of branding strategy that is employed in traditional consumer goods. Banks should make a conscious effort to make

customers feel something about doing business with them (Alvarez, 2001); but since banks are shifting towards a somewhat more anonymous customer orientation, this theory is not supported. Results from this study point out that arguably the most important factors in brand association are employees and the relation created between businesses and the employees at the bank because customers cannot be able to separate the service from the service-providers.

There is therefore need for policy-makers to come up with strategies for personalised relationships with customers and this is the most important since the banking sector of today tends to be moving further away from a personal relationship with their customer, owing to the increased number of electronic touch points that have increased in Kenya over the last decade such that even deposits can be undertaken through automated teller machines.

The growing use of internet banking presents the risk that customers will feel less connection and loyalty to the bank, as the traditional personal relationship slowly disappears. The policy-makers in the marketing department of banks need to alter perceptions and create consumer preference for their banks. This calls for similar branding strategy employed in other consumer goods. Policy-makers in the banking industry should come up with strategies that will enhance personal relations as this is demanded and desired by customers and this desire could also be seen as a form of loyalty, given that a strong personal relation to a given bank significantly decreases the will to change to another bank, as it was found that customers do prefer optimal solutions to their specific and unique situations.

There is a great need to provide personal relations in the banking industry and this should preferably be adopted as a branding strategy; as pricing became more important for customers and loyalty disappeared more and more due to the general lack of integration. The findings in this study support that the premise that customers do not want to pay a price premium. This scenario in the future is probably likely to bring more changes to banking services, moving from one bank to another. It is however important to highlight that for many a bank the term "customer value" is used in reference to the value that the customer generates for them, rather than the value that they can possibly offer their users. Customers should in future be treated to become ever more important than they are considered today, and failure in this area is likely going to largely determine the destiny of many a banking institution.

5.6 Recommendations

The study found that the most important factors for choice of bank branding strategy were related to the associations, competition, nature of product, and company resources. The study thus recommends that commercial banks should embrace personal relationship with the customers as an important part that will help in creating their brand association and increase the customer attitude towards their product. The study found that internet banking is also on the rise, this presents the risk that customers may feel less connection and loyalty to the brand of the bank, as the personal relationship disappears.

The study recommends that marketers in commercial banks in Kenya should alter the perceptions and create consumer preference for a particular bank, calls for similar branding strategy employed in consumer goods. The study further

found that when commercial banks are not providing personal relations, the price becomes more important for the customer, and the loyalty will disappear more and more due to lack of integration. The study further recommends that commercial banks in Kenya should enhance their products to improve branding options, they should also look beyond their local competition in shaping their branding strategy, and they should also lobby for more company resources to be allocated to marketing and branding operations.

5.7 Areas for Further Research

From the study, the researcher further recommends that future scholars can conduct studies relating to specific services within banks and branding strategy relating to them. This is because one major observation that the researcher made is that banks deploy more resources in branding specific lines of business but do not necessarily spend as much resources on other categories. Future researchers may also extend this study to other industries that are closely related to banking, for instance, the insurance industry, or the investment banking industry to see whether there are correlations or pre-determinable likenesses.

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APPENDICES

Appendix I: Questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

1. Name of the bank...

2. What position do you hold in the marketing department?

Director ( )

Manager ( )

Executive ( )

Officer ( )

Other (Please Specify) ………………………………..

3. How long have you served in the company?

Less than 1 year ( )

2 to 5 years ( )

5 to 10 years ( )

More than 10 years ( )

4. What is your gender?

Male ( )

Female ( )

5. What is your age bracket?

Below 25 years ( )

26 to 35 years ( )

36 to 45 years ( )

46 to 55 years ( )

Above 55 years ( )

6. What is your level of education? (Tick where appropriate)

Doctorate ( )

Master's degree ( )

Bachelor's degree ( )

Diploma ( )

Certificate ( )

Other ( )

SECTION B: FACTORS INFLUENCING BRANDING STRATEGY

7. To what extent do you agree with the following statement relating to brand association and branding strategy at your bank?

Use the following key: 1 strongly disagree 2 Disagree 3 Neutral 4 Agree 5 strongly agree

	1	2	3	4	5
BRAND ASSOCIATION					
Before the choice of that bank, customers had heard about positive thing about it					
Customers could connect to the bank's values					
Customers find our bank to be unique					
This is the most suitable bank for our customers					
The offerings from the bank was an influencing factor in the customer choice					
Customers had positive things in mind when thinking of the bank					
The bank offered the services that customer needed					
Customers compares the bank with other banks before taking the decision					

8. To what extent do you agree with the following statement relating to competition and branding strategy at your bank?

Use the following key: 1 strongly disagree 2 Disagree 3 Neutral 4 Agree 5 strongly agree

	1	2	3	4	5
COMPETITION					
Competition in the market directly shapes your branding strategy					
Your branding strategy continuously reflects your response to competition					
You duplicate what your competitors implement					
You observe your competitors' tactics					
Your competitors use your strategy to improve theirs					

9. To what extent do you agree with the following statement relating to nature of product and branding strategy at your bank?

Use the following key: 1 strongly disagree 2 Disagree 3 Neutral 4 Agree 5 strongly agree

	1	2	3	4	5
NATURE OF PRODUCT					
Our customers are willing to pay a higher price for services of our bank					
Customers constantly compare my bank's offerings with other banks					
The current bank constantly out-competing other banks when it comes to customers' needs					
Our customers feel satisfied with the financial services received from our bank					

10. To what extent do you agree with the following statement relating to market size and branding strategy at your bank?

Use the following key: 1 strongly disagree 2 Disagree 3 Neutral 4 Agree 5 strongly agree

	1	2	3	4	5
MARKET SIZE					
The size of market directly shapes your branding strategy					
Your branding strategy continuously reflects the market size					
Market growth or decline directly impacts your branding strategy					
The number of market players influences your branding tactics					
The bank adopts branding strategies according to its market size					

11. To what extent do you agree with the following statement relating to company resources and branding strategy at your bank?

Use the following key: 1 strongly disagree 2 Disagree 3 Neutral 4 Agree 5 strongly agree

	1	2	3	4	5
COMPANY RESOURCES					
The Bank's resources determines the branding strategy					
The Bank adopts branding strategies which fits their resources					
The bank considers the cost of branding strategy before adopting it					
The bank adopts branding strategies with comparable budgets to peers in the industry					
The bank adopts branding strategies according to past expenditure					

Appendix II: List of Commercial Banks in Kenya

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

24. Gulf African Bank Limited
25. Habib Bank A.G Zurich
26. Habib Bank Limited
27. Imperial Bank Limited
28. I & M Bank Limited
29. Jamii Bora Bank Limited
30. KCB Bank Kenya Limited
31. Middle East Bank (K) Limited
32. National Bank of Kenya Limited
33. NIC Bank Limited
34. Oriental Commercial Bank Limited
35. Paramount Universal Bank Limited
36. Prime Bank Limited
37. Sedian Bank (K-Rep Bank Limited)
38. Spire Bank (Former Equatorial Commercial Bank Limited)
39. Standard Chartered Bank Kenya Limited
40. Trans-National Bank Limited
41. UBA Kenya Bank Limited
42. Victoria Commercial Bank Limited

Source: Central Bank of Kenya Website, 2016