THE INFLUENCE OF BRAND EQUITY ON SALES PERFORMANCE OF RETAIL PHARMACIES IN KISUMU COUNTY.

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A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCE, UNIVERSITY OF NAIROBI

DECLARATION

I, Okanga Diana Liayuga, declare that this is my original work and has not been submitted to any other college, institution or university other than the University of Nairobi for academic credit.

Signed……………………………….Date…22/11/2021……………………………………

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D61/12036/2018

Supervisor

This project is presented for examination with my approval as the appointed supervisor.

Signed: Date: **03/12/2021**

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DEDICATION

To my family and friends who supported and encouraged me throughout my MBA journey.

ACKNOWLEDGEMENT

My heart is full of gratitude to the Almighty God for his blessings and support throughout my MBA program. Dr. Victor Ndambuki is also to be thanked for his advice and assistance.

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ABSTRACT

The concept of brand equity and its effect on various business parameters has elicited much interest among scholars in the recent past. The purpose of this study was to determine whether brand equity has an influence on sales performance of retail pharmacies in Kisumu County. The brand equity determinants put under study include: brand loyalty, brand awareness, perceived quality, brand associations and proprietary assets. There is need to establish whether these brand equity determinants have an impact on sales performance in retail pharmacies in Kisumu County. The study adopted the Resource Based View of the Firm Theory and Aaker's Brand Equity Model. The research design used was a descriptive survey. Primary data was collected where structured questionnaires were administered to the targeted 40 respondents, achieving 100% success rate. The data was analyzed quantitatively using SPSS where both descriptive and inferential analysis was done. The regression analysis findings showed an overall significant and positive influence of brand equity on sales performance of retail pharmacies in Kisumu County. There is also positive relationship between brand equity and sales performance. While perceived quality, brand associations and brand awareness showed a great extent in influencing sales performance, brand loyalty and proprietary assets had little significance. Marketers are therefore strongly advised to find ways of building strong brand equity for better sales performance. Further studies can be done in other counties other than Kisumu County to find out the extent of relevance of brand equity determinants on sales performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The need for businesses to realize better performance has led to significant activity towards building strong brands and using them for creation of brand equity. A brand is the most valuable asset an organization must possess as it operates in the competitive business environment (Keller, 2002). Effective management of brands by organizations starts with having common measures of performance. This not only refers to financial measures such as sales performance, profit margins and cost but also brand equity metrics which can be beneficial to managers as they assess their brand-building efforts. According to market share and/or sales data, customers' perceptions of a brand's success are often reflected in how well the brand performs in the market. This therefore means that a brand's market share should increase or at least remain constant if the brand has an advantage in the consumer's perception in the marketplace (Aaker, 1996).

The study will use the Resource Based View (RBV) of the firm theory and Aaker's Brand Equity Model. Wernerfelt (1984) and Barney (1991) demonstrate in the Resource Based View of the firm that organizations possess internal resources and potential, which if exploited effectively can guarantee long-term performance hence competitive advantage. The RBV of the firm further explains that firms should leverage on their intangible assets and build them to be valuable, rare, inimitable and non-substitutable. Aaker's Brand Equity Model, on the other hand, gives a better understanding how firms can achieve brand equity and its management and measurement. In the Brand Equity Model, Aaker (2009) defines brand equity and lists brand associations, perceived quality, brand loyalty, brand awareness and other proprietary assets (i.e., patents, intellectual property and trading partners) as the five of the most important elements in building a strong brand. Aaker (2009), affirms that a combination of these five components eventually creates value to the firm.

The pharmaceutical industry in Kenya is divided into manufacturers, distributors and retailers and is highly regulated by the Pharmacy and Poisons Board (PPB). Kisumu County is divided into seven sub counties which contain more than forty retail pharmacies all combined. More and more pharmacies are opening in retail locations in Kisumu County in the recent years owing to the perceived profitability of the business. Most of the retail pharmacies are concentrated in Kisumu Central, Kisumu East and Kisumu West. The locational concentration of the retail pharmacies coupled with the strict PPB regulations requires that they leverage on brand equity to set themselves apart and achieve better performance. Furthermore, there is intense competition among the retail pharmacies hence the need to build and position themselves as strong, recognizable and trusted brands.

1.1.1 Brand Equity

Assets and liabilities associated with a brand equity, such as its name and symbol, may increase or deduct from the value of a product or service to the company or its consumers. Both the business and its customers can benefit from brand equity (Aaker, 1991). Brand equity is built on five categories of assets and liabilities, including brand awareness, brand loyalty, perceived quality, brand connections, and other intellectual assets such as patents, trademarks, and channel partnerships. The assets provide value to the customers of a firm by helping them in comprehension and information processing, hence increasing their confidence in their purchasing choice and contentment with their usage experience. On the other hand, when these assets are used to enhance the efficiency and efficacy of marketing initiatives, brand expansions, and brand loyalty, the business is able to achieve larger profits and premium pricing. Brand equity assets therefore, are very important to a firm because they provide competitive advantage hence a barrier to potential competitors (Aaker, 1991).

Aaker (1996), outlines the Brand Equity Ten, which he uses as an evaluation and a metric for measuring the equity of a brand. The four aspects of Brand Equity Ten - brand awareness, brand associations, perceived quality and brand loyalty- to portray the brand's image in the minds of consumers. Brand loyalty influences both the price premium and customer satisfaction whereas perceived quality is associated with brand leadership/ popularity and brand usage. Brand associations measurements may be made on that basis of its influence on perceived value of a product/service, brand personality and organizational associations. Customer attitudes and impressions of a brand are affected by brand awareness. Lastly, brand equity ten outlines measures of market behavior, such as the share of the market and indexes for prices and distribution. It is possible to gauge brand performance by looking at market share (and/or sales), which provides a reflection of a product's position in the eyes of customers.

1.1.2 Sales Performance

A firm's sales performance is one of the key indicators that managers need to put a keen interest on since it is directly pegged to financial and ultimately the overall organizational performance. Sales performance is used by a company that sells its goods to determine the value of its brands in the market place. According to Verbeke, Dietz, and Verwaal (2011), sales performance has five antecedents. These include: the ability to market relevant information, the degree of adaptability, and the ambiguity of roles, cognitive ability, and the level of job commitment. An understanding of these drivers of sales performance by managers, how they vary across different contexts and their effect on the organization's brands is essential. Furthermore, marshalling intra-organizational resources, sales person creativity, buyer-seller interaction and ethics and multilevel performance are crucial aspects towards better sales performance (Richard, et al. 2012).

The extra income that a branded product (or a brand) will accrue to a corporation will become a measure of sales performance of that organization (Motameni & Shahrokhi, 1998). Sales performance therefore can be determined using a variety of monetary and non-monetary metrics spanning from income quantity, profitability, revenue growth and revenue expansion by new customer to customer retention and brand activation. Kaplan & Norton (1993), indicate that Critical Success Factors (CSFs) are common point of reference to measure success in a business and list them as competitiveness, resource utilization, customer satisfaction, quality of service and innovation. They suggest possible measurement of Critical Success Factors by organizations through creation of Key Performance Indicators (KPIs). They go ahead to show that sales growth and market share as Key Performance Indicators directly linked to competitiveness. Furthermore, Return on Sales is one of the ratios used to monitor profitability of a business.

1.1.3 Retail Pharmacy Business in Kisumu County

Retail pharmacies give basic healthcare assistance to the general population while also dispensing prescription and over-the-counter medications. The pharmaceutical industry in Kenya is highly regulated by the Pharmacy and Poisons Board (PPB). The first edition on the guidelines of good distribution practices for pharmaceuticals by the PPB in 2006, outlines the minimum requirements in terms of buildings, stock handling, personnel, transport, record keeping and sales of medicines. Basically, the position of the building, the floor plan and the display of pharmaceutical brands in retail pharmacies is outlined by the PPB. Retail pharmacy personnel have to be registered by the PPB too and have to carry out their daily activities while strictly observing guidelines set out in Cap 244 of the Kenyan constitution.

The pharmaceutical industry in Kisumu County comprises of distributors/wholesalers and retail pharmacies. In this study, I am going to focus on the retail pharmacies. There are more than forty retail pharmacies in Kisumu County spread across the seven sub counties. Just like the rest of retail pharmacies in Kenya, retail pharmacies in Kisumu County have to observe PPB guidelines. In spite of the strict rules, recently, there has been an increase in the number of retail pharmacies. To attract new customers or retain the existing ones, these retail pharmacies have had to go an extra mile in their marketing strategies. Retail pharmacies are more intentional now in positioning themselves as brands that customers would relate or want to be associated with. They are more concerned not only with how well they are known to their customers, but also the perception Kisumu residents have on the quality of brands and services they offer. Retail pharmacies are also working to enhance their channel relationships with stakeholders in the healthcare sector in Kisumu i.e., hospitals, clinics, distributors and doctors. All this is an effort by the pharmacies to increase their market share and performance given the rising competition in the field.

1.2 Research Problem

Significant brand equity is important as it assures firms of a competitive advantage and a barrier to entry by their competitors (Farquhar, 1989). A firm's long-term competitive advantage over its rivals can be attributed to Shamma & Hassan (2011)'s comprehensive approach to Total Brand Equity (a convergence of Corporate Brand Equity and Customer-Based Brand Equity), which shows that Total Brand Equity, customer satisfaction, and market performance are all linked. Increased amounts of sales growth and customer loyalty have been found to be achieved by companies with more valuable brand assets than liabilities. Furthermore, firms should understand the complex interplay between various varieties of brand equity and focus on the components that trigger performance hence competitive advantage (Mohan & Sequeira, 2012).

There exist more than forty retail pharmacies spread across Kisumu County with more coming up at an alarming rate presumably due to the perceived profitability of the pharmaceutical industry. Retail pharmacies rely heavily on sales volume. Therefore, to succeed in this competitive environment, retail pharmacies in Kisumu County need to set themselves apart hence the necessity for brand equity. Over the past few years, there has been significant activity by retail pharmacies to be recognizable by Kisumu residents. Furthermore, the pharmaceutical industry is highly regulated by the Pharmacy and Poisons Board to an extent that it dictates most marketing strategies that might be adopted by pharmacies e.g., location of pharmacies, branding, marketing and promotional materials, retail store layouts etc. This, in itself, is a constraint for pharmacies to achieve better sales performance as compared to retail businesses in other industries.

Multiple investigations have been performed on a global scale in regards to brand equity and sales performance. Using a cohort of Austrian managers, Baldauf et al. (2003) investigated the impact of perceived equity in a company's brand on the profitability of the brand, the sales volume of that brand, and how customers felt about it. Their findings show strong support for brand loyalty, brand awareness and perceived quality as determinants of the readiness of customers to purchase, the value of its products and performance of a firm. Kim et al. (2003) studied brand equity dimensions and their effect on twelve luxury hotel firm's performance financially. The outcome indicate that the hotel industry should seriously work on perceived quality, brand image and brand loyalty if at all they are to attain equity of their brand from the perspective of customers. This study focuses on the overall financial performance and is not specific on sales performance. Furthermore, their findings emphasize on an inclination of brand equity in regards to customer perspective rather than both the customer and the firm. s

An empirical study by Kim & Kim (2005) investigated underlying brand equity dimensions and their effect on hospitality industry financial performance with particular interest in luxurious chain restaurants and hotels. There is a favorable correlation between luxury hotel and chain restaurant performance and customer-based brand equity, according to these data, which reveal that customer-based brand equity includes things like brand loyalty, brand image, and perceived quality. This study also focuses more on consumer-based brand equity rather than investigating brand equity in totality i.e., both corporate brand equity and consumer-based brand equity. In Kenya, on the pharmaceutical sector, Ali's (2014) research focuses on brand equity and company performance. Wambua (2012) investigated impacts of building brand equity dimensions banking institutions' financial performance in Kenya. The results indicate that perceived quality, brand image, brand loyalty and brand awareness are important as they help in achieving improved financial performance and positive returns to shareholders. Ali (2014) and Wambua (2012) focused on effect on brand equity on overall performance and it is therefore not easy to isolate sales performance from these studies. Mandila (2018) investigated how relevant is brand equity to red meat processing company sales performance in Kenya, the study discovered that there was a positive link between performance of sales and brand equity, according to the study findings. The finding further elucidates that brand name and symbol, corporate color and slogan had a significant and positive impact performance of sales. The population targeted for this study was seven meat firms which is too small for research to be conducted. This research seeks to answer the question: what is the influence of brand equity on sales performance of retail pharmacies in Kisumu County.

1.3 Research Objective

The objective of this study will be to determine the influence of brand equity on sales performance of retail pharmacies in Kisumu County.

1.4 Value of the Study

The purpose of this study is to determine if there is a link between brand equity and sales performance by examining whether the determinants of brand equity have an influence on the sales performance of retail pharmacies in Kisumu County, either directly or indirectly. The results of the study will be useful to academics and researchers since they will indicate knowledge gaps that will need more research, particularly on dimensions of brand equity and performance in regards to sales. The findings of this study may be used as a base for future research by scholars interested in studying brand equity and sales performance.

The study will also enable retail pharmacies, not only in Kisumu County, but countrywide, to develop strategies towards significant brand equity hence attract more customers and enhance revenue creation. It will also enable the retail pharmacies to understand brand equity better and inculcate it in their day-to-day service hence improve their position in the competitive market place. Retail pharmacies will be able to understand which brand equity dimensions have more impact on sales performance hence concentrate more on enhancing them.

To the government and especially the regulator, Pharmacy and Poisons Board, this study will help formulate policies that make it easy for pharmacies to embrace brand equity and thrive.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

A review of the previous literature on the subject is presented in this chapter. On the theories of brand equity and the factors of brand equity, this study examines the impact of retail pharmacies in Kisumu County on their sales performance.

2.2 Theoretical Framework

RBV and Aaker's Brand Equity Model will serve as the foundations of this investigation, which aims to reveal the link between and sales performance and brand equity

2.2.1 Resource Based View Theory (RBV)

Resource Based View Theory grew largely from Penrose’s (1959) study where she mentions unutilized internal managerial resources as either major drivers or limitations to organizational growth. This stream of literature was further expanded from the 1980s to recent years. Resource Based View (RBV) focuses on inimitable attributes of a firm as sources of exceptional performance and ultimately competitive advantage (Wernerfelt, 2014) and (Barney, 2001). RBV has been influential in pointing out the foundation upon which capabilities and resources of a firm become genesis competitive advantage. It emphasizes on an inside- out approach: understanding of a firm’s internal environment in order to face the ever-competitive market place. It is important to understand a firm’s internal resources and capabilities which then inform the strategies to be put in place in order to compete in the external environment (Dicksen, 1996). Resources that are non-substitutable, inimitable rare and valuable enable businesses to realize competitive advantage sustainably (Barney, 2001; Collins & Montgomery, 1995; Grant, 1991; Wernerfelt, 2014).

Barney (1986), elucidates that a valuable resource is one that enables an organization to achieve financial value in terms of high sales, low costs (in comparison to competitors) and high profit margins. Barney (1991) further emphasizes that a valuable resource can be used by a firm to adopt and put into practice effective strategies thus ensuring efficiency. Scholars who have advanced the RBV, have categorized firms' resources into various classes with Itami & Roel, (1987) and Hall, (1993), classifying them into two: tangible resources (organizational, technological, physical and financial) and intangible (reputational, innovation and human). This classification is closely similar to that of Barney, (1991) and Brumagim, (1994). Brand names, technological capabilities and efficient procedures are also examples of resources (Wernerfelt, 1984). Firms therefore, should be able to identify valuable resources for a sustained competitive advantage. Any resource that is valuable with heterogeneous distribution and imperfect mobility qualifies as a strategic asset to the firm (Amit &Shoemaker, 1993).

As much as many scholars have advanced the RBV, there are also a number of critiques of the theory. RBV explains that sustainable to attain competitive advantage, non-substitutable resources, inimitable, rare and valuable ought to exist in an organization. This has been subject to criticism as some scholars argue that this is not sufficient, neither is it necessary to explain sustainable competitive advantage. Armstrong & Shimzu, (2007) site the lack of empirical support for RBV; those empirical studies have generated only modest support and that other factor must be put into consideration while explaining sustainable competitive advantage. Furthermore, possession of resources is not adequate and it is only by deploying these resources that sustainable competitive advantage can be achieved (Makadok, 2001).

2.2.2 Aaker's Brand Equity Model

Aaker's Brand Equity Concept is a model devised by David Aaker and published in his 1991 book Managing Brand Equity. Aaker (1991), developed this model to illustrate his definition of brand equity: 'The asset and liabilities associated with a brand, its identity and symbols that either contribute to or deduct from the value supplied to a company and/or its consumers are referred to as brand asset and liabilities. According to this model, brand equity is grounded on five dimensions: recognition, loyalty, associations, perceived quality and other distinctive brand asset. These dimensions influence the brand's performance, hence delivering value to both the consumer and the company. This model implies that brand equity gives value to the consumer by boosting their understanding of information, their confidence in making a purchasing choice, and their overall pleasure with the brand. Firms that have strong brand equity have greater likelihood of long-term success because they are more likely to be profitable. Keller, (1993) and Mahajan et al, (1994) are proponents of this model.

Aaker (1996) further built on his earlier work ensuring the model is more inclusive of various markets and products and to demonstrate the ten measures of brand equity. Apart from the common financial measures i.e., sales, cost, profit and return on advertising, it is paramount to supplement them with brand equity measures. Willingness of customers to pay maximum price for a particular brand may be used to gauge their level of loyalty (price premium). Customer satisfaction is also brand loyalty indicator. A brand's perceived quality may be measured by its leadership/brand popularity, while perceived value, brand personality, and organizational affiliations can be measured by a brand's relationship with a particular company. Despite Aaker’s contribution to brand equity, Feldwick, (1996), describes it as an amorphous concept which is immeasurable and cannot be applied directly to businesses. He therefore concludes that brand equity alone cannot guarantee improved future performance for businesses. Because there are no widely acknowledged scales to assess brand assets, it is much more challenging for professionals to rationalize investments in brand development projects. Fortunately, there are several widely accepted measures to evaluate brand assets.

2.3 Determinants of Brand Equity

When it comes to building brand equity, Aaker (1991) offers a five-factor model: perceived quality, associations of the brand, brand awareness, brand loyalty and other proprietary assets. According to Aaker's definition of brand equity, these are the asset and/or liabilities associated with a brand on which value is produced or deducted for a company and its consumers. The five brand equity dimensions therefore impact brand performance directly. Strong interdependence occurs among these dimensions and Aaker (1996), suggests managing them effectively, with precise measures for each determinant, to ensure achievement of equity, worth to both the customers and firms and eventually sustainable competitive advantage.

2.3.1 Brand Awareness

Brand awareness encompasses the capacity of a customer to identify a brand in a variety of situations, as well as brand recognition and recollection (Keller, 1993). The degree to which the public is aware of a certain brand influences consumers' attitude and commitment towards a brand and purchase decision by the consumer i.e. consumers are more likely to have a substantial attitude and consider a brand known to them. Brand awareness also acts as a security to which various connotations might be associated to it. (Aaker, 1991). The relevance of brand awareness among consumers can be assessed at various stages i.e. opinion, dominance and knowledge of the brand, recall, recognition and top of mind (Aaker, 1996).

2.3.2 Brand Loyalty

Brand loyalty refers to a high degree of attachment between the consumer and a specific brand. A loyal customer base forms a foundation for a price premium, is a defense to price competition, offers a barrier to entry by competitors and even if competitors emerge, then it gives a firm time to respond (Aaker,1996). According to Aaker (1991), loyal customers are an assurance of a stable source of revenue for a firm and help in bringing new customers on board hence enhancing brand awareness. Attitudinal and Behavioral brand loyalty are the two main types of customer devotion to your brand (Kim et al 2008; Kabiraj & Shanmugan, 2011). Roy (2011), divides attitudinal brand further into emotional and cognitive loyalty. Cognitive loyalty entails a consumer's knowledge of information regarding a particular brand whereas emotional loyalty is basically what a consumer feels about a particular brand.

2.3.3 Brand Associations

Anything that is remembered as being connected with a brand is referred to as a brand association (Aaker, 1991). The link becomes more superior when there’s continued consumer experiences with a particular brand. Brand associations add value to both organizations and consumers by influencing consumer’s attitudes hence purchase decision, enabling firms to differentiate their products in the market and provide a basis for brand extensions. Keller (1993) divides brand association into three groups: attribute, benefit and attitudes. As opposed to benefits, which relate to the personal value customers place on the expressive aspects of the brand, attributes refer to the expressive qualities of a product. In contrast, attitudes are consumers overall assessment of a brand. The measurement of brand associations may be approached from three different perspectives: brand as a product (which emphasizes on the brand value proposition), brand as a person (which emphasizes on the brand personality), and brand as an organization (which emphasizes on the brand image) -associations of organizational members (Aaker, 1996).

2.3.4 Perceived Quality

The term "perceived quality" relates to a consumer's assessment of a product's ability to match his or her expectations, as opposed to the product's actual quality. Customers' perceptions of quality have been linked to premium rates, price elasticity and brand use as well as stock returns (Aaker, 1996). Perceived quality may be measured in terms of a consumer's rationale for purchasing a brand, the amount of distinction between the brand

and its rivals, the availability of various sales channels, and the extent to which the brand has been extended (Aaker, 1991). When consumers consider a service or product to be of excellent quality, it has a significant impact on their overall satisfaction with the product or service in question (Gotlieb et al., 1994; Zeithaml, 2000).

2.3.5 Other Proprietary Assets

Other proprietary assets refer to intellectual property rights, distribution channel, trademarks and patents (relations with other trade partners), which contribute to achievement of sustainable competitive advantage. A trademark is important in protecting brand equity especially when competitors use similar or almost similar names/ symbols/ package with the intention of confusing customers. A patent restricts direct competition since other firms are excluded from making a comparable product of specific duration. A distribution channel is commanded by a brand because of its brand performance history and also customers expect availability of a brand in the market (Aaker, 1991).

2.4 Empirical Review

Investigation in regards to sales performance and brand equity has been undertaken by a variety of researchers. Using a cohort of Austrian managers, Baldauf et al. (2003) investigated the impact of perceived equity in a company's brand on the profitability of the brand, the sales volume of that brand, and how customers felt about it. Their findings show strong support for perceived quality, awareness and brand loyalty as determinants of the readiness of customers to purchase, the value of its products and performance of a firm. Kim et al. (2003) studied brand equity dimensions and their effect on twelve luxury hotel firm's performance financially. The outcome indicate that the hotel industry should seriously work on perceived quality, brand image and brand loyalty if at all they are to attain equity of their brand from the perspective of customers. The results further elaborate that metrics of brand image, awareness and loyalty have an impression hotel's performance financially..

An empirical study by Kim & Kim (2005) investigating underlying brand equity dimensions and their effect on financial performance in the hospitality industry with particular interest in luxurious chain restaurants and hotels. There is a favorable correlation between luxury hotel and chain restaurant performance and customer-based brand equity, according to these data, which reveal that customer-based brand equity includes things like brand loyalty, brand image, and perceived quality. Grashuis (2018), analyzed how financial performance of marketing of over seven hundred marketing cooperatives in the US is impacted by brand equity. The study was done on a sample of 707 US marketing co-operatives for the period between 2005 to 2011.The results showed that financial performance and brand equity are positively related. Specifically, there is a positive effect on marketing cooperatives net sales which in turn has a corresponding impact on the net income.

Agostini et al. (2015) studied the association between brand building efforts and SME sales performance with particular interest in the fashion industry. As a part of the investigation, it was interested in determining whether or not there was a correlation between SME sales and the amount of corporate trademarks used in conjunction with marketing expenditures. They used a method called purposive sampling, in which a sample is chosen depending on the specific objectives of the study being conducted on it. They sampled 133 SMEs from Italy and the research was done between 2008 and 2012. Agostini et al. (2015), used STATA software for all the statistical data analysis and t regression model to establish how sales performance is related to branding. Results indicated marketing expenses with sales performance and corporate trademarks are related positively.

Locally, Mandila (2018) investigated how relevant is brand equity to red meat processing company sales performance in Kenya. The SPSS program was used to examine the data where descriptive statistics were collected and a correlation study was performed to determine the link among variables. The study discovered that there was a positive link between performance of sales and brand equity, according to the study findings. The finding further elucidates that brand name, brand symbol; slogan and corporate color had a significant and positive impact on sales performance. The research finding was that there was a positive correlation between brand equity and sales performance. The finding further elucidates that brand name, brand symbol, slogan and corporate color had a significant and positive impact on sales performance. The study further recommends that red meat processing firms should build strong brand equity in order to expand share of the market.

For the pharmaceutical industry in Kenya, using cross sectional descriptive design, Ali (2014) looked at the extent of corporate brand equity on firm performance and the variables that influence that brand equity. The study concentrated on 38 manufacturing pharmaceutical companies registered by the Pharmacy and Poisons Board. A semi-structured questionnaires was utilized to gather primary data in this research, which was supplemented by secondary data. The study used SPSS to analyse data which involved both descriptive and inferential statistics. Additionally, a Pearson correlation study was carried out in order to determine the efficiency of pharmaceutical companies in valuing corporate brand value. The findings of this study show that good management of brands brings about a clear differentiation between products and a good corporate image has an impression on the consumer's brands perception hence firm performance.

Using descriptive survey design, Wambua (2012), investigated how financial performance of banking institutions in Kenya is impacted on by building brand equity dimensions. The goal was to establish whether and Firm Performance in the large banking institutions in Kenya and Consumer Based Brand Equity are correlated. Primary data from 350 respondents who were account holders of ten large banks in Kenya using semi structured questionnaires. The researcher used SPSS to analyze the data where he obtained the descriptive statistics. The study also used an independent t- test to show if respondents differed in their opinion between high and low performance banks in regards to four dimensions of brand equity. The results indicate that perceived quality, associations of the brand, brand awareness, brand loyalty and brand image are important as they help in achieving improved financial performance and positive returns to shareholders.

Businesses in the current competitive environment need to strive towards exceptional performance hence the importance to examine how business performance is related to brand equity (financial and non- financial). Brand equity is founded on customer perceptions, as articulated by Keller (1993) towards organizations appealing to consumers' feelings and buying behavior in favor of their brands hence brand equity. Positive-consumer based brand equity can enhance financial performance in regards to growth in sales, greater revenue and higher profit as well as better operational performance as represented by a brand’s market share. The success of businesses depends on the volume of sales which is among many metrics of financial performance. The correlation between brand equity and corporate success is confirmed by consumer-based measures of brand equity and is consistent with the conceptualization of Aaker (1991), where brand awareness, brand loyalty, perceived quality and brand association have a substantial effect on equity of a brand.

Brand equity can be viewed from two different dimensions i.e. organizational based dimension and consumer based dimension. More emphasis is placed on the value of a company's brand equity than on its own and uses financial indicators to measure brand equity. From an organizational perspective, Simon & Sullivan (1993) define brand equity as the increased financial flows that accrue to branded items over unbranded products. From customer view point, it is based on the value of the brand to them and is in terms of loyalty, satisfaction and price premiums. The effect of an adequately managed customer brand equity on organizational brand equity can be positive and long lasting and measurement of both point towards financial performance of an organization (Pierre et al, 1993).

2.5 Conceptual Framework

Brand equity is a critical intangible asset developed from prior brand development actions and comprises extra worthiness that brand brings to the products as a result of its existence (Farquhar, 1989). Research has, so far, demonstrated a connection between brand equity and intended business outcomes including brand extensions, financial performance, price premium, attitudes and purchase motive (Aaker & Keller, 1990). As per consumer-based brand equity, customers hold the key to the success of a brand (Leone et al., 2006). Using cognitive psychology, Keller (1993) defines consumer-based brand equity as the difference in customer response to brand marketing due to the brand knowledge. In order to build brand equity based on consumer inclination, a company must ensure that its target audience has brand name awareness and has robust, complimentary, and distinctive connections with it in their minds. Consumer-based brand equity has several different conceptualizations, but Aaker's (1991) dimensionality is the most widely employed empirically. Aaker has never put a scale to the measurement of brand equity to use himself. There are two components of brand equity yet to be operationalized by Aaker (1991, 1996).

While there is a considerable corpus of study on brand equity, there is limited agreement on what it is and its essential characteristics. However, the majority of academics believe that the idea is multifaceted, and the variety of opinions about its conceptualization might be argued to be the result of observation and prejudice (Christodoulides & de Chernatony, 2010). Christodoulides and de Chernatony (2010) identified several measurements of brand equity based on consumer perspective that researchers use, include but are not confined to social image, association performance, trust, relationships, perceived quality awareness, image, and loyalty, premised on their analysis of relevant literature. Aaker's abovementioned dimensionality of brand equity based on consumer perspective has been used in a variety of circumstances, and concerns have been raised about the conceptualization's discriminant validity, notably insofar as awareness fails to distinguish between associations and brands (Kim & Hyun, 2011). Additionally, some academics see brand loyalty as a result of brand equity rather than a component of it (Chaudhury & Holbrook, 2001). To examine the nomological typology of its component pieces and provide management guidance on managing their brand equity, we must first get a deeper knowledge of the architecture of brand equity across many cultural settings and product classifications..

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covered the research design employed to investigate to problem, populations, sample sizes, data gathering methods, and data processing procedures. To respond to research questions, the research techniques outlined in this chapter were essentially the study's intended approach for providing responses.

3.2 Research Design

A research design is a step-by-step approach for gathering needed information in a scientific manner (Mugenda, 2008). The descriptive survey design was employed for this investigation. This strategy was chosen because it aided in conducting conclusive research aimed at characterizing the people involved. It also clearly brought out a clear understanding of the variables under study. Descriptive design was used in particular because it was less costly and looked at data accumulated from a broad range of sources in a short time span. Furthermore, it was capable of describing in detail changes in attitudes, beliefs, and perceptions throughout the general population (Gatara, 2010).

A descriptive design was important because besides the characteristics of individuals, it also examined the whole sample. It provided critical information to serve as solutions to local problems because it gathered statistics on existing situations for reasons of description and interpretation. This design applied scientific methods in examining the source materials, analyzing and interpreting data and finally arriving at generalization and prediction. In summary, a descriptive survey design not only systematized facts but included proper scrutiny, interpretation, contrasts and pinpointing of trends and relationships (Aggarwal, 2008).

3.3 Population

A population, according to Mugenda (2008), is a group of people/items that have a similar trait. The target population for this study consisted of forty registered pharmacies in Kisumu County. Due to the fact that this study targeted the entire population, a sampling method was not be necessary.

3.4 Data Collection

First-hand information was gathered from the population using a structured questionnaire. The quantitative data was gathered via the use of this structured questionnaire. A series of questions meant to elicit information from an individual or group of individuals is known as questionnaire. The questionnaire was categorized into three sections: respondents were asked about their demographic characteristics as well as basic information about pharmacies in Kisumu County in the questionnaire's Section A, brand equity responses were sought in Section B and section C sought responses on sales performance. Self-administration of the questionnaire by drop off and pick up at the pharmacies took place. Managers/ owners at the retail pharmacies were presented with questionnaires to ascertain how performance of sales is related to brand equity. Employees at these management levels were selected as they're more inclined to have a thorough understanding of brand equity and sales performance. Each pharmacy had one respondent bringing to forty the total sample of the study.

3.5 Data Analysis

Statistical Package for the Social Sciences ((SPSS) was employed to analyse the data. Descriptive statistic was adopted in terms of frequencies, percentages, mean and standard deviations. Total mean brand equity and standard deviations on sales performance were calculated as well. Regression analyses were employed in highlighting how brand equity (independent variable) is related to sales performance (dependent variable).

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter consists of the data analyses, presentations and interpretations on the rate of response, the respondent's background information, reliability test, and data analysis by making use of Inferential Statistics - Multiple Regression Analysis and Analysis of Variance.

4.2 Response Rate

Table 4.1 shows the response rate for the 40 questionnaires that were distributed by the researcher.

Table 4.1: Response Rate

Response	Frequency	Percentage %
Retuned	40	100
Unreturned	0	0
Total	**40**	**100**

Source: Research Data (2021)

Out of the 40 questionnaires administered, all of them were filled and returned. From this, the response was excellent and the representative to the target population. In accordance with William (2012), a response of 10% or more is sufficient for analysis, hence a response of 100% was deemed appropriate From the figure 4.1 below it is evident that the questionnaires were 100% answered.

4.3 Pilot Test Results

4.3.1 Reliability Test Results

To determine the reliability of the survey instrument, a pilot study was done to test it out. It involved size respondents who had been omitted from the main study were involved. Using Cronbach Alpha (Cronbach, 1951), which tests internal accuracy, the reliability of the questionnaire was assessed. The outcomes are depicted in Table 4.2.

Table 4. 2: Reliability Results

Variable	Number of items	Cronbach's Alpha	comment
Brand Equity	6	0.757	Accepted
Sales performance	4	0.735	Accepted

Source: Research Data (2021)

The presentation on the table 4.2 shows the carried-out tests based on the reliability tests by using Cronbach Alpha. In this presentation, it was shown that the reliability test based on brand equity there was reliability consistency of 0.757 while in sales performance reliability consistency was 0.735. Based on the examined variables, all of them had an

Alpha coefficient of more than 0.7 in the total observation. This was an indication that the variables used in this study were reliable.

4.3.2 Validity Test Results

The validity test involved the academic research supervisor. The input of the supervisor on the assessment of the questionnaire formulated by the researcher based on its content or how the questions were relevant to the study that undertaken. As a result of the supervisor's assessment, the questionnaire was found to be a good fit for collecting data.

4.4 Demographic Analysis

A breakdown of demographic attributes is provided in this section. In presenting demographic comparison statistics, graphs and tables were used.

4.4.1 Gender

The study's researchers set out to determine the gender of those who took part in it. Table 4.3 depicts the observations.

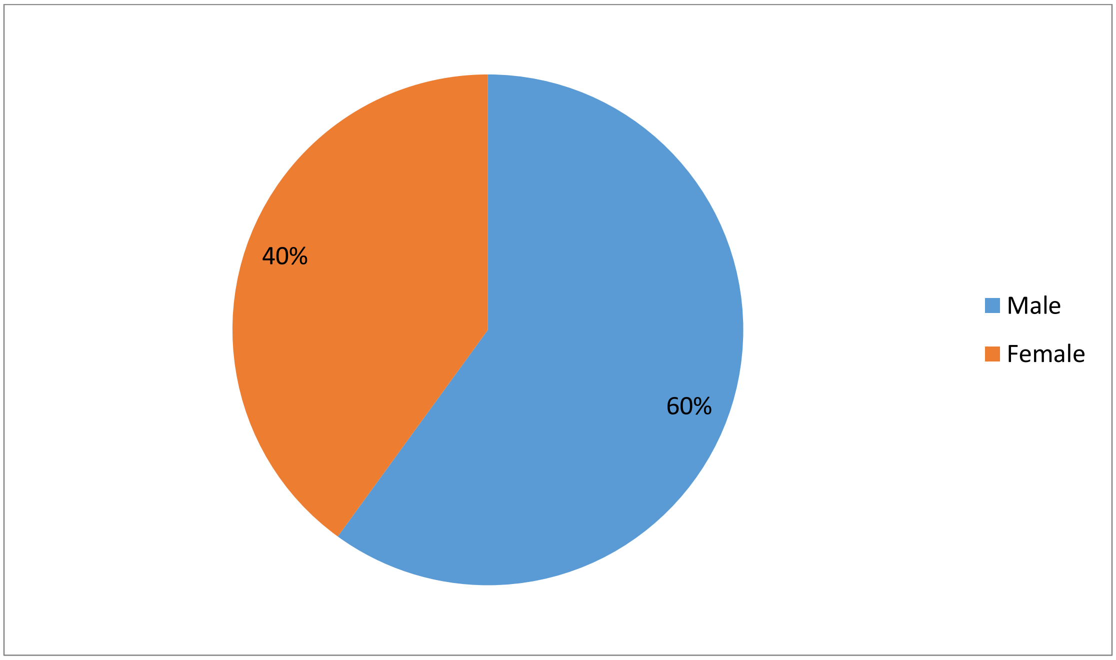

Figure 4.1 Gender of Respondents

Source: Research Data (2021)

According to the results, the researcher divided up the participants into two groups based on the way they presented their gender: - Sixty-one per cent were males and sixteen per cent were females, according to the survey's 40 participants. This illustrated that overwhelming majority of the managers and assistant managers in working in the registered pharmacies in Kisumu were male.

4.4.2 Position held

The researcher sought to identify the respondents with the position held at the pharmacy. The findings are as shown in table 4.6 below.

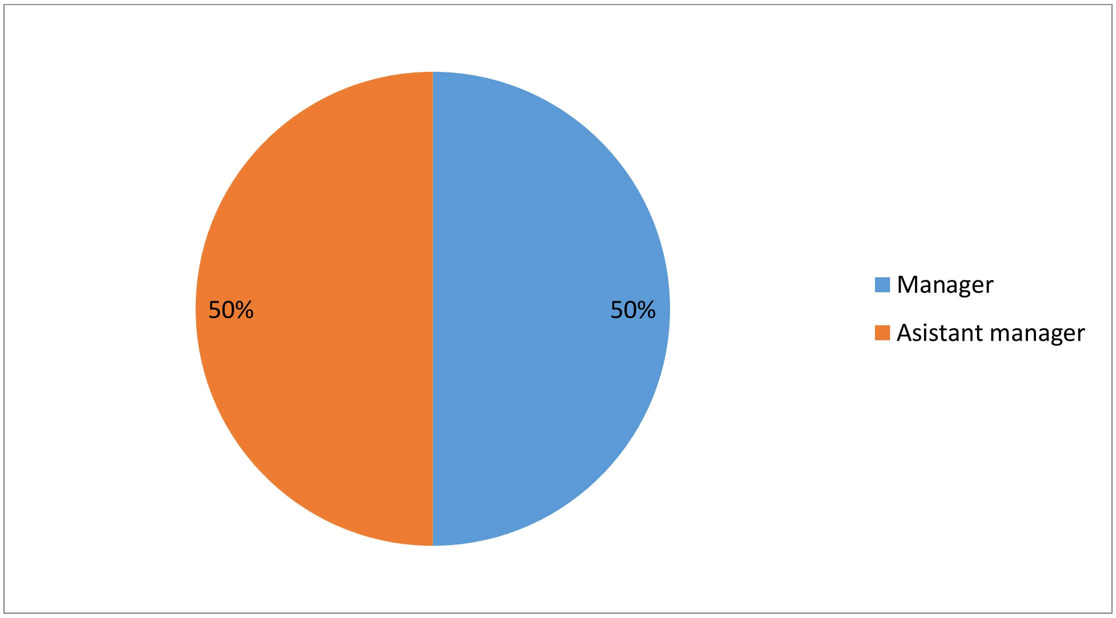

Figure 4.3 Position held

The findings indicated that there was equal number of respondents with the manager and assistant manager positions with 20 respondents each. This is an indication that the data obtained was reliable as it focused on both senior and junior management of the pharmacies.

4.4.3 Period worked

The researcher wanted to know how long each respondent had worked at the pharmacy. Table 4.6 illustrates the outcomes.

Table 4.6 Years worked

Years worked	Frequency	Percent
Less than 1 year	7	17

1-2 years	10	25
2-3 years	10	25
Over 3 years	13	33
Total	**40**	**100**

Source: Research Data (2021)

The outcome showed that overwhelming majority of the managers and assistant managers working in the pharmacies in Kisumu had worked for over 3 years. This can therefore show that they have gathered a lot of skills in the operations of the pharmacy and are able to give reliable information on the brand and sales performance over time.

4.5 Analysis of study variable

This section consists of the descriptive analyses of the variables including sales performance and brand equity. To align the responses, a Likert scale of the range of 1-5 was used in which it ranged from; 1 designating strongly disagreeing, 2 designating disagreeing, 3 designating neutrality, 4 designating agreeing, and 5 designating strong agreeing..

4.5.1 Brand equity

Retail pharmacy sales performance in Kisumu County, Kenya, was examined as a function of brand equity diversity.

Table 4.7 Brand equity

	mean	Std
How likely are Kisumu residents familiar with your pharmacy brand	3.375	1.19
How likely is your pharmacy to be recognized by logo/symbol	2.375	1.1
What is the likelihood that your pharmacy comes up top of mind among Kisumu residents when they need to purchase a pharmaceutical product	3.25	1.21
What is the possibility that Kisumu residents will recall your pharmacy among competing pharmacies	3.3	1.2
How likely is a customer to do a repeat purchase at your pharmacy	3.575	0.96
How likely would your customer recommend your pharmacy to other Kisumu residents	3.5	0.93
How likely will customer buy from your pharmacy without being sensitive on price	2.625	0.98
How likely will customers associate your pharmacy with quality products	4.05	0.88
What is the likeness of quality service by your pharmacy personnel	4.275	0.96
What is the probability of your pharmacy being considered reliable among Kisumu residents	3.625	1.05
What is the overall believability of the information given to customers by your pharmacy	4.1	0.9
What is the likelihood that your staff are associated with the high level of expertise in giving medical advice	4.25	0.87
What is the likelihood that this pharmacy is associated with affordable pricing of products	3.175	1.03
How likely are services /products in your pharmacy perceived to offer customers value for their money	3.975	0.95

Source: Research Data (2021)

The presentation of findings on table 4.7 was about the effect of brand equity diversity on sales performance at of retail pharmacies in Kisumu County. The study found that Kisumu residents familiarity with the pharmacy brand statement had a 3.38 as mean and 1.19 as standard deviation, How likely is your pharmacy to be recognized by logo/symbol mean 2.375; standard deviation 1.1, What is the likelihood that your pharmacy comes up top of mind among Kisumu residents when they need to purchase a pharmaceutical product mean 3.25; standard deviation 1.21, What is the possibility that Kisumu residents will recall your pharmacy among competing pharmacies mean 3.3; standard deviation 1.2, How likely is a customer to do a repeat purchase at your pharmacy mean 3.575; standard deviation 0.96, How likely would your customer recommend your pharmacy to other Kisumu residents mean 3.5; standard deviation 0.93, How likely will customer buy from your pharmacy without being sensitive on price mean 2.625; standard deviation 0.98, How likely will customers associate your pharmacy with quality products mean 4.05; standard deviation 0.88, What is the likeness of quality service by your pharmacy personnel mean 4.275; standard deviation 0.96, What is the probability of your pharmacy being considered reliable among Kisumu residents mean 3.625; standard deviation 1.05, What is the overall believability of the information given to customers by your pharmacy mean 4.1;

standard deviation 0.9, What is the likelihood that your staff are associated with the high level of expertise in giving medical advice mean 4.25, standard deviation 0.87, What is the likelihood that this pharmacy is associated with affordable pricing of products mean 3.175; standard deviation 1.03, How likely are services /products in your pharmacy perceived to offer customers value for their money mean 3.975, standard deviation 0.95.

4.5.1 Sales performance

The study findings on sales performance were presented in table 4.8 below.

Sales growth	3.225	1
Market share gains	2.675	1.12
Sales growth	3.125	0.94
Net profits	3.35	0.95

Table 4.8 Sales performance

The presentation of findings on table 4.8 showed that sales growth had a 3.23 as mean and 1.12 as standard deviation, Market share gains mean 2.675; standard deviation 1.12, Sales growth mean 3.13; standard deviation 0.94, Net profits mean 3.35; standard deviation 0.95.

4.6 Inferential Analysis

In this investigation, inferential Statistical Results was performed by selecting a sample statement from the dependent and independent variables in the study. A correlation and regression analysis were done to perform the inferential statistics

4.6.1 Multiple Regression Analysis

In this study a multiple regression analyses was adopt to reveal significance of the link that exists in regards to response variable sales performance and predicator variables that was brand equity**.** The study revealed whether independent variable affected dependent variable.

The model summary was presented on the 4.12.

Table 4.13 Multiple Linear Regression Analysis Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.853[a]	.709	.698	.257675

The model summary indicated that 70.9% in the variations on sales performance, in registered pharmacies in Kisumu County could be explained by the brand equity. The remaining 29.1 percent of the variance may be attributed to variables outside the model, as shown in the results.

4.6.2 Analysis of Variance

ANOVA is employed in this investigation to determine how well the model is suited for application. Table 4.13 includes the research outcomes..

Table 4.14 Analysis of Variance (ANOVA)

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	15.124	4	3.706	58.272	.000[b]
	Residual	6.161	36	0.065		
	Total	21.285	99			

a. Dependent Variable: organizational performance

b. Predictors: (Const), age, gender, ethnicity and education.

The study established that the findings in table 4.13, the variable brand equity significantly affected sales performance.

So it may be concluded that the data used in this research is adequate for drawing inferences regarding population parameters since a significance level of 0.000 percent was determined to be less than 0.005 percent. The significance value shown by this value; 0.000 is considered lesser than the approximated value of 0.005 which is a revelation that statistics were significant for making inferences that is, the predictor variables being the brand equity shows the variation in the dependent variable that is sales performance.

4.7 Chapter Summary

This chapter summarized the findings and outcomes based on the data supplied by the participants. A summary of the study's findings has been offered in this section. Graphs and tables with frequency data were used to display findings. In addition, we performed normality checks, reliability checks, and a correlation study. Analyses of the response rate and contextual data were presented in the chapter. There is a concluding chapter in which the findings are summarized, discussed, and suggestions are made.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Results, conclusions, suggestions, and future recommendations are summarized in this chapter of the research study.

5.2 Summary

An investigation of brand equity's influence on retail pharmacy sales in Kisumu County was conducted. The study used a descriptive research approach to examine the association between brand equity and sales performance. Questionnaires were used to collect pertinent data from the participants. Kisumu County has 40 licensed pharmacies, the subject of the investigation. All the respondents were involved in the data collection without sampling. Inferential and descriptive statistics were used for data analysis and presentation.

This information was gathered and summarized using regression analysis and tables that display frequency data. It was shown that brand equity components have a direct impact on sales performance. There is a correlation between brand equity and sales success, according to a new study. This demonstrates the power of a strong brand to leave a lasting impression on the minds of potential buyers. More people know about brands than ever before, according to a new survey. The research found that the corporation uses brand association to distinguish, position, and extend its brands. The personality of a brand is a critical factor in determining whether or not a customer would buy a product. Customers of pharmacies might expect genuineness, enthusiasm, and expertise; as well as, sophistication and roughness in their brands' personality Another finding was that different Kisumu County pharmacies have developed competitive tactics to distinguish themselves from their rivals (the research).

5.3 Discussion

According to Satvati, Rabie, and Raso (2016), brand equity refers to a brand's worth as a result of the connections that consumers have with it. According to Aaker and Joachimsthaler (2000), consumers may be enticed to purchase a product by its association with a specific use case, such as aspirin and heart attack. According to him, strong brand associations are the foundation for a brand's growth. Consumers' positive attitudes and feelings are reinforced by Aaker (2011), who shows that brand association perpetuates the specificity of the brand by given explanations for them to choose or purchase it. Brand personality, according to Bruwer and Buller (2005), is crucial for consumers and marketing since it may help customers distinguish between different brands and is a major factor in determining their desire to buy. This helps consumers decide whether or not to buy a product whose characteristics are difficult to evaluate.

5.4 Recommendation for Further Research

The study's goal was to find out how retail pharmacies in Kisumu County's brand equity affected their sales. The study was only carried in Kisumu County. If this research is extended to various kinds of goods and services, with varying decision-making processes and sales success across firms, it may deserve additional examination to illustrate the effects of brand equity on customer intent to buy. The findings of this study urge future researchers to look into alternative ways to improve sales performance..

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