



**THE RELATIONSHIP BETWEEN ISSUE NEWS AND CORPORATE BRAND
EQUITY: A CASE STUDY OF UCHUMI SUPERMARKETS**

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DECLARATION

This research project is my original work and has not been submitted for the award of degree in any other university.

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DEDICATION

To my God, my Father, my rock of ages for loving me and blessing me with life, wisdom and good health to see this project through. To my children Sabina and Cooper for whom I live for and want to always achieve all that I dream of to make their tomorrow better and brighter. To my husband Joel Gachanja who constantly pushed me to finally work on my project and finish my MA degree. To my mum and my dad for firmly instilling in me that the only inheritance they shall give me is my education and I am grateful that they are alive to see me complete my MA degree. In life, we waver, we give up, we fail; but that is not the true test of character; it is in how we pick ourselves up and how we rise that we show the world what we are truly made of.

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ABBREVIATIONS

| | |
|------------|------------------------|
| BP | British Petroleum |
| Ksh | Kenya Shillings |
| LG | Lucky Goldstar |
| PLC | Public Limited Company |
| US | United States |

ABSTRACT

This study critically examines the relationship between issue news and corporate brand equity. Using Uchumi supermarkets as a case study, this research argues that issues news have a significant impact on the brand equity of companies. This is especially critical when companies are facing crises occasioned by various factors and actors as was the case with Uchumi supermarkets whose brand equity has taken a battering in the recent years. The research was premised on the main objective which was to examine the relationship between issue news and Uchumi Supermarket's corporate brand equity. The specific objectives were: to determine consumer awareness of issue news about Uchumi Supermarket; to establish the relationship between issue news and Uchumi supermarket brand equity; and, to evaluate the mediating role of consumer's sensitivity to information from the news media on Uchumi supermarket brand equity. Evidence from all the eight Uchumi supermarkets in Nairobi and eight competing stores was used. Moreover, the research also talked with 73 respondents comprising of 32 shoppers from Uchumi, 32 shoppers from competing supermarket brands located close to Uchumi's eight supermarket stores in Nairobi and nine key informants was used. In addition, newspaper clippings and TV clips were analysed to confirm the effect issue news had on shoppers' and stakeholders' behaviour and choices towards Uchumi. Most of those interviewed, as evidence in this study shows, consider brand equity and reputation as critical to the choices they make. Unfortunately, most of those interviewed, or 95 per cent, considered Uchumi's reputation and brand as bad largely because of the negative press and challenges it faces. Given this situation, the study notes that Uchumi has been unable to effectively deal with the crisis bedevilling it. Accordingly, had Uchumi had a crisis communication plan in place, it might have been able to control the impact of the issue news on their corporate brand reputation and by extension limited the effect on their corporate brand reputation.

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CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter offers a broad background to the study. It also presents the problem statement, the objectives and research questions. It also discusses the significance of the study.

1.2 Background to the Study

Issue management is a corporate communication function that, according to Wrench (2013, p.49) has arisen as a response to “an unprecedented battering of business” and enabled business to participate in the public policy process. Underscoring the rise of this concept in recent corporate communications as well as public relations literature, Davis (2007) acknowledges that no organization can survive the rigours of business without going through some sort of negative episode and the organization has to be prepared to deal with associated negative attention preferably prior to, but also during or after becoming a crisis. Wrench (2013) defines an issue as any development, real or perceived which, if it persists, could significantly affect an organization’s financial status, operation or image and calls for a response in a structured way.

Regeister and Larkin (2005) observe that a seemingly unimportant issue such as a viewpoint expressed in a trade publication, small but persistent customer complaints about products, an alleged claim about the organization’s performance or some unconnected trend in social behaviour could grow out to be an issue, which if not addressed, could be devastating for a business. In Kenya, Uchumi Supermarkets is one such company that has suffered negative issue news and the interest of this study was to

establish relationship between the negative issue news and the company's corporate brand equity.

According to Davis (2007), an effectively mitigated issue gives the company an advantage in influencing the perception of the public over the issue. Regester and Larkin (2005) argue that issue news is the outcome of a failure to have issue management systems in place, the result of which is reputational crisis. Carroll and Buchholtz (2014) note that once an issue is known by the public and attracts public debate and media attention, resolving the issue increasingly gets difficult. Chun *et al.* (2005) thus posit that corporate reputation is constantly at risk of being dented or destroyed by negative issue news. This study examined Uchumi's brand erosion by determining consumer's reaction to negative issue news about the company.

Fombrunv and Van Riel (2004) qualified the foregoing notion further by noting that, often, we are attracted to negative news that cast a dark shadow on the reputation of companies and individuals, a disproportionate share of which goes to corporate brand names that we recognize. This recognition that we make of the corporate brand name and the association between the name and the negative issue in the news potentially correlates with the corporate brand equity gained or lost. This chain effect from an organization's image to brand equity formation was tested in a research by Heinberg, Ozkaya and Taube (2013) who confirmed the reputation – brand equity nexus and drew the conclusion that reputation signals to consumers about the credibility of the services offered by the company. Thus, it was assumed that the negative issues that made headlines about Uchumi supermarket potentially eroded the supermarket's brand equity.

1.2.1 About Uchumi Supermarkets

The supermarket sector in Kenya is rapidly developing, with the recorded count standing at around 220 supermarkets (Neven & Reardon, 2005). This rapid development of the supermarket sector in Kenya has been attributed to an array of factors including increased urbanization; a burgeoning middle class and market liberalisation that has led to increased competition in the sector (Irungu & Wanjau, 2011). According to Ouma, Mwangi and Molo (2013), the high growth of supermarkets in Kenya has designated the country as a supermarket hub in comparison to the rest of Eastern Africa in supermarket presence. Kibwage, Odondo and Momanyi (2008) observed that Kenya's supermarket sector is considered very advanced and rapidly expanding with growth rate of 18% per year. The supermarkets sector in Kenya comprises of four main retail chains namely Uchumi, Tuskys, Nakumatt and Ukwala (Ouma et al., 2013).

The history of Uchumi Supermarket dates back to the 1970s when a consortium of government parastatals entered into a management contract with a leading supermarket in Europe to train Kenyan personnel to assume the running of the supermarket. The company went public in 1992 and in the year 2002, it set up stores in Uganda and Tanzania. However, it went under receivership in the year the year 2006 during which it was suspended from the Nairobi Securities Exchange, but was relisted five years later. It is one of the largest supermarkets in Kenya, employing over 1,000 people and operating several branches throughout the country (Uchumi Supermarkets Limited, 2015).

Uchumi Supermarket first started experiencing financial and operational difficulties in the early 2000s which led to the first episode of negative issue news about Uchumi Supermarket brand. A study by Muringi (2012) indicated that rebuilding of the Uchumi

brand which had been tarnished by its inability to meet its obligations was one of the strategies adopted by the company. Hardly four years later had negative issue news erupted again about Uchumi Supermarket being “back in the headlines for all the wrong reasons” (Business Daily, 2015).

1.3 Problem Statement

Access to a range of news, information and opinion in the news media, coupled with corporate missteps has put the spotlight on the contribution of corporate communications to corporate brand equity, recognizing that negative issue news is a threat to an organization’s reputation and by extension, corporate brand equity (Plummer, 2005). It is important to document the effect of issue news on brand equity in order to come up with communication strategies that promote rather than erode brand equity. From the consumer perspective, brand equity is measured by preference, attitude or intent to purchase (Aaker, 2009). As Dalton (2015) argues, attitudes must be analyzed, not just those expressed in the media, but also the outcomes to understand whether consumers have changed their perceptions and preferences, both of which are the definitive components of brand equity. However, little is known whether there is a correlation between issue news and corporate brand equity. Past research in the Netherlands and the United States focused on the nexus between issue news and corporate reputation (Meijer, 2006) as well as stock prices (Chan, 2001) respectively, but few studies have been conducted on the interaction between issue news and corporate brand equity in the supermarkets sector in Kenya. Is there a significant relationship between issue news and corporate brand equity of Uchumi Supermarket and does this vary by issue salience? This study applied the Theory of Buyer Behaviour to close this knowledge gap.

1.4 General Objective

The main objective of the study was to examine the relationship between issue news and Uchumi Supermarket's corporate brand equity.

1.4.1 Specific Objectives

1. To determine consumer awareness of issue news about Uchumi Supermarket.
2. To establish the relationship between issue news and Uchumi supermarket brand equity.
3. To assess the mediating role of consumer's sensitivity to information from the news media on Uchumi supermarket brand equity.

1.5 Justification

Uchumi Supermarket brand has received negative media exposures over the period 2014 to 2016 going by the issue news about the company in both print and electronic media (Business Daily, 2015). However, little is known concerning how such negative news from the mass media have affected the supermarket's brand equity hence the need to undertake this study. The study was anchored on the Theory of Buyer Behaviour as the theoretical paradigm with which the intersection between brand equity and issue news can be understood. Although there is a plethora of literature addressing related subjects such as reputational risks associated with negative media coverage, existing research work on issue news in Kenya have not explored deeply the relationship between issue news and corporate brand equity. The application of consumer behaviour theories to the understanding of the effect of corporate news on mass media audience has only been practiced in a limited way. This research triangulated data from multiple sources in an attempt to decipher the relationship between issue news and corporate brand equity. The

outcome of this research was intended to help communication scholars appreciate media audience as markets by understanding how mass communication affects corporate brand equity from the perspective of issue news.

1.6 Scope and Limitations of the Study

The study extracted insights from a single case study by focusing on the case of Uchumi Supermarkets Limited. The study investigates how issue news as broadcasted through the mass media, especially those broadcasted through national television and newspapers in Kenya, affect corporate brand equity. The source of information was limited to interviews conducted with NSE experts, journalists, news clips from the three leading media houses namely: Nation Media Group (NTV and *Business Daily*), the Standard Group (KTN and *Standard Digital*) and Royal Media Services (Citizen TV). Shoppers from all the open Uchumi Supermarkets in Nairobi and from rival supermarkets in the locations where Uchumi Supermarket has presence within Nairobi County were also interviewed. Reference was made to negative news about Uchumi Supermarkets during the period between 2014 and 2016.

1.7 Conceptual Framework

A simplified conceptual framework drawn from the Theory of Buyer Behavior that explain brand choice behaviour with the various variables as shown in Figure 2 in Chapter 2 was used. The main variables were: symbolic stimuli, internal stimuli and brand equity indicators.

The independent variable is symbolic stimuli from issue news which represents the consumer's social environment. The issue news relays information about Uchumi

Supermarket Brand with respect to quality, price, distinctiveness, availability and the accompanying services as expressed through the mass media such as newspaper and television.

The intervening variable is the consumer's internal state such as sensitivity to information from the mass media and perceptual bias. Sensitivity to information is the extent to which the flow of stimulus information from issue news about Uchumi Supermarkets brand is controlled by consumers. Perceptual bias is the distortion of the information received from issue news when the consumer fits the new information into his or her existing mental state based on established beliefs from previous experience with the brand. In combination, these internal stimuli factors serve to control, filter and process the issue news that are received by the consumer from the mass media.

Brand equity represents the dependent variable which is the output that is likely to manifest cause and effect relationship between the independent variable (symbolic stimuli from issue news) and the intervening variable (internal stimuli). In the framework, brand equity is indicated by the preference, attitude and intention to shop at the supermarket under study.

1.8 Operational Definition

Brand equity: This is the commercial benefit that accrues to the organization from the preference, attitudes and purchasing decisions made by consumers about an organization's brand.

Internal stimuli: These are thoughts that motivate consumers to act in a certain way towards a brand.

Issue news: This refers to corporate news broadcasted in the mass media that potentially paints the organization in bad light.

Symbolic stimuli: These are information from the social environment of the consumer such as the news media.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter critically reviews literature on issue news and corporate brand. It argues that issues news have become an important determinant of organizational brand equity and reputation. The chapter first examines brand equity and considers related concepts such as corporate brand equity, corporate reputation and issue news. It then discusses the theories that underpin the study. It lastly critically reviews the empirical studies on the relationship between issue news and corporate reputation in general and corporate brand equity in particular.

2.2 Brand Equity in Perspective

Gelb and Rangan (2014, p.95) consider a brand as “the central nexus of communication between an enterprise and its consumers”. Aaker (2009) expands on this view, depicting brand equity as the combination of goodwill linked to a brand’s name and symbol that adds to or deduct from the value provided by a firm to its customers. Corporate brand equity is therefore the response by stakeholders to actions and information conveyed by an identified corporate brand entity (Ormeno, 2007). Thus, Uchumi Supermarket’s corporate brand equity refers to consumer’s response to the words and actions of the company as relayed through news media.

Shaafi and Madhavaiah (2013) assert that elements of brand equity including awareness, loyalty, perceived quality and association are the most attributing components of brand equity. A study by Ryan and Silvanto (2013) found that a strong corporate brand equity is important in maintaining brand loyalty. Thus, corporate brand equity occurs when

targeted consumers respond more favourably to a company activity. For the organization, a number of benefits accrue from brand equity, including increased loyalty and less vulnerability to competition (Ormeno, 2007). Uchumi's corporate brand equity would be depicted by consumer's loyalty to the supermarket and what it represents.

Meijer and Kleinnijenhuis (2007) argue that consumers do care about corporate reputation, and therefore corporate brands when making purchase decisions. Meijer and Kleinnijenhuis contend that issue news enables consumers to evaluate companies on the basis of their issue performance, for example, to make fashionable or informed decisions about purchasing products or patronizing their services. Dalton (2015) observe that the modern day era is assuming the characteristic of a reputation economy, whereby competitive advantage is based less on management claims and more on management action, that is their accountability and consistent delivery of brand value.

Jung (2012) explains that negative issues are induced by corporate actions or incompetence but can also result from un-forecasted events and issues such as unanticipated reactions by members of the public to corporate news. Faced with growing uncertainty in the marketplace, corporations are appreciating the need to put communication plans in place to prevent risk issues from evolving into nasty reputational surprises which can quickly lead to loss of stakeholder confidence thereby damaging brand equity (Dalton, 2015). Cornelissen (2010) observe that media attention to an organization can have a strong influence on the corporate reputation of the organization since media coverage often has an amplifying effect when good or bad news is reported about reports on annual results to investigations of corporate issues. Building on this perspective, Capriotti (2009) maintains that media exposure significantly influences

public opinion and plays a significant role in forming companies' corporate reputation. Adverse issue news can therefore lead to brand erosion in Uchumi's case.

Jung (2012) further asserts that corporate crises require that corporations react promptly and respond strategically to manage public reaction and effectively recover to normal operations; and that while corporate crises can potentially threaten company performance, these situations also present the opportunity for corporations to boost company reputation and increase public goodwill, both of which have important implications for corporate brand equity. This perspective is shared by Tilburg, Francksen and Da Rosa (2013) who argue that while an issue becomes a problem when it is perceived as a threat, the tipping point for issue management comes when an issue is also seen as an opportunity.

Davis (2007) points out that reputation exists for their bottom-line impact on organizations and their ability to cushion organizations from the immediate reactions of stakeholders in their environments when adverse issues arise. Thus, issue management in the view of Donsbach (2015), considers the impact of promotional themes in regard to a brand or a company as issues are contestable subjects of interest to the public that are concerned with debatable viewpoints or problem solutions by an organization and its stakeholders.

Dalton (2015) posits that an important aspect of creating and protecting a sound organizational reputation is the ability to proactively recognize and assess potential and ongoing issues. Register and Larkin (2005) echo this viewpoint by stating that the key to successful information dissemination in crisis situations is to create the organization at

the centre of the crisis as the one authoritative source of communication about what has happened and what is being done about it. Dalton (2015) asserts that the essence of issue management is to anticipate problems and opportunities and by managing them correctly create positive outcomes such as enhanced reputation and market-share. This underscores the importance of issue management as a component of corporate communication that can shield Uchumi Supermarket from negative issue news.

In their research, Page and Fearn (2005) posed the question of whether consumers are concerned about corporate reputation with respect to their purchasing decisions. They tested this hypothesis by comparing consumers' perception of companies to the consumer identification with brands owned by those companies, using international studies of brand equity and corporate reputation. Their results showed that weak corporate reputation makes building strong brands difficult, but a strong reputation is no guarantee for success. This study potentially suggests that brand equity is affected by issue news through its logical correlation with corporate reputation. However, the direct relationship between issue news and corporate reputation was not tested.

Melewar (2008) hypothesized that a direct relationship existed between media relations and corporate reputation and argued that positive media coverage such as favourable comments in newspapers positively influences the impression formed in the mind of customers and employees of an organization. However, Melewar speculated that the extent of the impact may depend on other factors such as personal experiences or personal interest in the organization. That is, those factors can moderate the relationship between media presence and corporate reputation. The research by Melewar however failed to clarify the nexus between issue news and corporate brand equity.

A study of issue news was undertaken by Hakvoorst (2010) who examined the effect of issue news on the image of Dutch banks. Hakvoorst assumed the weight that an issue had in respondents' overall evaluation of the reputation of a bank increased with an increase in media attention on the issue. He also speculated that the reputation of the bank that has a strong reputation on an issue increased with an increase in media attention devoted to the issue. However, the study found that media attention to a certain issue did make the issue become more important in the reputation of banks. However, issue ownership effects were found as the banks that were perceived to be more reliable concerning the issue got significantly higher evaluations when reliability was made more salient in media coverage. He concluded that "reliability" was a dominant issue in the banking industry, thereby minimizing the effects of news coverage on other issues. The study, while important in shedding light on the link between issue news and corporate reputation, did not however demonstrate how the same translated into corporate brand equity.

Hanzaee and Farsani (2011) discussed the effect of brand image and perceived public relation on customer loyalty based on data collected from LG Electronic consumers in Tehran. Their study found that there was a positive relationship between perceived public relations and customer loyalty and that this relation is moderated by brand image such that when brand image is favourable, the positive effect of perceived public relation on customer loyalty is significant. Since issue management is a function of public relations, it may be inferred from this study that issue management effectiveness conferred return on investment in the form of brand equity as measured by customer loyalty. A US public opinion survey of 1000 consumers reported by Regester and Larkin (2005) which seemed to corroborate this point of view showed that half of the

respondents had actively boycotted a company at sometime, with a further 26 percent saying they had joined a boycott within the past year. The report indicated that consumer outrage was caused by bad customer service, poor quality products and environmentally unsound actions.

Lawal, Elizabeth and Oludayo (2012) assessed whether strategic issue management activities contributed anything worthwhile to corporate performance by reporting a study on the issue management strategies of Nestle Food Nigeria PLC. Their study discovered among others that organizations that invest in the development of knowledge-skills and stakeholder resources were more efficient. While corporate performance is a function of both product as well as corporate brand equity, the corporate performance in this study did not include the measures of corporate brand equity which is the objective of this current study.

Departing from the research approaches in the foregoing studies, an empirical review of studies by Bryant and Oliver (2009) focused on moderators to the issue news-corporate brand equity relationship by analysing the role of personal level factors. They observed that framing effects researchers have identified limits to the extent to which frames can directly create issue-interpretation links. They found that besides factors such as quality of news presentation and the use of images, there were audience level factors that seemed to modify how frames operate. For instance, frames were found to appear most powerful when they activate existing constructs. That is, the more the audience knew about the issue, the more effective the frames were. They concluded that existing ideological beliefs can moderate the effects of issue news representations on their perception of a company under scrutiny; how people react to depictions of an

organization is a partial function of how they felt about the organization prior to exposure to the issue news. This is an aspect of predisposition consistent with the theory of buyer behaviour.

Carroll (2010) examined the correlation between issue news and corporate associations. She found that the amount of news about a certain issue influenced the salience of that issue and this applied both in the case of television news as well as print news. They recommended that future research on issue ownership within a business context should focus on making decisions over the issues that should be downplayed or emphasized to enhance corporate reputation of specific firms, and by extension corporate brand equity. This study is unique to the current study because the supermarket sector was represented and hence, provides initial perspectives about the link between issue news and corporate brand equity that could be extended to the case of Uchumi Supermarkets.

Johnson-Cartee (2005) drew from political communications research to understand how news frames affect consumer concerns, preferences and decisions. He found that when news consumers do not have preconceived attitude towards an issue, news framing was likely to have more influence on their decision making because news reports emphasize specific values or facts, thereby endowing them with greater relevance to the issue than they might appear to have under an alternative frame. This potentially influences the salience of issue news regarding a particular firm in the minds of consumers which affect their final attitude towards the firm, and therefore, its corporate brand image. The final attitude in turn determines intention and ultimate action which, with respect to corporate brand equity, may manifest in the consumer's brand loyalty or hostility.

Einwiller, Carroll and Korn (2010) examined the conditions influencing the degree of the media influence on corporate reputation. They found that stakeholders relied on the media to learn about reputation dimensions that were difficult to experience or observe and for which the news media were the main source of information. However, they did not demonstrate how this dependence on issue news on the news media influenced their attitude formation towards corporate brands.

A study that attempted to address the gap in Einwiller et al.'s (2010) research was undertaken by Heinberg and Ozkaya (2013) who tested two mediating variables namely, corporate image and product brand value on the one hand and three moderating variables – corporate brand visibility, trust and distribution intensity on the other. They collected responses from 1,176 consumers in China covering 36 consumer brands in three cities. The results confirmed the corporate reputation-product brand equity relationship and concluded that corporate reputation signalled to the consumers about the product brand and reduce uncertainty concerning a product's brand equity. Their study therefore has significant relevance for this research because it makes the first implied attempt to create a bridge between issue news and corporate reputation on the one hand and between corporate reputation and brand equity on the other.

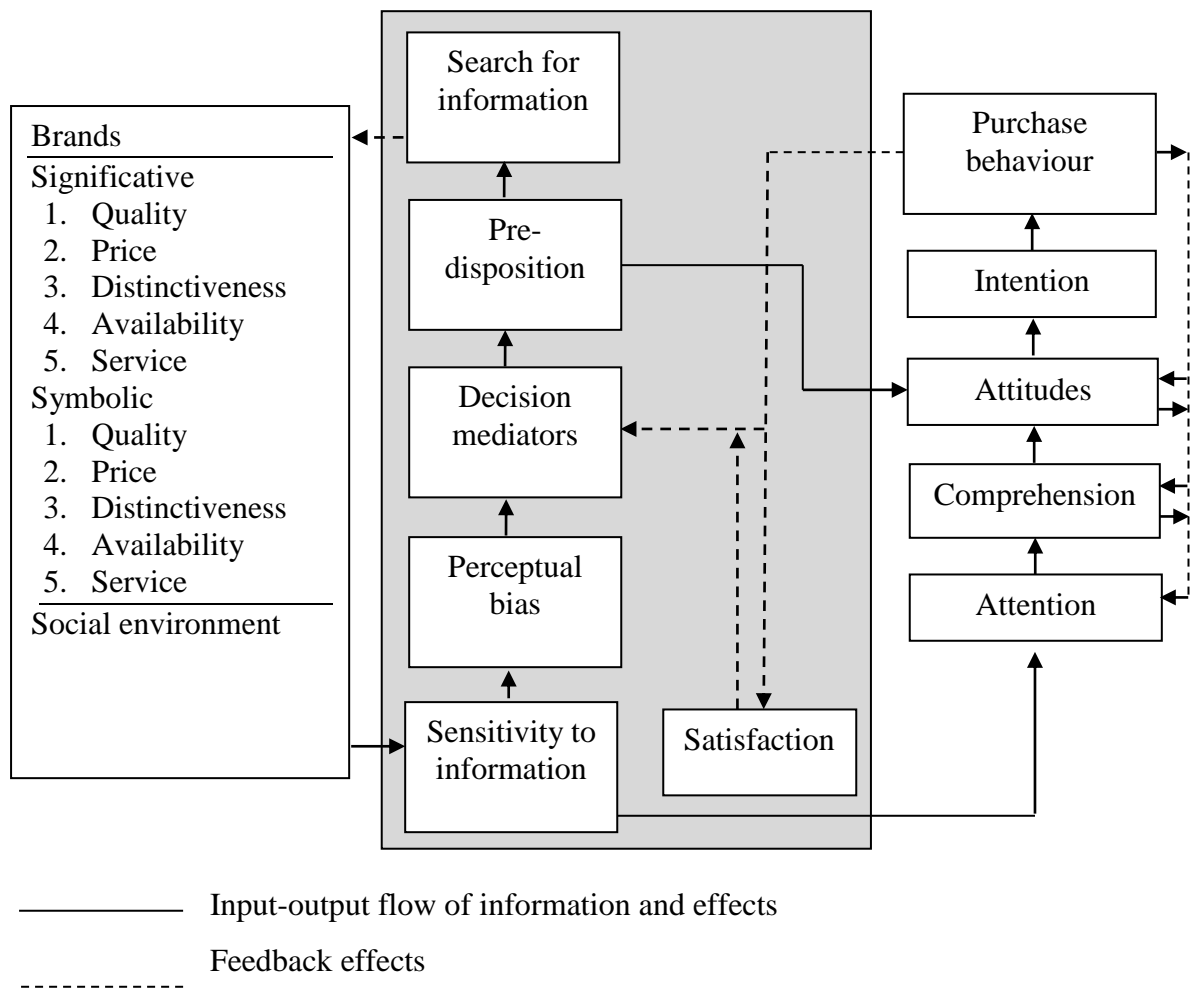
2.3 Theoretical Framework

This research was underpinned by the marketing Theory of Buyer Behaviour developed by Howard and Sheth (1969). The Theory of Buyer Behaviour was proposed by these scholars to explain the brand choice behaviour of the buyer based on the assumption that brand choice is not random but systematic. Three further assumptions influenced the development of this theory. Firstly, the buyer is rational within the limits of his cognitive

and learning capabilities and within the constraint of limited information. Secondly, if brand choice behaviour is assumed to be systematic, then it can be observed in certain standard ways. The proponents of this theory describe a series of measures of the buyer's buying behaviour generally labelled purchase behaviour, attitude toward a brand, comprehension of the brand, attention to impinging stimuli, and intention to patronize a brand. The fourth assumption is that if behaviour is systematic, it is caused by a stimulus either in the buyer or in the buyer's environment. The stimulus is the input to the system and the purchase behaviour is the output as depicted in Figure 1.

The figure illustrates that the inputs to the internal variables and process (within the grey shade) which, taken together, show the state of the buyer, are stimuli from the marketing and social environments. These inputs consist of various items of information about available brands in the market – typically; quality, price, distinctiveness, availability of the brand and the accompanying services (Goodhope, 2013). When obtained from the corporate brand itself, the stimuli are classified as significant stimuli whereas symbolic stimuli are communicated through the mass media such as newspaper and television (Goodhope, 2013). The outputs are the different responses manifested by the buyer based on the interaction between the stimuli and his internal state (Baker, 2001). This is influenced by sensitivity to information, perceptual bias and search for information (Goodhope, 2013), which are themselves influenced by buyer satisfaction. The degree of satisfaction with the brand feeds back as a modifying information influences purchase intention and subsequent activity (Foxall, 1990). This is consistent with the notion of customer patronage which is strongly linked to supermarket performance, measured by total number of customers, total store visits and average spend per shopping trip (Martinez-Ruiz, Jimenez-Zarco, & Izquierdo-Yusta, 2012).

Figure 2.1 Simplified form of a theory of buyer behaviour



Source: Baker (2001, p.85).

Baker (2001) argues that a buyer's brand-choice decision is influenced by his motives, (2) alternative courses of action and (3) decision mediators by which the motives are matched with the alternatives. The alternatives are the various brands that have the potential of satisfying the buyer's motives. Decision mediators are rules that the buyer employs to match his motives and his means of satisfying motives. They serve the function of modifying the buyer's motives, and then ordering and structuring the various brands based on their potential to satisfy these ordered motives. Decision mediators are

influenced by information from the buyer's environment (such as issue news) and by the actual experience of patronizing the brand.

Baker (2001) explains the buyer develops enough decision mediators to enable him to choose a brand which seems to have the best potential for satisfying his motives. If the buyer is satisfied with the brand, the potential of that brand to satisfy his motives for subsequent purchases is increased, and the probability of his buying that brand again is likewise increased. Routine purchasing implies that decision mediators are well established and that the buyer has a strong brand preference. Furthermore, the buyer establishes more cognitive consistency among brands as he moves towards routine response, and the incoming information is then screened with regard to its magnitude and quality. He becomes less attentive to stimuli which do not fit his cognitive structure and he distorts these stimuli when they are forced upon him. These implied mechanisms explain a phenomenon for which there is growing evidence: people can be exposed to a television commercial but not perceive it.

Like any other theory, the theory of buyer behaviour is not without its shortcomings. One of the shortcomings identified by Hunt (2002) is that theory is not conceived in a form suitable for testing as the structure must first be reconstructed in at least partially formalized form to make it amenable for testing.

The theory is applicable to the study of the relationship between issue news and corporate brand equity because of its ability to explain brand choice behaviour and how stimuli communicated through the mass media (in this case, issue news) influences patronage of corporate brands. Elements from the theory such as symbolic stimuli from

issue news are important in explaining the intersection between mass media communication and corporate brand equity because they are uncontrollable by the organization yet they provide inputs concerning the organization's brand to the consumer. Once the consumer received the information from symbolic stimuli, the influence of the stimuli is hypothesized as being subject to the consumer's sensitivity to the information, perceptual bias (the distortion that results when the information received is modified to fit established beliefs and experiences).

2.4 Summary of Literature Review

In this chapter, a discussion of the theoretical literature relevant to the study of issue news and corporate brand equity has been provided. The chapter has discussed the theory of buyer behaviour and explained its application to the current study. The literature review has provided key insights on the variables that interplay in the research on issue news-brand equity nexus.

It is clear from the reviewed studies that past scholars focused on the relationship between issue news and corporate reputation but little attention has been paid on the relationship between issue news and corporate brand equity. This current study was an attempt to address this research gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter discusses the various methods and instruments that were employed in the collection of primary data to support the arguments advanced in this research. The chapter describes the research design, the study population, sampling and sampling design which includes sample size and sampling method. The chapter also discusses the data collection method and the techniques that were used to analyse the data.

3.2 Research Design

Descriptive survey design was used. Lodico, Spaulding and Voegtle (2010) explain that descriptive survey research explains the beliefs, attitudes and perceptions about current trends and issues. This research design was specifically chosen because, as argued by Gupta (2004), descriptive studies can depict public perceptions about brands, consumer preference and consumption patterns as well as issue sensitivity of consumers.

3.3 Sampling Design

A purposive sample of eight Uchumi supermarkets currently open in Nairobi and eight competing stores was used. A random sample of 32 shoppers from Uchumi and 32 shoppers from competing supermarket brands located closest to the Uchumi outlets through mall intercept survey was used. Mall intercept involves stopping or intercepting shoppers in a shopping mall at random and conducting the interview right on the spot (Sreejesh, Mohapatra, & Anusree, 2013). The advantage with this approach, as explained by Sreejesh et al. (2013) is that the memories about the shopping experience are fresh,

and hence the situation is conducive for studying shopping behaviour. In this study, this was achieved by intercepting every 10th shopper at random till the sample size was reached. The sample size was considered adequate since it satisfied the requirements of statistical analysis since statisticians agree that as a general rule, a sample size of at least 30 is considered sufficient (Levine & Stephan, 2009). The open branches of Uchumi Supermarkets in Nairobi were: Adams Arcade, Buru Buru, Jogoo Road, Nairobi West, Koinange, Westlands, Ngong Road and Langata road stores.

Further, three journalists from Royal Media Services, the Standard Group and Nation Media Group; three Uchumi Managers and three NSE experts were included in the sample. The respective organizations were formally requested to allow the researcher to interview their managers and each organization allocated three managers to the researcher for interviewing. The total sample was 73 respondents.

In addition, newspaper clippings about Uchumi supermarket from Nation Media Group's *Business Daily Africa* and the Standard Group's *Standard Digital* over the period 2014 to 2016 were collected and analysed. Similarly, news clips from NTV, KTN and Citizen TV over the same period were collected. This period was scoped because it represented the most recent period during which Uchumi Supermarkets received wide negative media coverage, thus the data was useful for corroborating the findings about consumer awareness of Uchumi's issue news.

3.4 Data Collection Method

3.4.1 Interview guide

In order to determine the relationship between issue news and Uchumi Supermarkets brand equity, structured interviews were conducted using an interview guide to collect data from journalists, NSE experts and managers of Uchumi. The interview guide was designed as provided in Appendix 1. In order to evaluate the influence of symbolic stimuli from issue news and the moderating role of internal stimuli on the consumer attitude towards Uchumi supermarket brand, another interview guide was used as provided in Appendix 2. The questions explored themes related to internal stimuli and external stimuli specific to Uchumi's issue news as well as the preferences, attitudes and intention to shop at Uchumi supermarket. Data from the interviews was recorded through note taking after probing and prompting questions. Validity of the instrument was established by conducting a pilot test of the same and reviewing accordingly.

3.4.2 Review of News Clips

The researcher assembled and analysed the content of extracts of issue news from news clips gathered from both print and electronic media owned by the Nation Media Group, Standard Group and Royal Media Services between the periods 2014 to 2016 to analyse the symbolic stimuli emanating from issue news with respect to quality, price, distinctiveness, availability and service.

3.5 Data Analysis and Reporting

Thematic analysis technique was applied in analysing data from structured interviews and news clips using Atlas.ti computer software. This entailed the identification of key words and emerging themes from the media content as well as responses from

interviewees based on their frequency. This was then represented in the form of charts and graphs and augmented with verbatim analysis. A similar analysis was undertaken with respect to key informant responses.

3.6 Ethical Considerations

The researcher undertook several measures to ensure that the study was above board with regards to ethical requirements. Informed consent was sought from the respondents who were informed that their participation in the study was entirely voluntary and they reserved the right to withdraw their participation at any time without any consequences. The researcher also signed a confidentiality statement which was retained by the key informants. In order to keep their participation anonymous, respondents were required not to reveal their identity anywhere on the questionnaire. The respondents were assured that the research findings would be used for academic purposes only. All material used in the research were duly acknowledged as per the requirements of APA Style. The University process was adhered to by defending the proposal before the Board of Examiners and obtaining a Certificate of Field Work (Appendix 3). Further, the final project was defended before the Board of Examiners and obtaining a Certificate of Correction (Appendix 4) The University requirements for originality was adhered to by a duly filled Declaration of Originality Form (Appendix 5). Evidence of the same is shown in the Plagiarism Test results which indicate that the report passed the test of originality as per the requirements of the University (Appendix 6).

3.7 Chapter Summary

This chapter has explained the blue print that guided the collection and analysis of data and compilation of this report. The chapter has explained the research design, the study population, sampling and sampling design. It has also discussed the data collection method and the techniques that were used to analyse the data. In the next chapter, the data is analysed, interpreted and presented.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Overview

The main objective of the study was to examine the relationship between issue news and Uchumi Supermarket's corporate brand equity. This chapter presents the analysis, presentation, interpretation and discussion of findings. The chapter begins by analysing the shopping patterns of respondents as a proxy of brand equity. The rest of the chapter is presented thematically based on the specific objectives. Section two presents the analysis of consumer awareness of issue news about Uchumi Supermarket. Section three presents the findings on the relationship between issue news and Uchumi supermarket brand equity. The last section evaluates the mediating role of internal stimuli on consumer attitudes towards issue news about Uchumi supermarket brand.

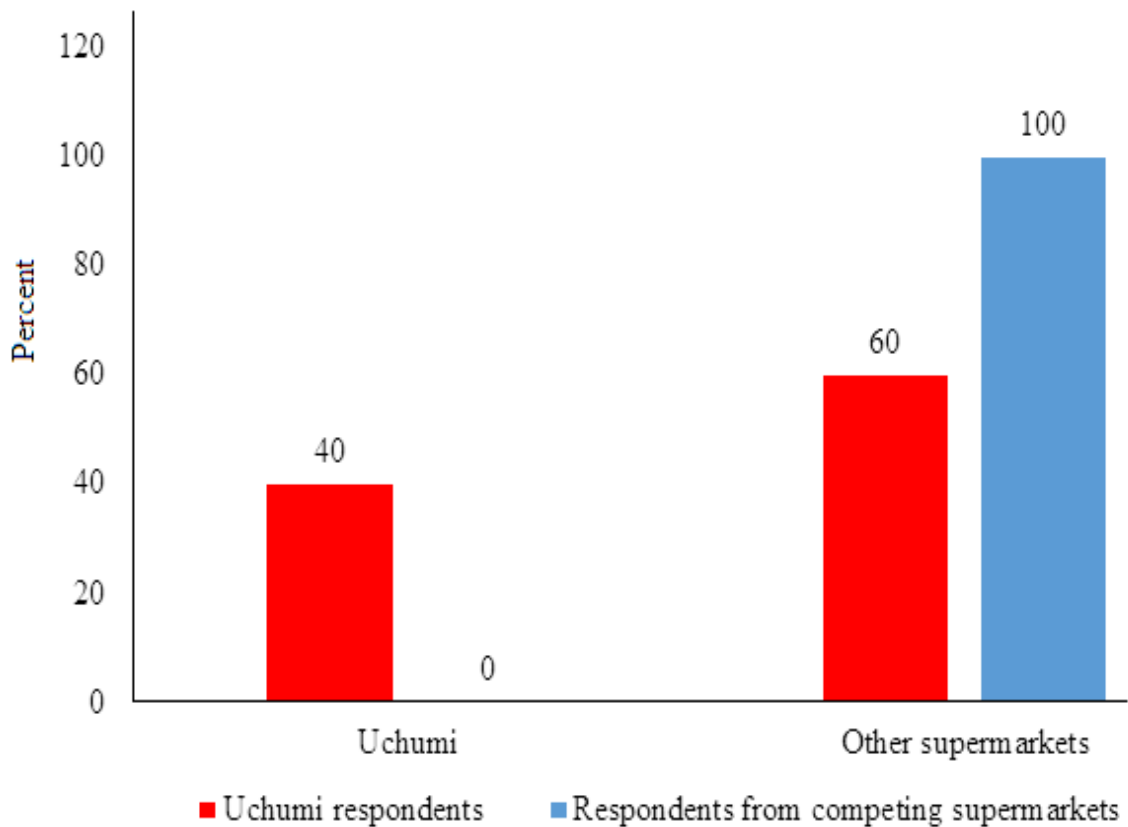
4.2 Shopping patterns and behaviour

This section analyzes shopping patterns and behaviour that denote brand equity. The variables analysed are: purchasing behaviour, intention and attitudes.

4.2.1 Purchasing behaviour

Respondents were asked to mention where they did their shopping most frequently. Figure 4.1 presents the findings. As per the figure, 60% of the respondents from Uchumi supermarket and 100% of the respondents from competing supermarkets frequented other supermarkets other than Uchumi. Forty percent (40%) of the respondents from Uchumi supermarket did their shopping most frequently at Uchumi supermarket. The finding suggest that Uchumi's corporate brand equity was low.

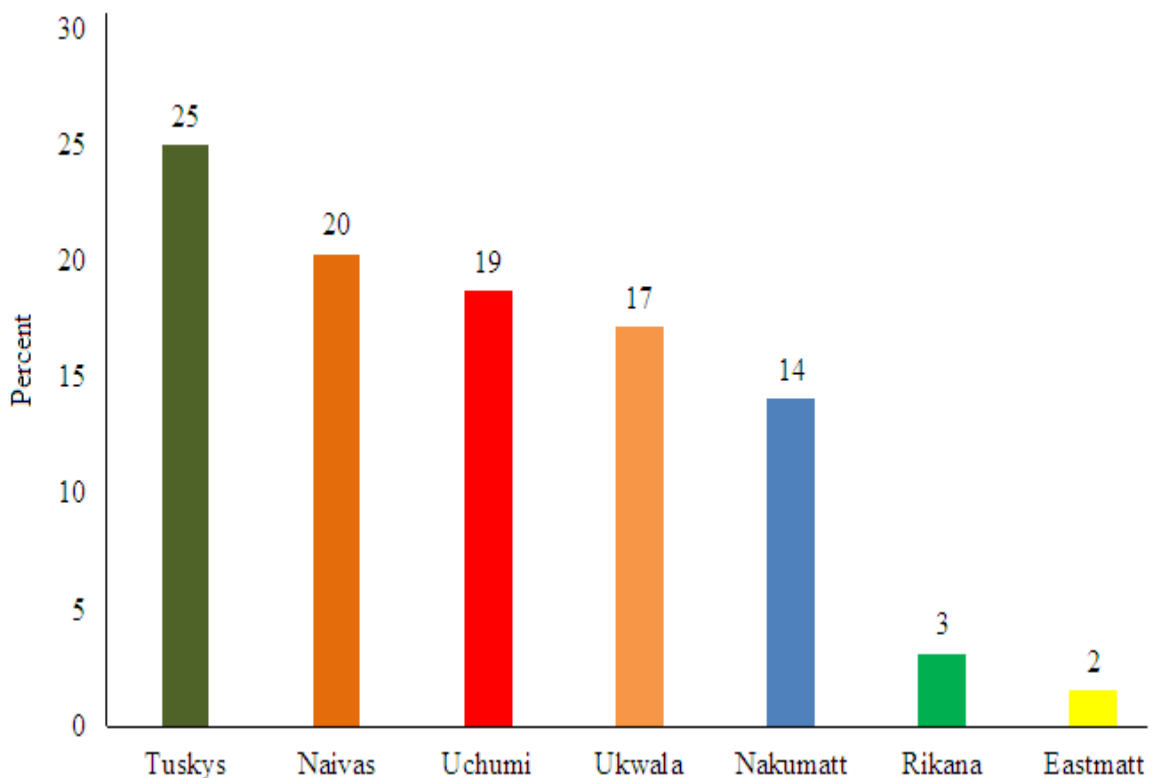
Figure 4.1 Supermarket most frequented



Source: Research data (2016)

Figure 4.2 below presents the distribution of respondents by supermarket most frequented. The figure shows that Tusky's accounted for the largest (25%) share of customers in the eight locations where Uchumi Supermarket had presence, followed by Naivas Supermarket (20%) while Uchumi Supermarket ranked third with 19% share of the customers. Other competing supermarket with significant share of the market in the locations where Uchumi Supermarkets had branches were Ukwala (17%) and Nakumatt (14%). The supermarket brand with the least share of the market in the locations where Uchumi had presence were Rikana Supermarket (3%) and Eastmatt (2%).

Figure 4.2 Distribution of respondents by supermarket most frequented

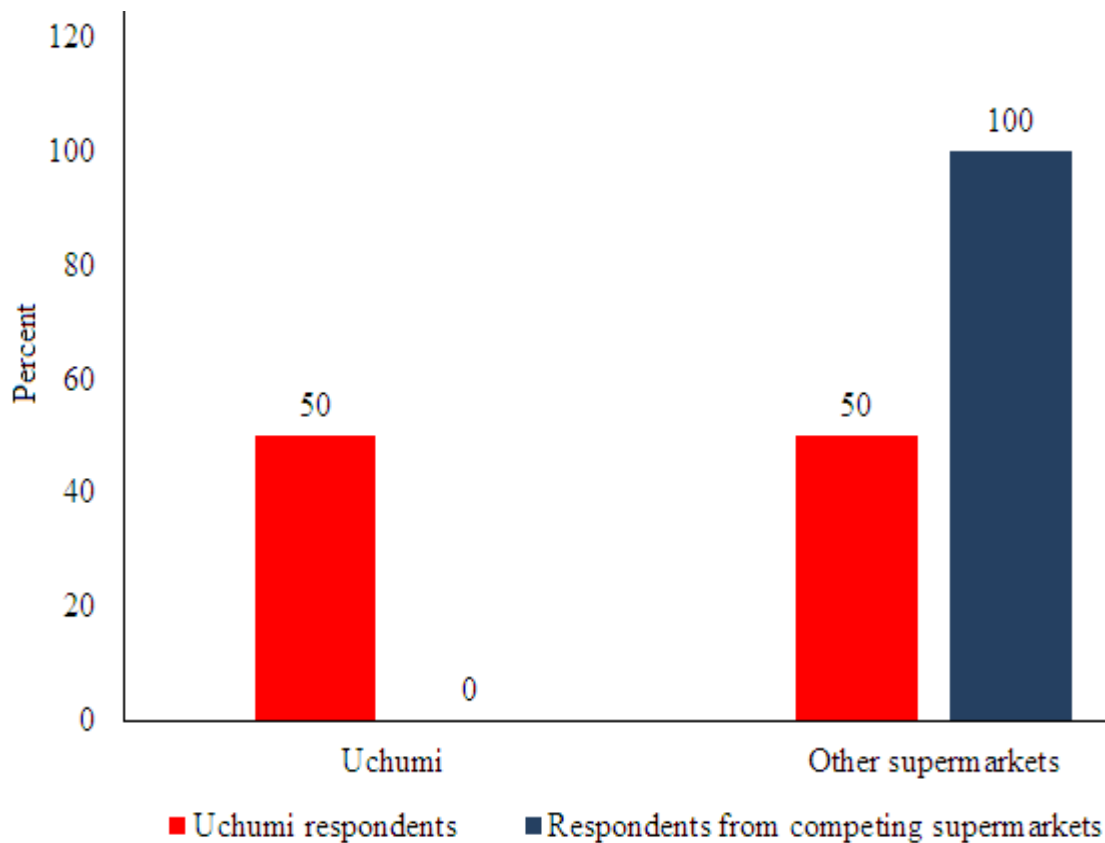


Source: Research data (2016)

4.2.2 Consumer Intentions

The study sought to establish the supermarket brand that the respondent usually thought of whenever they wanted to go shopping. Figure 4.3 shows that half (50%) of the respondents from Uchumi supermarkets and all (100%) of the respondents from competing supermarket brands usually thought about other brands other than Uchumi whenever they wanted to go shopping. The results suggest that most of the respondents did not think about Uchumi Supermarket as supermarket brand of choice. The findings are consistent with Plummer's (2005) who recognize that negative issue news is a threat to an organization's reputation and by extension, corporate brand equity.

Figure 4.3 Brand memory by respondent category



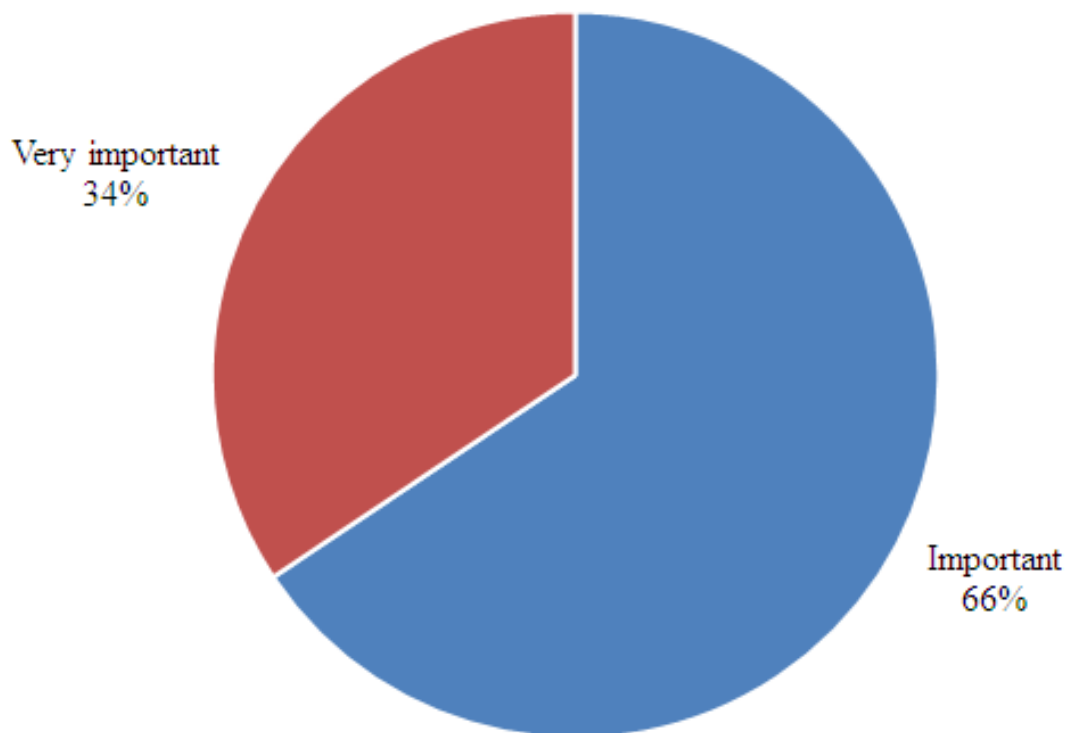
Source: Research data (2016)

4.2.3 Importance of Supermarket brands

The study sought to establish how much importance respondents attached to Supermarket brands whenever they went shopping. As figure 4.4 shows, all of the respondents considered supermarket brands as important whenever they went shopping; with 66% of the respondents attaching importance and 34% attaching very much importance to supermarket brands. This finding suggest that the image and reputation of supermarket brand was an important consideration for shoppers. This is in line with Davis (2007) who pointed out that reputation exists for their ability to cushion organizations from the immediate reactions of stakeholders in their environments when adverse issues arise. In this study, price, convenience and quality of service were the

reasons given by most of the respondents when making brand choice decisions. From the verbatim comments, price emerged as the single most important consideration respondents made when selecting supermarket brand, followed by convenience and nearness of the supermarket and quality of services.

Figure 4.4 Importance attached to supermarket brand



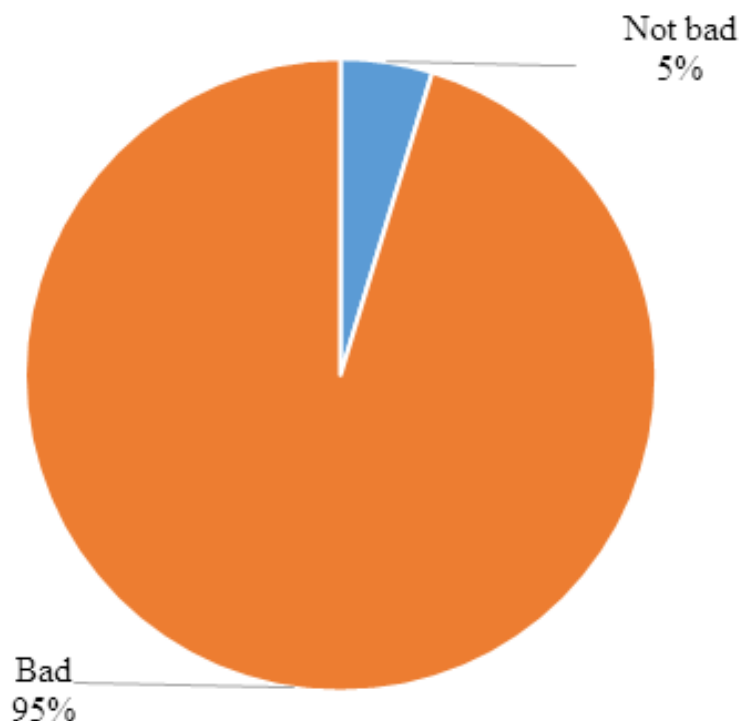
Source: Research data (2016)

4.2.4 Perception of Reputation of Uchumi Supermarket brand

Respondents were asked how they felt about Uchumi Supermarket as a brand in terms of its reputation. Figure 4.5 shows that 95% of the respondents perceived of the reputation of Uchumi Supermarket brand as bad and 5% perceived of the same as not bad. Most of the respondents cited corruption and mismanagement as the reason for their perception of Uchumi supermarket having a bad reputation. There was a general impression that

management and staff as well as suppliers of the supermarket were responsible for bad reputation of Uchumi. Some of the verbatim comments from the shoppers were; “Reputation is bad, because the managers are bringing it down”, “The reputation is not so good because of poor management”, “Very bad reputation because of corruption”, “They have very corrupt managers and staff”, “Mismanagement and corruption within staff and suppliers”, “There is a lot of corruption within the staff”, “Not good because of some corrupt staff members”, and “Corruption within the management is always reported”. These findings are consistent with the hypothesis fronted by Melewar (2008) who associated media relations with corporate reputation and implied that negative media presence such as unfavourable comments in the news had an adverse effect on the image formed in the mind of stakeholders.

Figure 4.5 Perception of reputation of Uchumi Supermarket brand

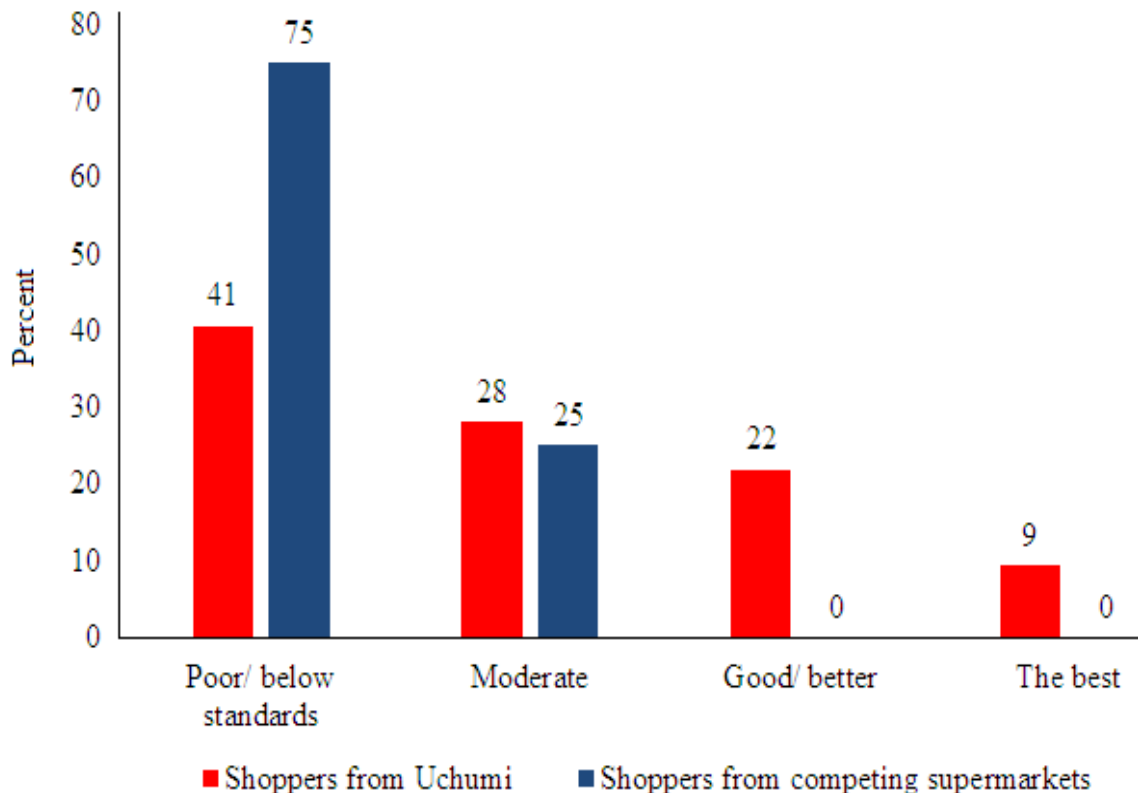


Source: Research data (2016)

4.2.5 Perception of Uchumi's Supermarket Brand in terms of Quality

Respondents were asked how they felt about Uchumi Supermarket as a brand in terms of quality. Figure 4.6 shows that majority of the shoppers both from Uchumi Supermarkets (41%) and from Uchumi's competitors (75%) perceived that Uchumi Supermarket brand was of poor/substandard quality. However, 28% of shoppers from Uchumi and 25% of shoppers from Uchumi's competitors perceived that Uchumi Supermarket brand was of moderate quality. Twenty two percent of the shoppers from Uchumi perceived of Uchumi Supermarket brand as being of moderate quality and 9% of the shoppers from Uchumi were of the view that Uchumi Supermarket brand was of the best quality.

Figure 4.6 Perception of Uchumi Supermarket brand in terms of quality

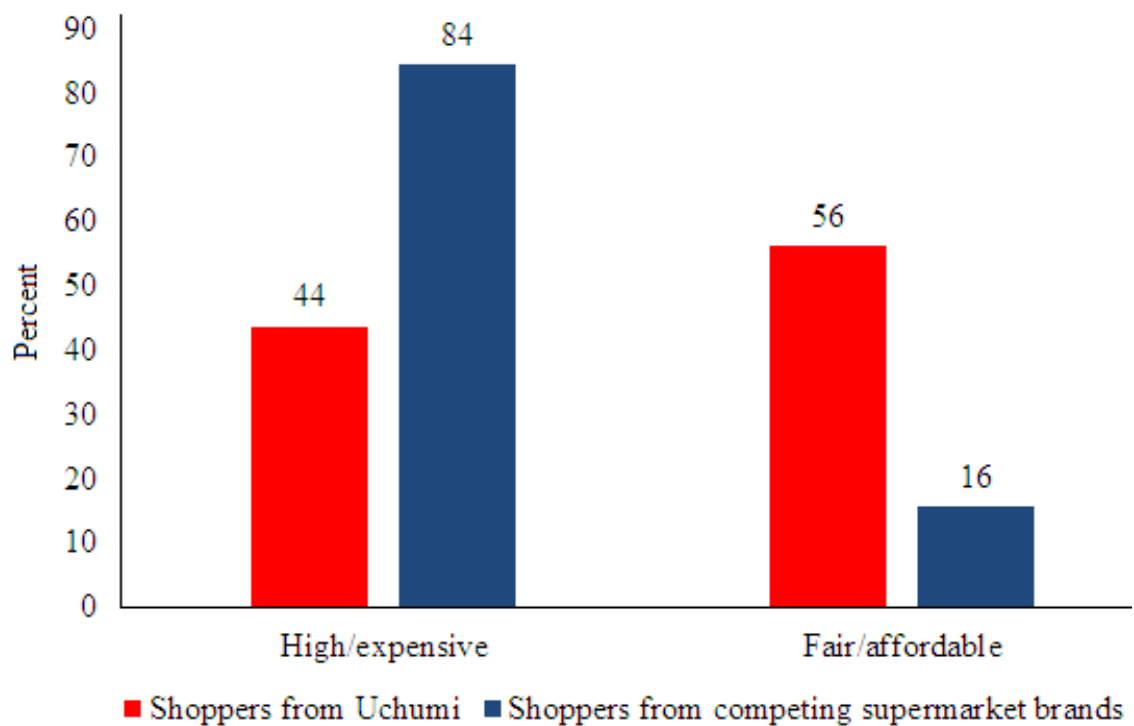


Source: Research data (2016)

4.2.6 Perception of Uchumi's Supermarket Brand in terms of Price

The study sought to establish how shoppers thought of Uchumi Supermarkets in terms of price. Figure 4.7 shows that 44% of the shoppers from Uchumi and 84% of shoppers from competing brands perceived that Uchumi Supermarket was expensive whereas 56% of shoppers from Uchumi and 16% of shoppers from competing brands perceived of Uchumi's prices as being fair/affordable.

Figure 4.7 Perception of Uchumi Supermarket brand in terms of price

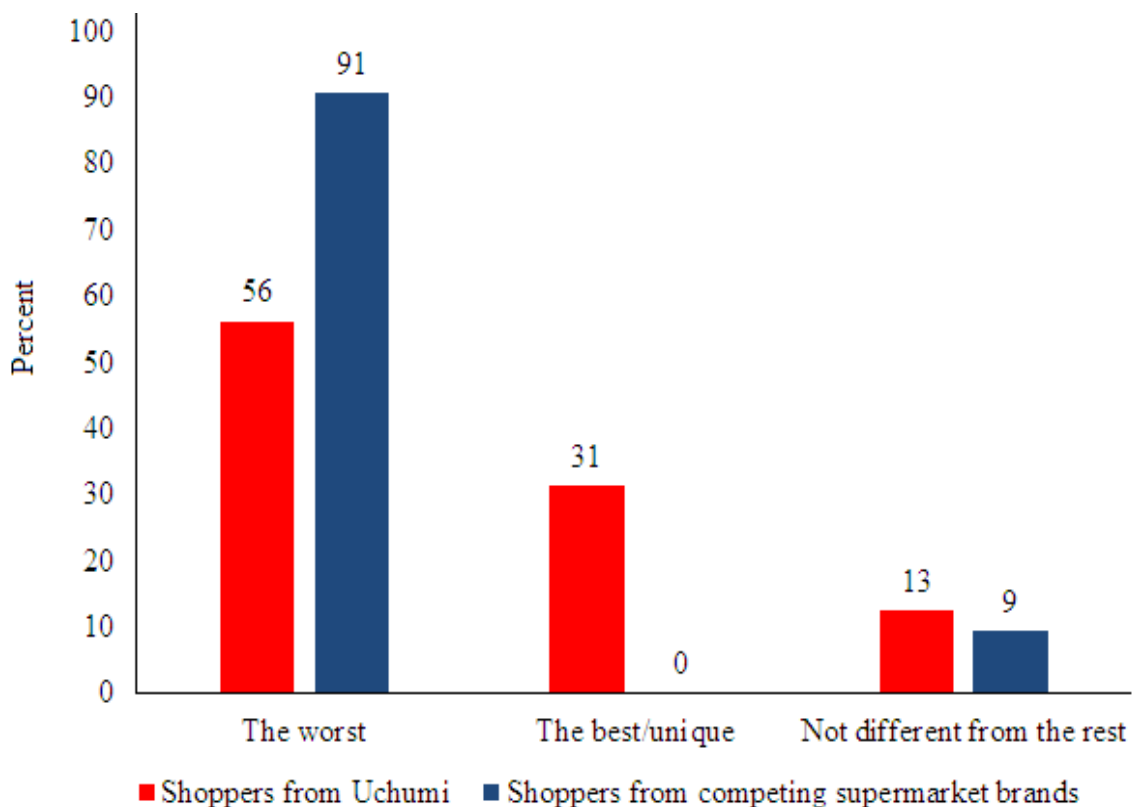


Source: Research data (2016)

4.2.7 Perception of Uchumi's Supermarket Brand in terms of Distinctiveness

Respondents were asked about what came to their mind immediately whenever they thought of Uchumi Supermarkets in terms of distinctiveness. As per the findings in Figure 4.8, majority of the shoppers from Uchumi (56%) and Uchumi's competitors (91%) perceived of Uchumi Supermarket brand as the worst in terms of distinctiveness. However, 31% of the shoppers from Uchumi perceived of Uchumi Supermarket brand as the best/unique; whereas 13% of shoppers from Uchumi and 9% of shoppers from competing brands felt that Uchumi Supermarket brand was no different from the rest.

Figure 4.8 Perception of Uchumi Supermarket brand in terms of Distinctiveness

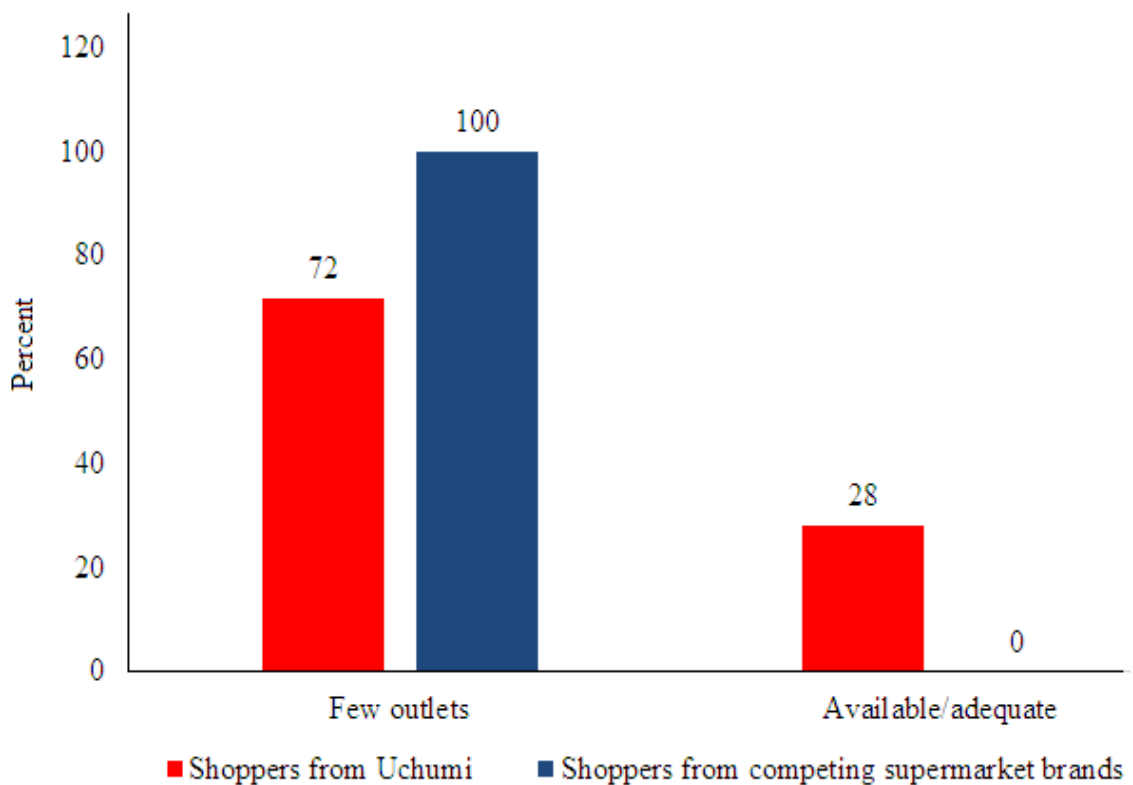


Source: Research data (2016)

4.2.8 Perception of Uchumi's Supermarket Brand in terms of availability

The study sought respondents' opinion on what they perceived of Uchumi Supermarket brand in terms of availability. As per Figure 4.9, 72% of the shoppers from Uchumi and 100% of the shoppers from competing supermarket brand felt that Uchumi had few outlets. However, 28% of the shoppers from Uchumi perceived that the outlets were adequate.

Figure 4.9 Perception of Uchumi supermarket brand in terms of availability



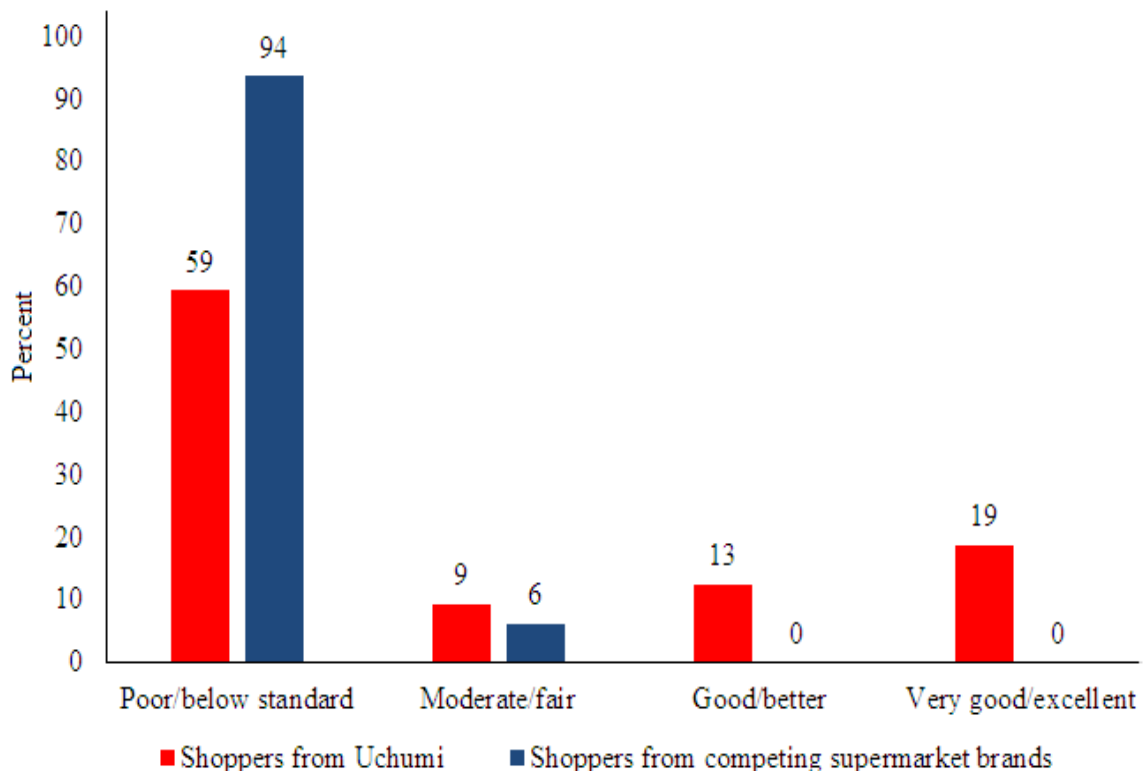
Source: Research data (2016)

4.2.9 Perception of Uchumi's Supermarket Brand in terms of service

Shoppers were asked about what came to their minds immediately whenever they thought of Uchumi Supermarkets in terms of quality. Figure 4.10 shows that 59% of the shoppers from Uchumi and 94% of the shoppers from Uchumi's competitors perceived

of the quality of services offered at Uchumi as poor/below standard. Nine percent (9%) of shoppers from Uchumi and six percent (6%) of shoppers from competing supermarket brands perceived of the service quality as moderate. The figure however shows that 13% of the shoppers from Uchumi perceived of the services as good/better and 19% felt that the quality of services at Uchumi was very good/excellent. Some of the verbatim comments from the respondents were; “I visited one of the outlets this morning and all the staff looked bored”; “there is not much to expect from their services at the moment, so you just walk in there if you have to and buy what you can’t find from any other store”.

Figure 4.10 Perception of Uchumi Supermarket brand in terms of quality of service



Source: Research data (2016)

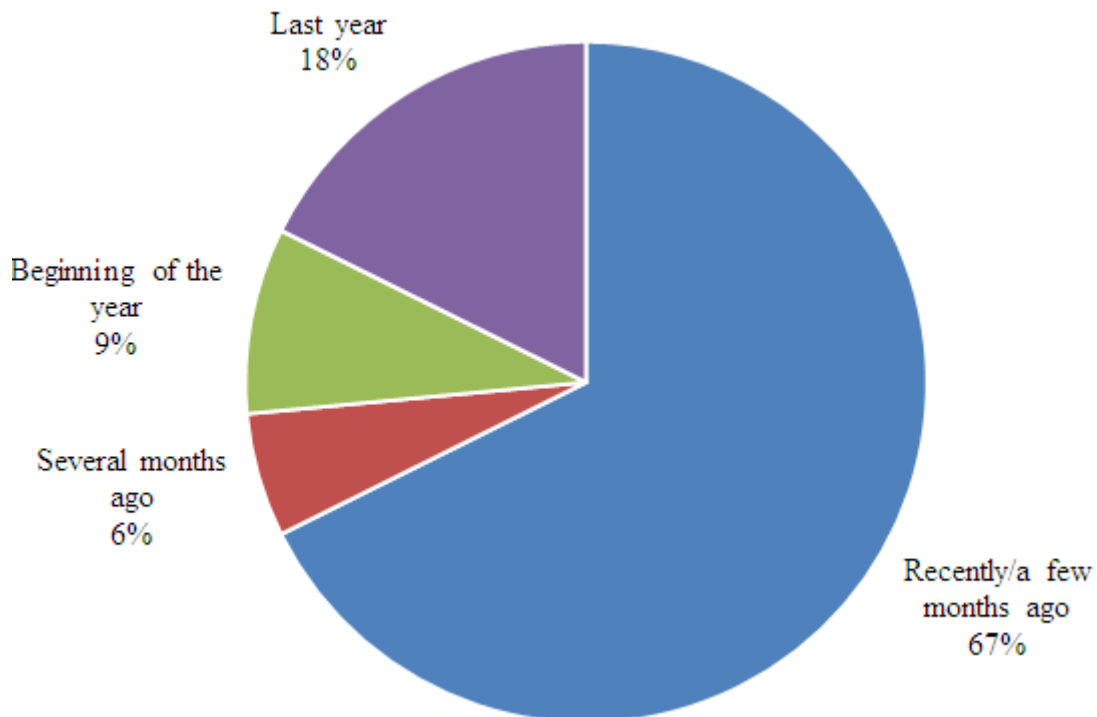
4.3 Consumer awareness of issue news about Uchumi Supermarket

This section assesses consumer awareness of issue news about Uchumi Supermarket. Shoppers' remembrance of Uchumi's issue news and the nature of the news is analysed.

4.3.1 Shoppers' remembrance of Uchumi's issue news

The study sought to establish the last time the respondents read, watched or heard about Uchumi Supermarket in the news. Figure 4.11 shows that 67% of the shoppers last heard about Uchumi Supermarkets in the news a few months ago. However, 18% of the shoppers indicated that the last time they heard about Uchumi in the news was last year while nine percent (9%) heard about Uchumi in the beginning of the year. Lastly, six percent (6%) of the shoppers heard about Uchumi's issue news several months ago.

Figure 4.11 Last time shoppers heard/read/watched Uchumi's issue news

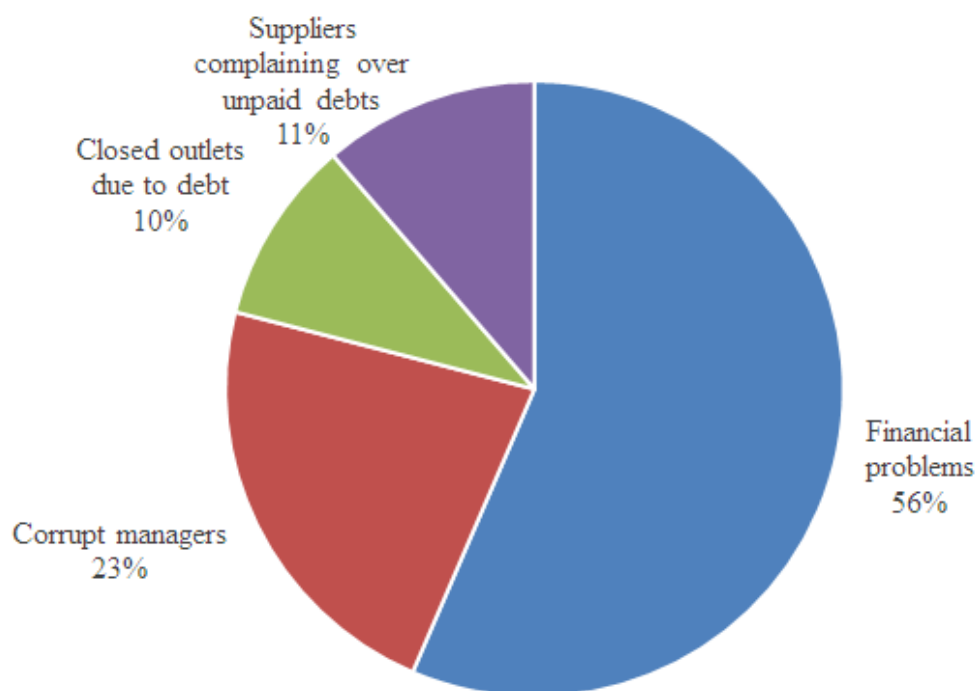


Source: Research data (2016)

4.3.2 Content of the news about Uchumi Supermarket in the media

Respondents were asked about what they heard or read in the news about Uchumi. Figure 4.12 shows that 56% of the respondents mentioned financial problems, 23% of the shoppers heard about corrupt managers, 11% of the shoppers heard about suppliers complaining over unpaid debts and 10% heard about closed outlets due to debts. The findings was confirmed by reports from the print and television news media across the three media houses included in the sample which repeatedly highlighted the three issues namely; financial trouble at Uchumi, corruption and mismanagement, and conflict with suppliers about unsettled debts. It was found that over the period under review, Uchumi Supermarkets received more negative media coverage compared to positive publicity. This agrees with the observation made by Cornelissen (2010) that media exposure of an organization can significantly influence the corporate reputation of an organization since issue news often has an amplifying effect when good or bad news is reported about investigations of corporate issues.

Figure 4.12 Content of issue news about Uchumi Supermarkets



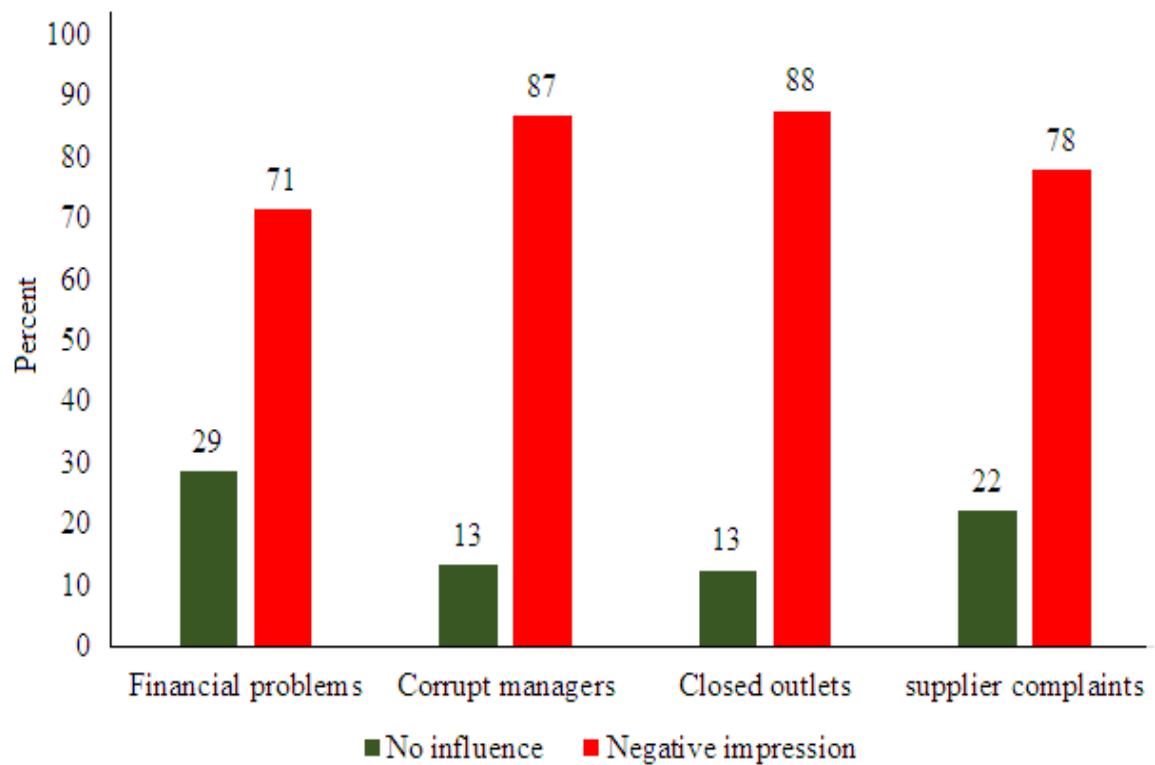
Source: Research data (2016)

4.3.3 Influence of shopper awareness of issue news on Uchumi's brand equity

The influence of shopper awareness of issue news on Uchumi Supermarkets brand equity was analysed by relating the content of the issue news they were aware of and the impression they had of the supermarket brand. Figure 4.13 shows that awareness of issue news about closed outlets had the most negative impression on shoppers' perception of Uchumi supermarket brand, with 88% of the shoppers having a negative impression compared to 13% who did not. This was followed by shoppers' awareness of issue news about corrupt managers; with 87% of the shoppers having a negative impression of Uchumi Supermarket brand compared to 13% of the shoppers who reported no influence on their perception of the supermarket. Similarly, awareness of issue news about supplier complaints created a negative impression of the outlet for 78% of the shoppers compared to 22% who reported no influence. Lastly, shopper's awareness of financial problems of Uchumi created a negative impression about Uchumi supermarket brand for 71% of the shoppers compared to 29% who reported no influence on their perception of Uchumi.

It can be inferred from the findings that shopper awareness of issue news about Uchumi negatively impacted on Uchumi supermarket brand. This finding agrees with Fombrunv and Van Riel (2004) who asserted that the recognition that we make of the corporate brand name and the association between the name and the negative issue in the news was linked to the corporate brand equity gained or lost.

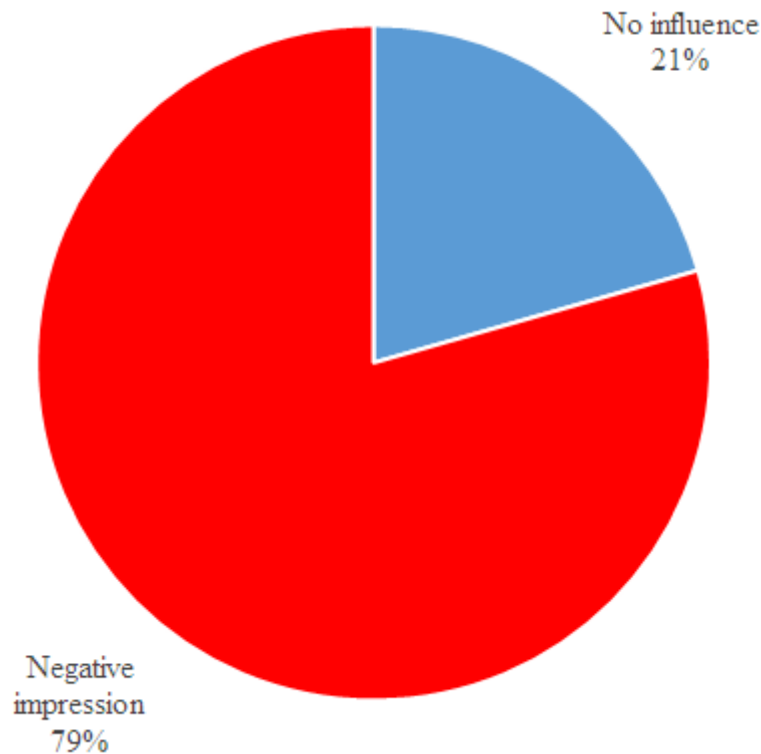
Figure 4.13 Influence of shopper awareness of issue news on Uchumi's brand equity



Source: Research data (2016)

Figure 4.14 further presents the average distribution of respondents by influence of issue news on their perception of Uchumi Supermarket brand. The figure shows that on average, 79% of the shoppers had a negative impression of Uchumi supermarket brand after being aware of issue news about the company's financial problems, corrupt managers, closed outlets and supplier complaints. However, while 21% of the shoppers indicated that their awareness of Uchumi's issue news had no influence on their image of Uchumi.

Figure 4.14 Influence of shopper awareness of issue news on Uchumi brand



4.4 The Relationship between Issue News and Uchumi Supermarket brand equity

In this section, influence of issue news on shoppers' attitudes towards Uchumi Supermarket was analysed as follows.

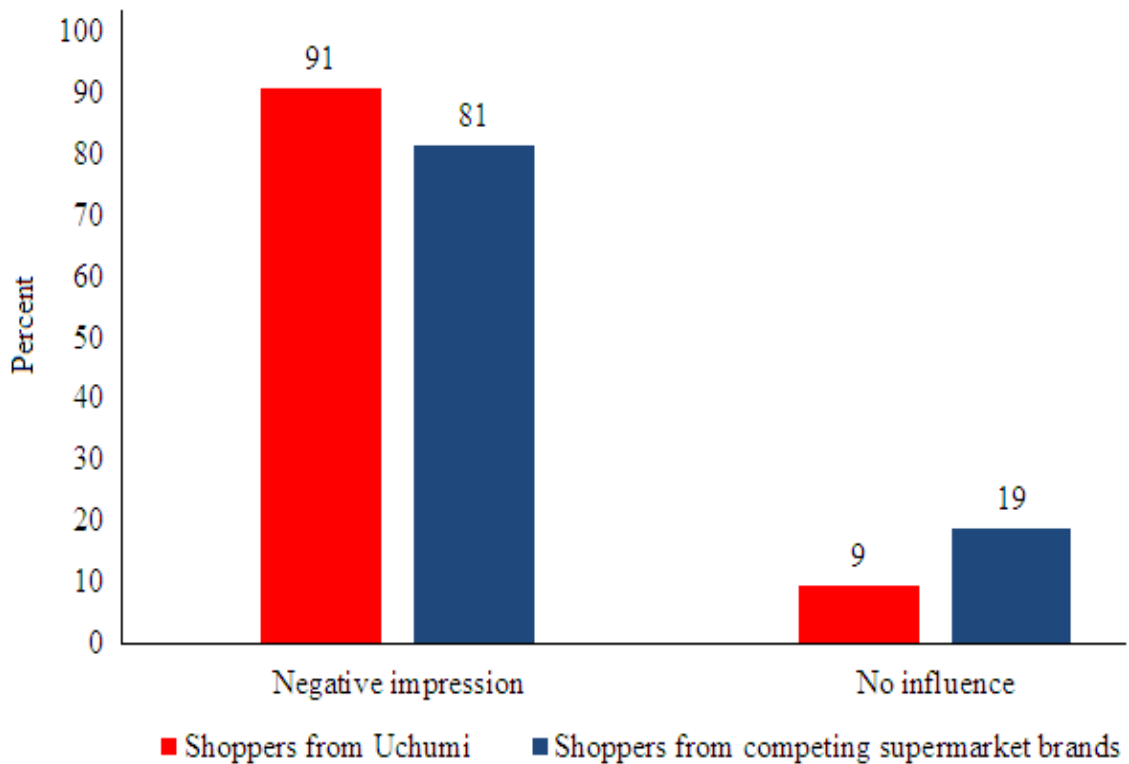
4.4.1 Influence of issue news on shoppers attitude towards Uchumi

Respondents were asked to comment on how the news influenced how they have always thought of Uchumi Supermarket. Two themes emerged from the findings as presented in Figure 4.15. As per the findings, the theme of negative impression was the most dominant, with the news creating a negative impression to 91% of shoppers from Uchumi and 81% of shoppers from competing supermarket brands.

The verbatim comments were as follows: “I thought they were doing well only to learn that they are in big problem”; “I thought they could survive but it seems impossible”; “I thought it was rumors but it is true they are in a big problem”; “I thought the stores were recovering but it is not so”; “I thought they were making progress but it means they have a lot of problems”; “I confirmed that the stores are actually in bigger crisis”; “I thought they are coming up soon but instead they are going down more”; “I now know why services and products are sub-standard”; “I thought the problems could be solved soon but it is major”; “I thought the problems were being solved but instead they are increasing”; “I thought management could revive it but it is now worse”; “I realized even the products and services may not be the best”. The findings agree with the assertion by Chun *et al.* (2005) that the reputations of companies are always in danger of being eroded or destroyed by negative issue news. It also agrees with the findings of a study by Heinberg *et al.* (2013) which established the corporate reputation – brand equity relationship and drew the conclusion that corporate reputation is used as a signal by consumers to add credibility to the services offered by the company.

The verbatim responses are consistent with the issue news about Uchumi Supermarkets as broadcasted through the print and television media of the three media houses during the three year period under review. It was found that the financial and operational woes of Uchumi Supermarket continued to feature throughout the period under review as a salient issue across the three media houses. This finding holds true the hypothesis that the negative issues that made headlines concerning Uchumi supermarket potentially eroded the supermarket’s brand equity.

Figure 4.15 Influence of issue news on shoppers attitude towards Uchumi

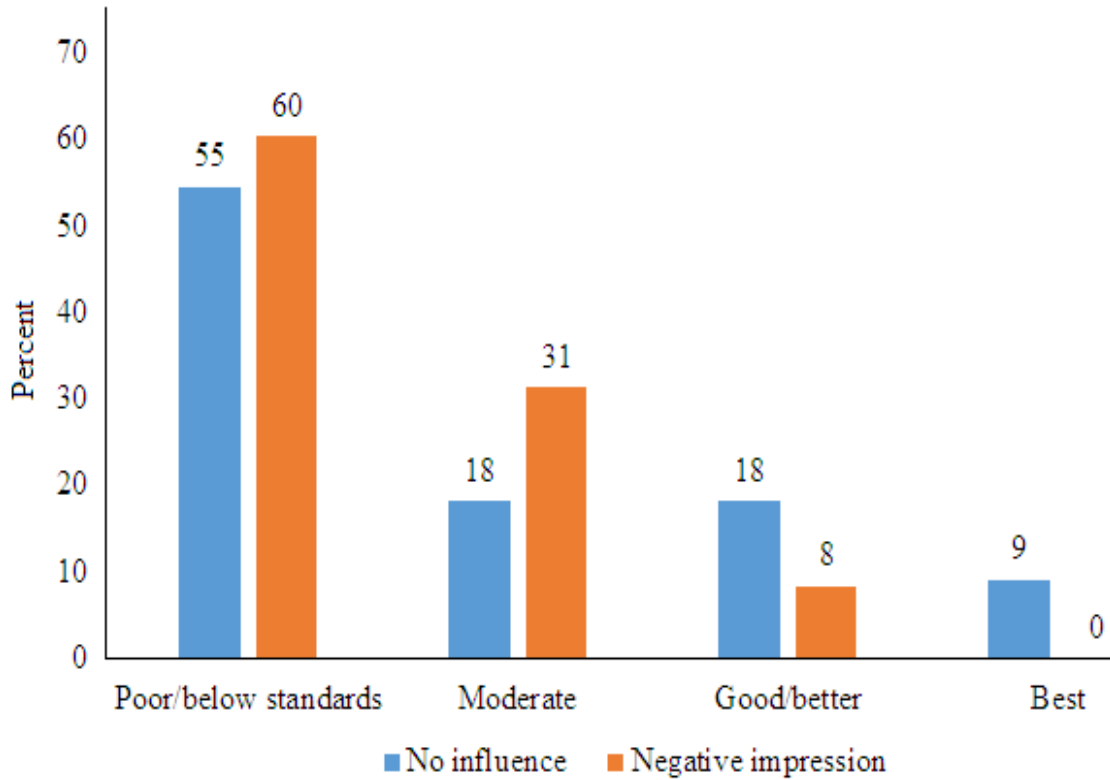


Source: Research data (2016)

4.4.2 Influence of issue news on shoppers attitude towards Uchumi's products

The study sought to establish the influence that issue news had on shoppers' attitude towards Uchumi's prices. As figure 4.16 shows, 60% of the shoppers who had a negative impression from issue news about Uchumi's products were of the opinion that the product quality was poor/below standard compared to 55% of shoppers who were not influenced by issue news who also rated Uchumi's product as poor/below standards. The results suggest that more shoppers who had a negative impression from issue news had a negative attitude towards Uchumi's product quality compared to their counterparts who were not influenced by issue news.

Figure 4.16 Influence of issue news on shoppers' attitude towards Uchumi's products

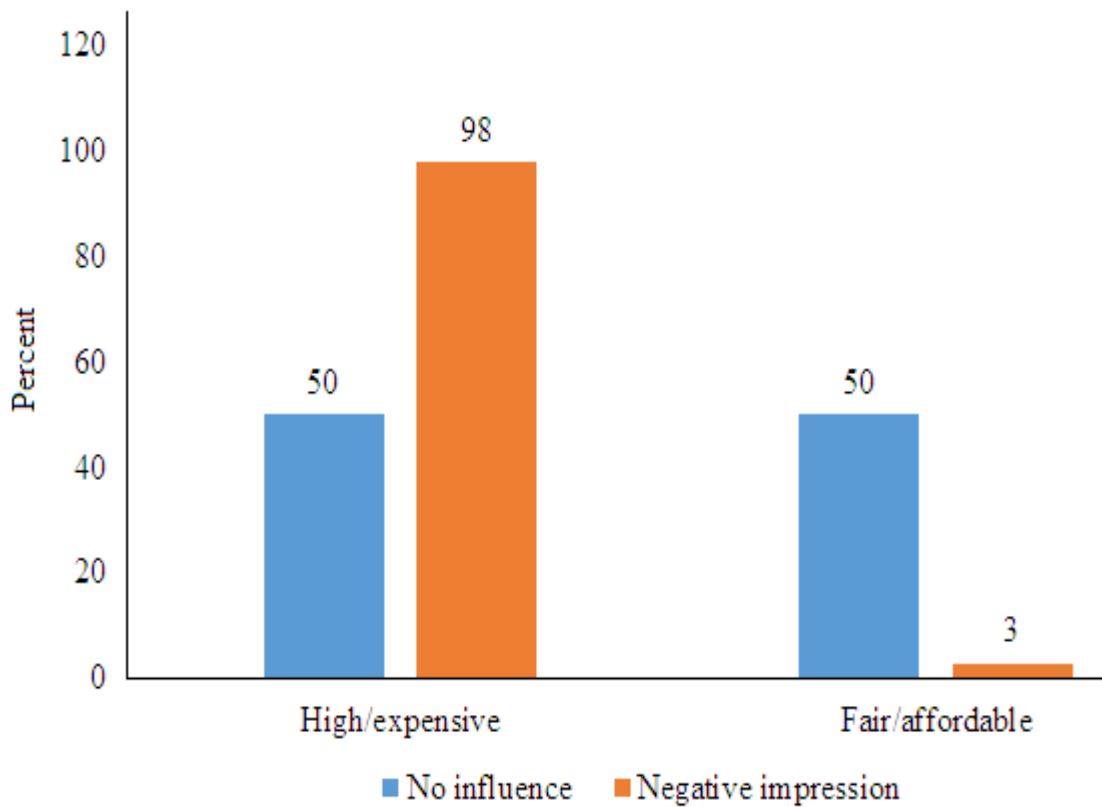


Source: Research data (2016)

4.4.3 Influence of issue news on shoppers attitude towards Uchumi's prices

The study sought to establish the influence that issue news had on shoppers' attitude towards Uchumi Supermarket brand in terms of product prices. Figure 4.17 presents the findings. As per the figure, 98% of the respondents who had a negative impression of Uchumi Supermarket brand from issue news perceived that Uchumi's prices were high/expansive compared to 50% of the respondents who were not influenced by issue news who shared the same belief. The finding suggests that more respondents who had a negative impression of Uchumi supermarket brand from issue news had a negative attitude towards Uchumi Supermarket's prices.

Figure 4.17 Influence of issue news on shoppers attitude towards Uchumi's prices

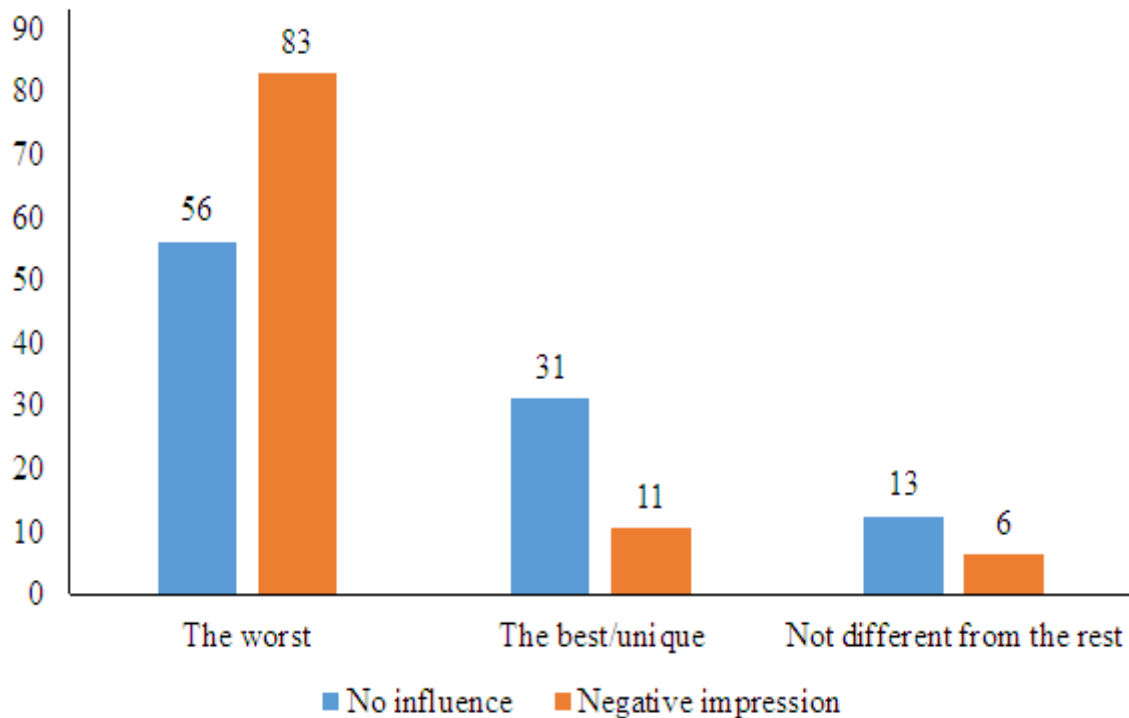


Source: Research data (2016)

4.4.3 Influence of issue news on shoppers perception of Uchumi's distinctiveness

The study sought to establish the influence that issue news had on shoppers' perception of the distinctiveness of Uchumi supermarket brand. As per the results in Figure 4.18, 83% of the respondents who had a negative impression of Uchumi Supermarket brand from issue news perceived of Uchumi as the worst supermarket in terms of distinctiveness compared to 56% of the respondents who were not influenced by issue news who shared the same belief. The finding suggest issue news negative influenced shoppers' perception of Uchumi supermarket brand's distinctiveness.

Figure 4.18 Influence of issue news on shoppers perception of Uchumi's distinctiveness

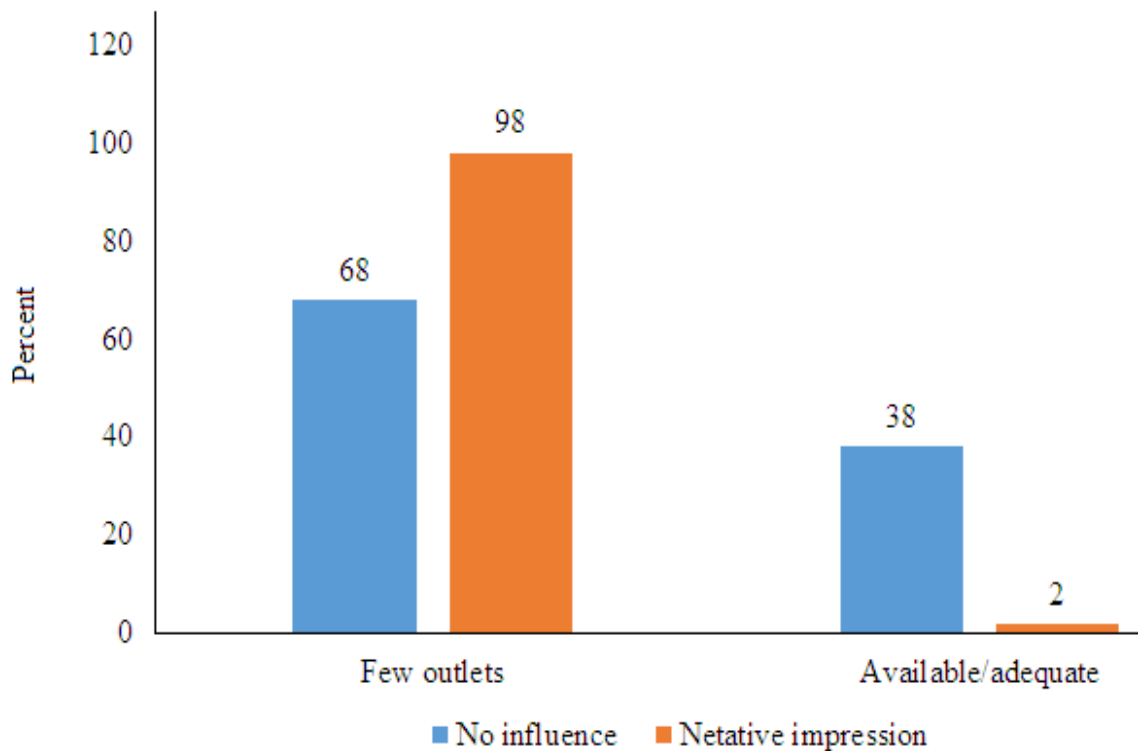


Source: Research data (2016)

4.4.4 Influence of issue news on shoppers perception of Uchumi's availability

The study sought to establish the influence that issue news had on shoppers' perception of Uchumi Supermarket brand in terms of availability. Figure 4.19 shows that 98% of the shoppers who had a negative impression of Uchumi Supermarket brand from issue news complained of Uchumi having few outlets compared to 68% of the shoppers who were not influenced by issue news who shared the same view. The findings suggest that issue news negatively influenced shoppers' attitude towards Uchumi Supermarket brand's availability.

Figure 4.19 Influence of issue news on shoppers perception of Uchumi's availability

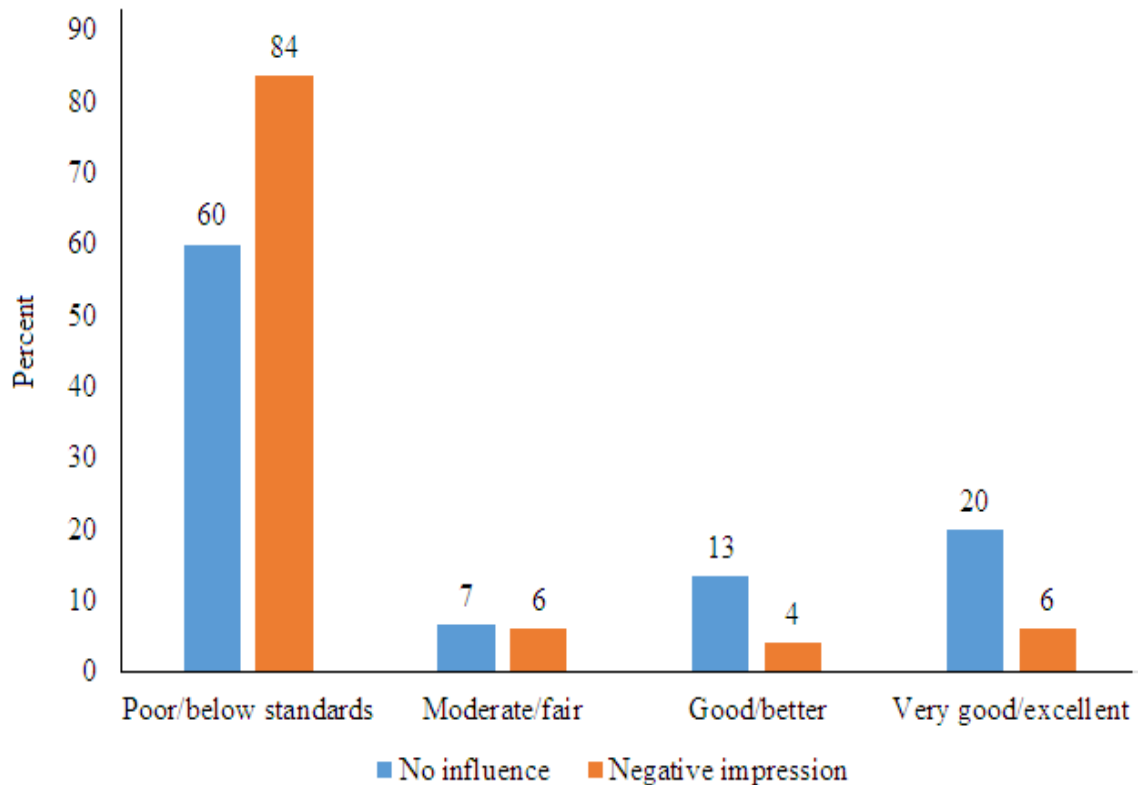


Source: Research data (2016)

4.4.5 Influence of issue news on shoppers' perception of Uchumi's service quality

The study sought to establish the influence that issue news had on shoppers' perception of the quality of services rendered by Uchumi Supermarket. Figure 4.20 shows that 84% of the shoppers who had a negative impression of Uchumi Supermarket brand as depicted in issue news believed that Uchumi's service quality was poor/below standard as compared to 60% of the shoppers who were not influenced by issue news who shared the same view. The finding implies that issue news negative influenced shopper perception of service quality of Uchumi Supermarket brand.

Figure 4.20 Influence of issue news on shoppers perception of Uchumi’s services



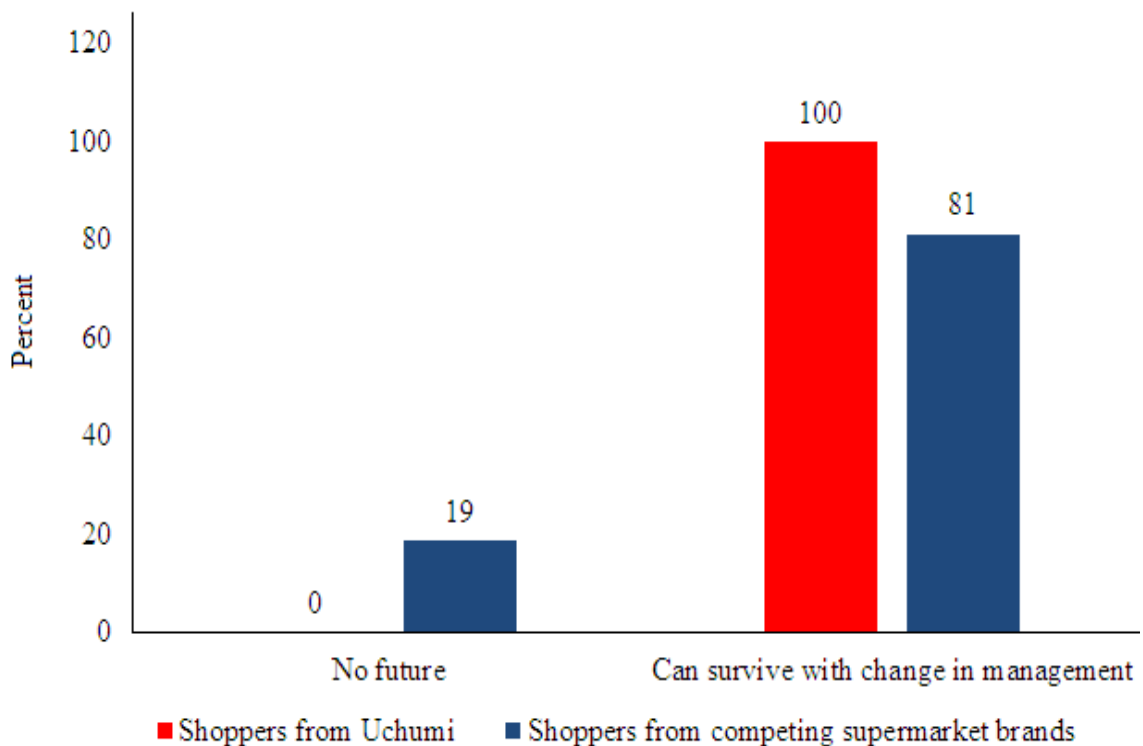
Source: Research data (2016)

4.4.6 Perception of the future of Uchumi Supermarkets

Respondents were asked what they made of the future of Uchumi Supermarket given what they knew and have heard in the news. The responses were collapsed into two themes as presented in Figure 4.21. As per the figure, all (100%) of the shoppers from Uchumi Supermarkets and 81% of the shoppers from Uchumi’s competitors believed that Uchumi Supermarket can survive with change in management. The verbatim comments were as follows: “All the management should be changed for it to survive”; “All the debts should be cleared fast and the management changed”; “Settle the debts first then change management”; “If the debts are settled and management changed it can survive”, “New management should be brought on board to revive”, “Change the

management and look for an investor”, “They have a future if the management is changed and more money pumped in”, “The future is there but with new management who are not corrupt”, “All the management should be changed immediately”.

Figure 4.21 Perception of the future of Uchumi Supermarkets



Source: Research data (2016)

4.5 Role of consumer’s sensitivity to information from the news media on Uchumi Supermarket brand equity

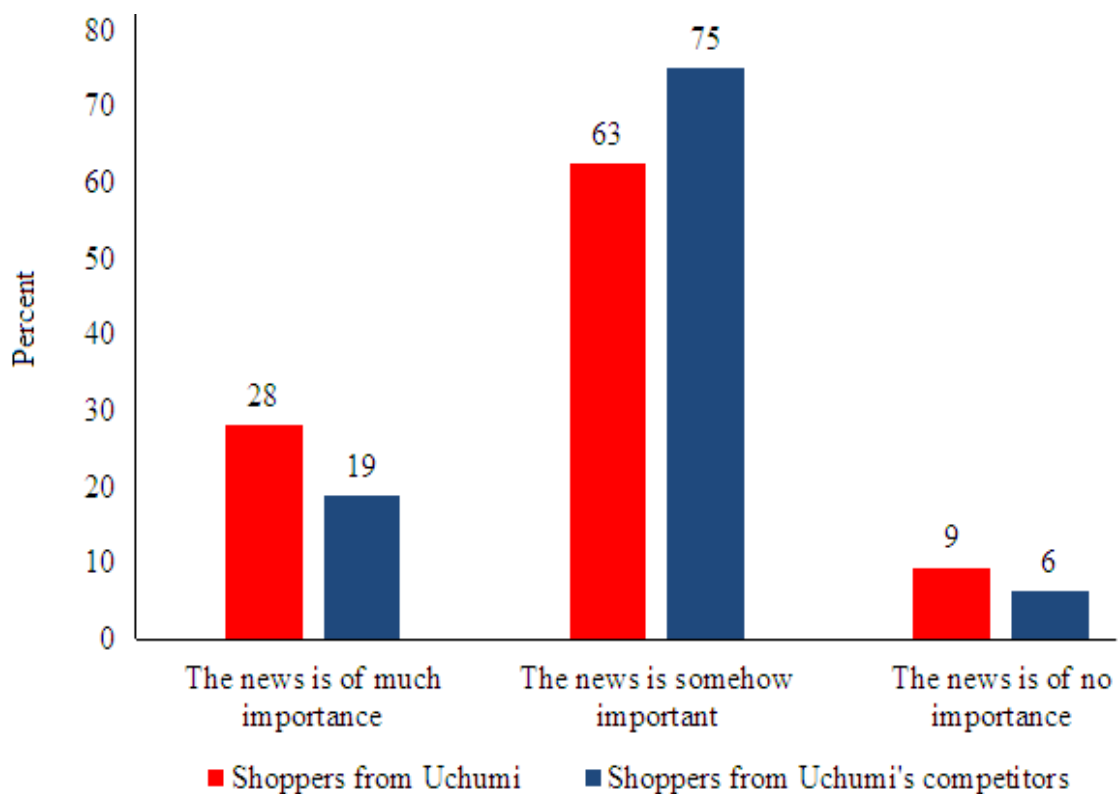
The mediating role of consumer consumer’s sensitivity to information from the news media on Uchumi Supermarket brand equity was tested by establishing the importance shoppers attached to the news about Uchumi Supermarket in their brand choice decisions. As per Figure 4.22, 63% of shoppers from Uchumi and 75% of shoppers from

competing supermarkets indicated that the news was somehow important, 28% of shoppers from Uchumi and 19% of shoppers from Uchumi's competitors attached very much importance to issue news whereas 9% of shoppers from Uchumi and 6% of shoppers from competing supermarkets indicated that the news was of no importance. The finding is in line with Meijer and Kleinnijenhuis (2007) who argued that consumers do care about corporate reputation, and therefore corporate brands when making purchase decisions. The results also agree with the findings of a study by Einwilleret al. (2010) whose findings revealed that stakeholders depended more on the news media to learn about reputation dimensions that were difficult to directly experience or observe and for which the news media were the main source of information.

The responses were qualified by explanations as provided in the following sample of verbatim responses: "Very important, helps consumers to decide where to shop"; "Very important to avoid inconveniences when I think of shopping"; "Very important so that I can be careful while shopping there ", "Important so that I can avoid their business"; "Important so as to know why the store are being closed"; "Important for us to know what is ailing the supermarket"; "Important because it gets consumers to know where to go to next during their shopping"; "As a consumer it is important to decide while shopping"; "Important in order to make proper decision while thinking of shopping"; "Consumers should know so as to decide the future of their shopping"; "Important so as to know why the stores are being closed"; "Important so that we can keep off their businesses"; "Not important because I don't even shop with them". It can thus be inferred from the findings consumers were sensitive to information from the news media about Uchumi Supermarket brand and this determined their brand choice decisions. The results agree with Meijer and Kleinnijenhuis (2007) who contended that issue news

enables consumers to rate companies on the basis of their response to issue news, for example, to decide about whether to patronize their brand. It also agrees with the perspective of Capriotti (2009) who maintains that media visibility significantly influences public opinion and accounts for a strong formation of companies' corporate reputation.

Figure 4.22 Importance attached to issue news about Uchumi Supermarkets



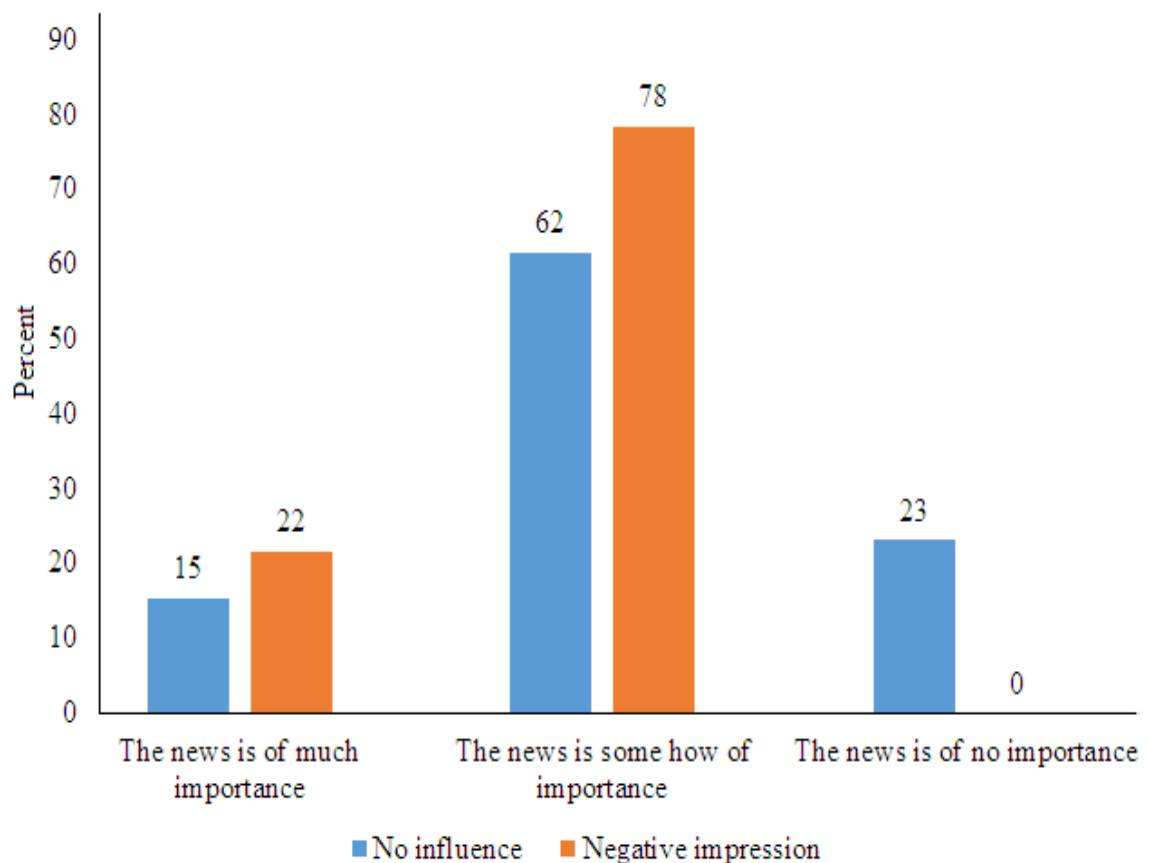
Source: Research data (2016)

4.5.1 Influence of sensitivity to issue news on shoppers' impression of Uchumi Supermarket brand

The study sought to establish the influence that shopper's sensitivity to issue news had on their impression of Uchumi Supermarket brand. Figure 4.23 shows that among the shoppers who considered the news of much importance, 22% had a negative impression

of Uchumi from the issue news compared to 15% whose impression did not change as a result of issue news. Similarly, 78% of the shoppers who considered the news as somehow important had a negative impression of Uchumi supermarket brand from the issue news compared to 62% of their counterparts who were not influenced by issue news. However, 23% of the shoppers who considered the news as having no importance reported no influence of issue news on their impression of Uchumi Supermarket brand. The finding suggests that shoppers were influenced by their sensitivity to information as theorized by Baker (2001).

Figure 4.23 Influence of sensitivity to issue news on shoppers' impression of Uchumi brand



Source: Research data

4.6 Analysis of key informant interviews

In this section, interview data from Uchumi managers, journalists and NSE experts is analysed. With regard to their take on Uchumi Supermarket as a brand based on how it has been projected in the news media, there was a general consensus among the key informants that Uchumi has lost nearly all of its brand equity due to the bad image it has earned, especially because it is not the first time that Uchumi Supermarket brand was appearing in the news media for all the wrong reasons. It is noteworthy that Uchumi suffered similar financial challenges in the year 2006 forcing it to go under receivership (Uchumi Supermarkets Limited, 2015). This is consistent with the nature of issue news which Regester and Larkin (2005) observed, that an unsubstantiated claim about company's performance could have the potential to emerge as an issue.

Concerning the importance they thought consumers attach to the news they receive from the mass media about supermarkets whenever they go shopping, the key informants were unanimous that consumers generally do not want to associate with things that are not working, especially when there is so much alternative choices to decide on. This was evident in their comments such as; "I don't tend to remember there is Uchumi and I doubt if most shoppers do"; "Take a walk inside an Uchumi outlet and you will have for yourself the impression that they are actually winding up just like we hear it in the news media"; "People think about brands that they like to associate with and right now Uchumi is definitely not that brand".

Concerning how the issue news about Uchumi reflected on Uchumi's share price, interviews with key informants revealed that this definitely affected the company's share price as the shares of a company going down is not very attractive to many people. These

viewpoints agree with the assertion by Davis (2007) who suggested that reputation exists for their bottom-line effects on firms which, in this case, reflect in market reaction to a firm's stock.

On the question of whether corporate news about Uchumi shape consumer's perception of Uchumi in terms of quality, price, distinctiveness, availability and service, all the key informants were unanimous that the perceived quality of the Supermarket automatically went down. There was also a consensus that a brand is very important in making purchasing decisions. Concerning attitudes on price, their view was that most consumers would consider not just the price paid for the goods but the total value received from the purchase and when this is considered, Uchumi Supermarket is currently definitely more expensive. The managers however differed on this front, arguing that these were just perceptions which differed significantly from the reality. The findings agree with the results of a study by Chaiyasoonthorn and Suksa-ngiam (2011) which investigated the factors influencing supermarket store patronage in Thailand and found that factors that correlated with shopper behaviour were distance, customer satisfaction and perceived service quality. It also agrees with the perspective of Chen and Chen (2010) that perceived service quality is based on consumer's own rating of various products, services, and experiences. Perceived quality has been widely agreed to be an important aspect of consumer behavior.

With respect to the issue of availability, the key informants were unanimous that a supermarket cannot afford to run on empty shelves and this has characterized the story of Uchumi. Concerning the question about how Uchumi, its brand equity and its share price intersect, there was a general consensus that corporate disclosures provided either positive or negative signal to investors which eventually reflect on stock prices.

Asked about the corporate communication strategies they would recommend to Uchumi going forward, the common theme was that Uchumi needs to create a new image if it is to be revived and rebranding is therefore a must. Further, Uchumi should invest in a communications expert to help it create a brand new image. The recommendations are consistent with a study by Muringi (2012) which puts emphasis on rebuilding of the Uchumi brand which had been tarnished by its inability to meet its obligations. They also agree with Jung (2012) who highlighted that corporate crises calls for corporations respond swiftly to contain public reaction and effectively restore normal operations.

4.7 Discussion of Findings

4.7.1 Shopping patterns and behaviour

Based on the study findings, it is clear that most consumers patronized other supermarkets other than Uchumi. Even in locations where Uchumi Supermarkets had presence, other supermarkets were the market leaders. Both Uchumi's shoppers and shoppers from competing brands had other supermarkets in mind when thinking about where to go shopping. Uchumi was clearly not part of their brand memory. Consumers attached much importance to brands and Uchumi was not part of it. It was clear from the perception of consumers that Uchumi had earned itself a very bad reputation and this was associated to corruption and mismanagement. All dimensions of supermarket services, from quality of products and services, to price, distinctiveness and availability were all viewed negatively.

4.7.2 Consumer awareness of issue news about Uchumi Supermarket

The findings showed that consumer awareness levels about Uchumi Supermarket's issue news was high, with majority of the respondents having heard about Uchumi

supermarket in the news a few months ago. It was clear that consumers could vividly recall the content of the news about Uchumi, with the issue of corruption and mismanagement, conflict with suppliers and financial trouble being the salient issues.

4.7.3 The Relationship between Issue News and Uchumi Supermarket brand equity

From the findings, issue news negatively influenced Uchumi supermarket brand equity as the theme of negative impression was the most dominant, with the news creating a negative impression to most of the shoppers from both Uchumi and from competing supermarket brands. This was evident from the aggregated data which showed that on average, 79% of the shoppers had a negative impression of Uchumi supermarket brand after being aware of issue news about the company. It was perceived that this not only affected shopper behavior but negatively impacted on the company's share prices, which automatically became less attractive to investors.

4.7.4 Role of consumer's sensitivity to information from the news media on Uchumi Supermarket brand equity

It was evident from the findings that consumers were very sensitive to information from the news media and this influenced their perception of Uchumi Supermarket brand and determined their choice of supermarket to patronize. This was shown by the finding which revealed that 63% of shoppers from Uchumi and 75% of shoppers from competing supermarkets indicated that the news was somehow important. Key informants were unanimous that consumers associate with successful brands and this was not represented in Uchumi Supermarket brand.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Overview

This chapter summarizes the findings, draws conclusions and makes recommendations of the study. The summary includes a brief overview of the problem, the objectives and the methodology. The summary of findings follow thematically in view of the specific objectives and research questions. Conclusions are then drawn based on the findings and discussions. Recommendations are then presented and itemized. The chapter also discusses the limitations of the research and suggests future research directions.

5.2 Summary of findings

Access to a range of news, information and opinion in the news media, coupled with corporate missteps has put the spotlight on the contribution of corporate communications to corporate brand equity. It is important to document the effect of issue news on brand equity in order to come up with communication strategies that promote rather than erode brand equity. Feedback should be appraised to understand whether consumers have changed their perceptions and preferences, both of which are the definitive components of brand equity. However, little is known whether there is a correlation between issue news and corporate brand equity. Past research focused on the nexus between issue news and corporate reputation as well as stock prices but limited research has been conducted on the relationship between issue news and corporate brand equity in the supermarkets sector in Kenya.

The main objective of the study was to examine the relationship between issue news and Uchumi Supermarket's corporate brand equity. The specific objectives were; to determine consumer awareness of issue news about Uchumi Supermarket; to establish the relationship between issue news and Uchumi supermarket brand equity; and to evaluate the mediating role of consumer's sensitivity to information from the news media on Uchumi supermarket brand equity.

Literature on brand equity and related concepts such as corporate brand equity, corporate reputation and issue news were reviewed. The research was underpinned by the marketing Theory of Buyer Behaviour. Descriptive research design was used. A purposive sample of eight Uchumi supermarkets currently operational in Nairobi and eight competing stores was used. A sample size 73 respondents comprising of 32 shoppers from Uchumi, 32 shoppers from competing supermarket brands located close to Uchumi's eight supermarket stores in Nairobi and nine key informants was used. Shoppers were selected by intercepting every 10th shopper per store until the sample was reached. The key informants comprised of three Uchumi managers, three journalists and three NSE experts. In addition, newspaper clippings and TV clips were analysed to confirm the issue news as perceived by shoppers. Thematic analysis technique was applied in analysing data. The data were summarized and presented in charts using Atlas.ti as the data analysis software.

Based on the study findings, it is clear that most consumers patronized other supermarkets other than Uchumi as 60% of the shoppers from Uchumi supermarket and 100% of the shoppers from competing supermarkets frequented other supermarkets other than Uchumi. Even in locations where Uchumi Supermarkets had presence, other

supermarkets were the market leaders, whereby Tuskys accounted for the largest (25%) share of customers in the eight locations where Uchumi Supermarket had presence, followed by Naivas Supermarket (20%) while Uchumi Supermarket ranked third with 19% share of the customers.

Both Uchumi's shoppers and shoppers from competing brands had other supermarkets in mind when thinking about where to go shopping as half (50%) of the respondents from Uchumi supermarkets and all (100%) of the respondents from competing supermarket brands usually thought about other brands other than Uchumi whenever they wanted to go shopping. Uchumi was clearly not part of their brand memory.

Consumers attached much importance to brands as all of the respondents considered supermarket brands important whenever they went shopping; with 66% of the respondents attaching importance and 34% attaching very much importance to supermarket brands. It was clear from the perception of consumers that Uchumi had earned itself a very bad reputation as 95% of the respondents perceived of the reputation of Uchumi Supermarket brand as bad. This was associated to corruption and mismanagement as there was a general impression that corrupt management and staff as well as suppliers of the supermarket were responsible for the bad reputation of Uchumi.

All dimensions of supermarket services, from quality of products and services, to price, distinctiveness and availability were all viewed negatively. From the statistical evidence, majority of the shoppers both from Uchumi Supermarkets (41%) and from Uchumi's competitors (75%) perceived that Uchumi Supermarket brand was of poor/substandard quality; 44% of the shoppers from Uchumi and 84% of shoppers from competing brands perceived that Uchumi Supermarket was expensive; majority of the shoppers from

Uchumi (56%) and Uchumi's competitors (91%) perceived of Uchumi Supermarket brand as the worst in terms of distinctiveness; 72% of the shoppers from Uchumi and 100% of the shoppers from competing supermarket brand felt that Uchumi had few outlets; and 59% of the shoppers from Uchumi and 94% of the shoppers from Uchumi's competitors perceived of the quality of services offered at Uchumi as poor/below standard.

The findings showed that consumer awareness levels about Uchumi Supermarket's issue news was high, with 67% of the respondents having heard about Uchumi supermarket in the news a few months ago. It was clear that consumers could vividly recall the content of the news about Uchumi, with financial trouble (56%), the issue of corruption and mismanagement (23%), conflict with suppliers (11%) and closed outlets due to debt (10%) being the salient issues. However, awareness of issue news about closed outlets had the most negative impression on shoppers' perception of Uchumi supermarket brand, with 88% of the shoppers having a negative impression of the supermarket after being exposed to the issue news about closure. This was followed by shoppers' awareness of issue news about corrupt managers; with 87% of the shoppers having a negative impression of Uchumi Supermarket brand.

From the findings, issue news negatively influenced Uchumi supermarket brand equity as the theme of negative impression was the most dominant, with the news creating a negative impression to most of the shoppers from both Uchumi and from competing supermarket brands. This was evident from the aggregated data which showed that on average, the theme of negative impression was the most dominant, with the news creating a negative impression to 91% of shoppers from Uchumi and 81% of shoppers

from competing supermarket brands. It was perceived that this not only affected shopper behavior but negatively impacted on the company's share prices, which automatically became less attractive to investors. Specifically, 79% of the shoppers had a negative impression of Uchumi supermarket brand after being aware of issue news about the company's financial problems, corrupt managers, closed outlets and supplier complaints.

In terms of influence of issue news on shoppers attitude towards Uchumi products, 60% of the shoppers who had a negative impression from issue news about Uchumi's products were of the opinion that the product quality was poor/below standard compared to 55% of shoppers who were not influenced by issue news who also rated Uchumi's product as poor/below standards.

Concerning the influence of issue news on shoppers' attitude towards Uchumi's prices, 98% of the respondents who had a negative impression of Uchumi Supermarket brand from issue news perceived that Uchumi's prices were high/expansive compared to 50% of the respondents who were not influenced by issue news who shared the same belief.

With respect to the influence of issue news on shoppers' perception of Uchumi's distinctiveness, 83% of the respondents who had a negative impression of Uchumi Supermarket brand from issue news perceived of Uchumi as the worst supermarket in terms of distinctiveness compared to 56% of the respondents who were not influenced by issue news who shared the same belief.

As per the findings on the influence of issue news on shoppers' perception of Uchumi's availability, 98% of the shoppers who had a negative impression of Uchumi Supermarket brand from issue news complained of Uchumi having few outlets compared to 68% of

the shoppers who were not influenced by issue news who shared the same view. Concerning influence that issue news had on shoppers' perception of the quality of services rendered by Uchumi Supermarket, 84% of the shoppers who had a negative impression of Uchumi Supermarket brand as depicted in issue news believed that Uchumi's service quality was poor/below standard as compared to 60% of the shoppers who were not influenced by issue news who shared the same view.

It was evident from the findings that consumers were very sensitive to information from the news media and this influenced their perception of Uchumi Supermarket brand and determined their choice of supermarket to patronize. This was shown by the findings which revealed that 63% of shoppers from Uchumi and 75% of shoppers from competing supermarkets indicated that the news was somehow important. Key informants were unanimous that consumers associate with successful brands and this was not represented in Uchumi Supermarket brand.

Regarding the influence of sensitivity to information on shoppers' impression of Uchumi supermarket brand, the results showed that among the shoppers who considered the news of much importance, 22% had a negative impression of Uchumi from the issue news compared to 15% whose impression did not change as a result of issue news. Similarly, 78% of the shoppers who considered the news as somehow important had a negative impression of Uchumi supermarket brand from the issue news compared to 62% of their counterparts who were not influenced by issue news.

5.3 Conclusion

Uchumi was losing its brand equity to competition as both its shoppers and shoppers from competing brands had other supermarkets in mind whenever they wanted to go

shopping. Despite being one of the major supermarket brands in East Africa with an established brand awareness, it was facing stiff competition even in the remaining locations where it still had presence after closing many of its outlets.

It was clear that the choice of brand was an important consideration to consumers but Uchumi did not feature as one of them. This was because Uchumi had earned itself a very bad reputation as a result of perceived corruption and mismanagement of the Supermarket brand. Consequently, a negative impression permeated all dimensions of Uchumi supermarket brand including quality of products and services, price, distinctiveness, availability and quality of services.

Issue news significantly impacted on Uchumi supermarket brand, with consumer awareness of issue news about closed outlets having the most negative impression on shoppers' perception of Uchumi supermarket brand. There was a significant negative influence of issue news on Uchumi supermarket brand equity as the news about Uchumi created a negative impression to shoppers from both Uchumi and from competing supermarket brands. This negative impression reflected on shopper attitudes, intentions and behaviors towards Uchumi supermarket brand. Adverse issue news about the supermarket created the impression to consumers that Uchumi's product quality were below standard, prices were expensive, the brand was the worst in terms of distinctiveness, availability and service quality was poor.

Concerning the role of consumer's sensitivity to information from the news media on Uchumi Supermarket brand equity, consumers were very sensitive to issue news and this influenced their shopping behaviour. Issue news signalled to consumers about the value that they would get from shopping at Uchumi. Adverse media publicity created the

impression to consumers that Uchumi supermarket brand was a failure and because people want to associate with success, consumers avoid Uchumi supermarket brand because it does not represent an image of success.

5.4 Recommendations

1. There is need for Uchumi supermarket to create an entirely new corporate brand. To this end, rebranding is part of the strategies that Uchumi supermarket should consider in the immediate term.
2. Uchumi Supermarket should consider recruiting a strategic corporate communications expert to turnaround the image of the supermarket brand as part of its turnaround strategy.
3. Uchumi managers should counter the continued negative publicity with positive issue news about Uchumi's move in the right direction.
4. The leadership of Uchumi should not only replace all the staff implicated in corruption and mismanagement but also make this information publicly known as part of restoring consumer confidence.

5.5 Limitation of the study

This study did not incorporate the views of all stakeholders. Particularly, although the voice of investors were represented by investment experts interviewed, the perspectives of institutional as well as individual investors in Uchumi would have further improved the presentation of stakeholders in the study. This is because investors – both institutional and individual – are more inclined to shop at Uchumi because they have a vested interest in the success of the supermarket brand. This makes the investors the

most salient consumer group whose views can be useful in shaping the destiny of Uchumi supermarket's brand equity. The study was also limited in scope to the perspectives of consumers in Nairobi only for all the currently opened stores. . Thus, the views of consumers in other regions were not represented.

5.6 Suggestions for Further Research

Although the objectives of the study were achieved, shop floor employees who are the first point of contact with consumers were not interviewed. Therefore, a future study could expand the sample size to include employees of Uchumi who are at the shop floor in order to corroborate the findings of this study.

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APPENDIX 1: STRUCTURED INTERVIEW GUIDE FOR KEY INFORMANTS

1. What is your take on Uchumi Supermarket as a brand based on how it has been projected in the news media?
2. How has the news media affected the brand equity of Uchumi Supermarket?
3. What importance do you think consumers attach to the news they receive from the mass media about supermarkets whenever they go shopping?
4. How has the issue news about Uchumi reflected on Uchumi's share price?
5. In your view, do corporate news about Uchumi shape consumer's perception of Uchumi in terms of:
 - Quality
 - Price
 - Distinctiveness
 - Availability
 - Service
6. Do you think it matters to consumers how Uchumi management manage the issues about it broadcasted in the media?
7. How does news about Uchumi, its brand equity and its share price intersect?
8. What corporate communication strategies would you recommend to Uchumi going forward?

Thank you for your time and cooperation

APPENDIX 2: INTERVIEW GUIDE FOR SHOPPERS

1. Which supermarket brand do you usually think of whenever you want to go shopping? Why?
2. Where do you usually do your shopping most frequently?
3. How much importance do you attach to Supermarket brands whenever you go shopping?
4. Generally, how do you feel about Uchumi Supermarket as brand in terms of its reputation?
5. What comes to mind immediately whenever you think of Uchumi supermarkets in terms of:
 - Quality
 - Price
 - Distinctiveness
 - Availability
 - Service
6. When was the last time you read or heard about Uchumi Supermarket in the news?
7. What was the news about?
8. How much importance did you attach to the news about Uchumi Supermarket as a consumer?
9. How did the news influence how you have always thought of Uchumi Supermarket?
10. What do you make of the future of Uchumi Supermarket given what you know and have heard in the news?

Thank you for your time and cooperation

APPENDIX 3: CERTIFICATE OF FIELD WORK



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REF: CERTIFICATE OF FIELD WORK

This is to certify that all corrections proposed at the Board of Examiners' meeting held on 29.06.2016 in respect of M.A/Ph.D final Project/Thesis defence have been effected to my/our satisfaction and the student can be allowed to proceed for field work.

Reg. No: KS0164001/2010

Name: WACHIRA ANGELA MWIHAKI

Title: THE RELATIONSHIP BETWEEN ISLE NEWS AND

WORDMARK BRAND EQUITY: A CASE STUDY OF UCHUMI SUPERMARKETS

DR GEORGE NYABUKA
SUPERVISOR

Dr Samuel Siringi
ASSOCIATE/DIRECTOR

Dr. Ndethi Ndethi
DIRECTOR

C. Nyabuka 29.06.2016
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S. Siringi 30.06.2016
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APPENDIX 4: CERTIFICATE OF CORRECTION



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Name: KACHIRA ANGELA MWIHAKI

Title: THE RELATIONSHIP BETWEEN ISSUE NEWS AND CORPORATE

BRAND EQUITY: A CASE STUDY OF UCHUMI SUPERMARKETS

DR GEORGE NYABUGA
SUPERVISOR

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SIGNATURE DATE

Dr Samuel Siringi
ASSOCIATE DIRECTOR

Siringi 12.11.2016
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APPENDIX 6: PLAGIARISM RESULTS

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