

**REBRANDING STRATEGY AND PERFORMANCE OF NATIONAL
BANK OF KENYA**

BY

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DECLARATION

This research project is my original work and no part of it has been presented for a degree certificate in any other university or institution.

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

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DEDICATION

I dedicate this research project to my family members for their great support in my academics. Special dedication goes to my Loving parents, Rev. Barnaba Mesis and Drusilla Mesis, for all the support you have given me over the years. I could not have made it this far without your love and your prayers. Dad, God bless you and keep you, maaaa, be in perfect peace with the angels.

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ABBREVIATIONS AND ACRONYMS

NBK:	National Bank of Kenya
CBK:	Central Bank of Kenya
RBV:	Resource Based View
DC:	Dynamic Capabilities Theory
PR:	Public Relations
CSR:	Corporate Social Responsibility

ABSTRACT

Organizations throughout the world have had to use one strategy or another, in order to improve their performance. This is as a result of the emerging trends that have intensified the level of competition among different firms, causing them to strategize in order to stay ahead of competition. The banking industry globally has witnessed intense competition and the Kenyan banking industry has not been spared. The sector is undergoing a period of major upheaval and restoring customer confidence has emerged as priority as customers are increasingly demanding higher quality of service from their banks. The purpose of this study was to examine rebranding strategies in relation to performance of National Bank of Kenya. The objectives of the study were to determine the relationship between the rebranding strategy and performance, and the challenges of rebranding. The research was designed as a case study. Primary data was collected from managers through in-depth interviews using an interview guide, while secondary data was obtained from the National Bank library and other literature. Data collected from the study was analyzed qualitatively using content analysis and presented herein. The study revealed that NBK has recently undergone a transformation drive where it has rebranded and not only created a new vibrant look, but has also radically changed the way they carry out their operations. This study established that several departments have been actively involved in the process which touched on the bank's corporate colors, advertising, corporate social responsibility, staff development, customer service, their slogan, mission and vision. As reiterated by the interviewees, rebranding has helped the bank in implementing its overall strategic plan by enhancing the image of the organization and bringing out the organization's competitive positions in the industry. The challenges faced were many and included resistance by employees who were demotivated and unskilled, poor communication and high costs. These challenges were well addressed and the study confirms that indeed rebranding can affect performance of an organization. The study recommends that the industry regulator needs to understand the relation between rebranding and performance and consider it as a policy option. The study also demonstrates the application of the Resource based theory and the Dynamic Capabilities theory and that NBK and indeed other players in the industry are encouraged to keep improving their resources in order to stay ahead of competition. Availability of interviewees was a major limitation to this study, however, those interviewed were most helpful. From this study, other areas that can be researched on include rebranding in other industries and employee involvement in rebranding. This research conclusively confirms that despite the challenges involved, rebranding does have a profound effect on performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Rebranding has been described as the repositioning, revitalizing, or rejuvenating of a brand and in some cases, even having a brand being totally “reborn.” Mutzellec et al. (2003) presented their paper as “a first attempt to explore the issues of relevance to the rebranding phenomenon”. They defined rebranding as “the practice of building anew, a name representative of a differentiated position in the mind of stakeholders and a distinctive identity from competitors.

This study is founded on two theories. The Resource Based View encourages organizations to identify and develop resources that give them an edge over their competitors. The theory postulates that a firm’s ability to enjoy a position of advantage solely relies on the resources it possesses which may be human, financial, technological or physical (David, 2002). The second theory, The dynamic capabilities theory will help the organization to develop the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments.

The banking industry in Kenya comprises commercial banks, microfinance institutions, foreign exchange bureaus and credit reference bureaus. National Bank of Kenya, one of the forty three commercial Banks in Kenya was incorporated in 1968 and officially opened later that year. The bank has 68 branch outlets spread in major towns throughout the country and is currently undergoing a restructuring strategy which will see the bank create six different divisions to transform the 48 year-old bank into a profitable and competitive banking entity (Anyanswa, 2013).

The motivation behind this study is the prior poor performance of the National Bank. According to Sinclair (1999) business the world over acknowledges the value of brands. Internationally, McDonald's food chain, Southwest airlines, Citibank has successfully undergone rebranding. Royal Bank of Scotland is rebranding with the new name being William and Glyn. As such, companies in the 21st century, National Bank included, have found it necessary to relook their brand in terms of its relevance to consumers and the changing marketplace. It is therefore hoped that this strategy will boost NBK, and that the new brand will outperform the 'old brand.' This study will be of help to organisations that may be considering rebranding as a strategy.

1.1.1 Rebranding Strategy

Adopting the definition proposed by Mutzellec and Lambkin (2006) rebranding refers to the creation of a new brand element aiming at creating a new image or position in the mind of customers. According to Pearce and Robinson (2010), by strategy, managers mean their large-scale, future-oriented decisions and plans for interacting with the competitive environment to achieve company objectives.

Corporations often rebrand in order to respond to external and/or internal issues. Companies also utilize rebranding as an effective strategic tool to hide malpractices of the past, and shed negative connotations that could affect profitability. In some cases, companies try to build on any perceived equity they believe still exists in their brand through differentiation and rebranding. Companies differentiate themselves from competitors by incorporating practices from changing their logo, revamping their operations, to even going green.

The need to differentiate and rebrand is especially prevalent in saturated markets such as the financial services industry. A Rebranding Strategy involves setting up goals, determining actions to achieve the goals and mobilizing resources to execute the actions within a specified period of time. However, rebranding is a strategy involving considerable risks, as strong brands take years to be successfully built in order to provide higher margins, loyal customer bases and a continuous stream of income for the institution representing the brand.

1.1.2 Firm Performance

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed (Brumbach, 1998). Firm performance therefore is the accomplishment of given goals by an organization, with value addition that is quantifiable.

Firm performance is a collective effort by all the resources within the firm. How these resources are put to use will determine the performance. Human capital is one key resource that if well selected, trained, rewarded and motivated, will contribute to improved performance. Organizations have come up with different ways of measuring and rewarding individual performance which is in itself the key component to firm performance. Reward systems have been put up not only by individual organizations but also by industries to recognize and award good performance.

Barambah (1998) observed that firm performance should incorporate both behaviors and results and not just results. In an economy where knowledge and service are key, competitive advantage comes not only through results, but also through the behaviors people demonstrate when carrying out their roles.

Therefore, if effective performance is to be encouraged in organizations, there is need to focus not only on what people do but also how they do it. Effectiveness and efficiency have to be incorporated into all operations within an organization.

1.1.3 Rebranding Strategy and Firm Performance

In a study of 165 cases of rebranding, Muzellec and Lambkin (2006) found that, whether a rebranding follows from corporate strategy or constitutes the actual marketing strategy, it aims at enhancing, regaining, transferring, and/or recreating the corporate brand equity. This in turn has a direct impact on the performance of a firm.

The success and economic rationale of corporate decisions may be judged by identifying its impact on firm value, i.e., the impact on the firm's performance. A Corporate rebranding strategy signals to the market that something in the firm has changed, hopefully implying a more positive outlook.

1.1.4 The global perspective of the banking sector

Since the 1980s the world economy has experienced significant structural changes as a consequence of the liberalization and globalization influenced by rapid technological development, and the Banking industry and financial markets have been central to these developments due to increased capital movements between countries.

The banking industry throughout the world has been undergoing major consolidations in recent years. The sector is undergoing a period of major upheaval and restoring customer confidence has emerged as priority. Customers are increasingly demanding higher quality of service from their banks. At the same time, new technologies developed in the recent years are modifying the way customer's access banking services. Competition is so high with the increased number of banking institutions and

non-traditional players who are now offer competing financial services. So much growth has been witnessed so far and banks continue to reinvent and better themselves so as to remain relevant and gain an edge over their competition.

1.1.5 Commercial Banking Sector in Kenya

Over the years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The sector has experienced competition over the last few years resulting from increased innovations among the players and new entrants into the market.

Banking services are poised for significant expansion, product and market development that should result in further consolidation of the sector. Most of these transformations have been necessitated by the changes in the environment and have forced the banks to respond in order to remain in business. Key issues affecting this industry include changes in the regulatory framework and declining interest margins leading to mergers and reorganization, increased demand for non-traditional Services and introduction of non-traditional players who offer competing financial services.

Every player in the industry is reinventing itself and finding strategies to keep them afloat in the cut throat competitive environment, and rebranding is one of the many options that have been explored.

1.1.6 The National Bank of Kenya

The National bank of Kenya was established in 1968 as a 100% government owned financial institution whose sole goal was to help Kenyans get access to credit and enable them to drive the economy especially after independence.

As of December 2013, National Bank of Kenya asset base was valued at approximately KES 67.1 Billion with shareholders equity valued at about KES 10.55 Billion. In May 2013 National Bank of Kenya was ranked number twelve, by assets among the forty four licensed commercial banks in the country. The Bank is listed on the Nairobi Securities Exchange.

Recently the bank has undergone a transformation drive where it rebranded and changed its logo and colors from the predominant green and red with the new slogan becoming “Bank on Better. It is currently undergoing a restructuring strategy which will see the bank create 6 different divisions in a bid to transform the 48 year-old bank into a profitable and competitive banking entity (Anyanzwa, 2013). This is part of the bank’s 5 year strategy to become a top tier bank by 2017. The restructuring has been necessitated by declining profits registered by the bank mainly due to non-conformance to the emergent customer demands and the changing trends in the financial sector in the country and the world at large.

1.2 Research Problem

Sometimes, despite the high budgets spent on corporate positioning, firms fail to create a distinctive image and have to rebrand. The reasons for rebranding are varied. Dellattre(2002) finds four categories of reasons to rebrand: new corporate image, new management or shareholding structure, new activity, and change of legal status. All these are aimed at improving a firm’s performance. In this sense, rebranding is one of the strategies that if well planned and executed, can give a firm a competitive edge that it requires to up its performance within its industry.

The world over, the banking sector has experienced a challenging business environment in recent years given the cut throat competition within the industry and the frequent currency fluctuations, coupled with slow growth of many world economies. Kenya has in fact in the last two years seen the closure of two banks, most recently Chase Bank Kenya Ltd. National Bank in particular has been operating below its capacity due to increased bad debts in loan portfolio amounting to 36billion shillings, which was politically motivated and pushed the bank into massive losses in the late 1990s and early 2000. However, the situation has changed and it has started recording profits in the recent years (NBK, 2012).The need to carry out this study therefore is motivated by the knowledge that, despite the fact that the bank has come up with strategic management practices aimed at improving its competitiveness, it has been observed that the bank has so far not achieved the desired results as intended.

Despite the growing use of rebranding in practice, little empirical research has been conducted on the topic. Hardly any studies have been done on the relation between rebranding and performance, particularly in the banking Sector. Internationally, El De Chernatony et al(1995) conducted a study on drivers of rebranding and Kavaratzis (2003) researched on city rebranding. International dimension of rebranding was done by Onkvisit and Shaw (1989) while Kimberly (2012) researched International Brand Identity. Locally, Chemayiek (2005) studied consumers' perception of rebranding strategy by Kenya Airways. Gloria, (2005) investigated the influence of rebranding on attitudes& perceptions in the banking industry in Kenya. Kwena, (2002) studied the impact of branding on consumer choice and Mutua (2013) researched on Competitive strategies adopted by National Bank. Although studies on various aspects of rebranding have been done, no study, to the researcher's knowledge, has been done on the way rebranding influences organizational performance.

Businesses become successful because they possess some advantage relative to their competitors. Having seen that very little research has been done on rebranding and performance, it is in this light that this study sought to determine the rebranding strategy and performance of an organization with reference to National Bank of Kenya, hence this study sought to answer this research question: Is there any relationship between an organization's rebranding strategy and its performance?

1.3 Research Objectives

The specific objectives of this study were;

- i. To establish the effects of rebranding strategy on the performance of The National Bank.
- ii. To determine the challenges faced by the National Bank of Kenya in its rebranding strategy, and how the bank is dealing with them.

1.4 Value of the Study

The study will be of importance to National Bank and the industry at large as it will enable them come up with viable policies and practices to strengthen rebranding strategies, promoting efficiency and competitiveness. It will provide the sector regulator with information on challenges in undertaking rebranding in financial institutions in Kenya and how to work around the challenges for the benefit the sector.

An understanding of RBV will encourage organizations to identify and develop resources that give them an edge so as to enjoy a position of advantage over their competitors. DC Theory on the other hand will equip the organization with the ability to integrate, build internal and external competencies to address rapidly-changing environments. The study will most certainly add to the current scope of knowledge and theory in relation to corporate rebranding.

In practice, Academicians and/or Researchers would find the results of the study useful in filling existing gaps in literature as regards strategic rebranding and performance. The findings will act as a guide to future research in related fields, becoming a valuable source of knowledge, and a basis of new research to both students and researchers.

All in all, Rebranding is one of the key factors that institutions have to pay attention to in order to revive a brand that is becoming obsolete (Korakoj, 2009) . A prestigious brand image gives the company a competitive advantage, since it allows consumers to perceive enjoying greater benefit associated with the characteristics and quality of the product or service. A well-conceived, solid, strong rebranding strategy provides management with a holistic framework to integrate the firm's activities, its vision and mission; it allows the firm to express its distinctiveness, that is, to differentiate itself in the relationship with stakeholders (Schultz and de Chernatony, 2002), and represents an opportunity to increase the future incomes of the firm. A successful rebranding project can in the ends yield a better brand than before.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature related to the subject under study based on the objectives of the study. It highlights the theoretical framework on which the study is founded, followed by the concept of rebranding, and firm performance.

2.2 Theoretical Foundation

This study is anchored on two major theories, namely, the Resource Based View and the Dynamic Capabilities theory.

2.2.1 The Resource Based View

The term Resource Based view (RBV) was originally coined by Wernerfelt in 1984. However, the key foundations were proposed by Penrose (2001). The theory postulates that a firm's ability to enjoy a position of advantage solely lies on the resources it possesses which may be human, financial, technological or physical (David, 2002). It encourages organizations to identify and develop valuable and non-imitable resources that give them an edge over their competitors.

Rebranding is one sure way of improving the resources within an organization with the hope of impacting on overall performance. Grant(2005) adds that the resources and capabilities of a firm form the first basis of the firm's performance, that is, before a firm looks at other avenues, it must first work with the resources it owns. It is

therefore the efficient utilization of these resources that gives the firm the power to defeat its competition and therefore theorists who support this view encourage the firm to keep improving their resources in order to stay ahead of competition.

RBV has been subjected to a number of criticisms by scholars such as Foss and Knudsen (2003) and Peteraf and Barney (2003). It has been criticized for assuming that resources simply “exist”. Considerations such as how they are integrated within the firm have been under-explored in literature. Dynamic capabilities theory attempts to bridge these gaps by adopting a process approach, linking resources and the changing business environment.

2.2.2 Dynamic Capabilities Theory

David Teece, a professor at the University of California at Berkeley, originated the theory of dynamic capabilities. Teece et al. (1997) define dynamic capabilities as the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments. They came up with the theory to explain how companies fulfill two seemingly contradictory imperatives; being stable enough to continue to deliver value in their own distinctive way and resilient and adaptive enough to shift when circumstances demand it. The dynamic capabilities (DC) view points out that a firm’s success is largely driven by its ability to adapt to a changing environment to secure value-creation and, thus achieve competitive advantage.

According to Teece et al. (1997), three dynamic capabilities are necessary in order to meet new challenges. Organizations and their employees need the capability to learn quickly and build strategic assets, integrate these within the company and thirdly, transform or reconfigure these assets. DC essentially says that what matters is

corporate agility, the capacity to sense and shape opportunities and threats, seize opportunities, and maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise's intangible and tangible assets.

2.3 Rebranding Strategy in Organisations

Mutzellec et al. (2003) defined rebranding as the practice of building anew, a name representative of a differentiated position in the mind of stakeholders and a distinctive identity from competitors. A brand is defined as a name, term, sign, symbol, or design or a combination of them used to identify the goods or services of a seller or group of sellers, and differentiates them from those of their competitors (Ormeno, 2007)

The rebranding process comprises four stages: repositioning, renaming, redesigning and re-launching. Repositioning creates a new position in the minds of customers and other stakeholders, renaming sends a strong signal to all stakeholders that the business is changing its strategy or changing ownership. Redesign concerns aesthetics and tangible elements such as logo, offices, advertisements and other visible elements of the business's desired position. The fourth stage, re-launch, determines how stakeholders regard the new name and new brand.

There are various reasons why institutions rebrand. For some, changes in the market situation mean that their very existence comes under threat. The digitization globally in particular is making it necessary for certain sectors to reinvent themselves. If a brand has a bad reputation, rebranding can ensure that negative associations with the brand are eliminated thus restoring consumer confidence. New trends are emerging every so often in all aspects of business and this mean that over time, brands come across as inferior and old-fashioned if they have not been updated.

A new CEO may also bring a new lease of life to an institution. This may result in changes that also influence the course the company takes. Such a situation arose at Apple, following the return of Steve Jobs in 1997.

Rebranding however is a costly and time-consuming undertaking. It can cause danger such as loss of choices, loyal customers, and market share. Furthermore, part of existing accumulated goodwill, in the form of name recognition, corporate image, and routinized purchase behavior, can be lost. However, this strategy is still practised widely by firms to modify the brand, and better their corporate image. Due to the tremendous impact that a rebranding strategy can have, it is critical to take the process with great sensitivity and care. If implemented properly, rebranding has major benefits for the organization.

2.4 Measure of Firm Performance

Firm Performance is a multi-dimensional concept whose definition depends upon the indicators used to assess it. A common distinction is between financial and non-financial measures and different tools have been used to measure performance.

According to Kaplan and Norton (2000) an organizations best performance measurement tool is the balanced scorecard as it includes both financial and non-financial parameters. In his research on organization performance measurement tools, Kurtzman (1997) found that 64 percent of companies questioned were measuring performance using measurement tools similar to the balanced scorecard. According to Kaplan and Norton (2000) the parameters of measurement within the balanced scorecard have evolved.

Organizational performance can be measured in four parameters namely-; financials, customer service, internal business processes and learning and growth. Financial measures focus on the net worth of the organization to the shareholders. It is measured through trend analysis and profitability ratios, annual turnover, net profits, total assets turnover and earnings per share. The firm's solvency and financial performance can be derived from financial reports and can be compared over time. Customer service, internal business processes and learning and growth in the organization are also measurable and is manifested in all levels of the organization.

2.5 Rebranding Strategy and Performance of Organisations

A strong rebranding strategy can add significant value in terms of implementing the long-term vision, creating unique positions in the market place and unlocking the leadership potential within the organization (Parasuraman, Berry, & Zeithaml, 1991).

A rebranding strategy creates simplicity and gives a new look hence attracting former and new clients in an organization while building brand loyalty, with positive impact on performance. There are cost efficiencies in terms of reduced marketing and advertising spending as the corporate brand replaces budgets for individual product marketing efforts. A combined corporate/product rebranding strategy can often enable management to reduce costs and exploit synergies from a new and more focused brand architecture.

In the last couple of years, rebranding strategies have become very strong drivers of performance for corporations. The existing research on market based performance reveals a positive association between brand value and performance of the organization. If carried out correctly, a rebranding strategy will most certainly yield the desired results.

2.6 Empirical Studies and Research Gaps

Numerous studies have been conducted both locally and internationally, on Rebranding as a strategy employed by various organisations. A study by Woon (2010) investigating a Hong Kong retail brand which had undergone rebranding in 2007 was carried out. The findings reveal that perceived brand image changes with rebranding. An overview of the world's 100 strongest brands by interbrand (2006) indicates that rebranding is increasingly playing an important role in purchasing decisions. Howe (1982) studied the effects of branding on performance of 121 companies between 1962-1980 and found that there were significant stock market reactions to such changes. Similarly, Horsky and Swyngedouw (1987) also used an event study methodology to study the effect of a company's name change announcement on the stock market using 58 firms. The findings show an overall positive performance in terms of abnormal returns and name change seemed to act more as a signal that serious change is underway. Furthermore, a name change seemed to have a greater effect on performance for industrial products and for more risky firms and for those with previously poor performance. In another study of failed and non-failed Malaysian firms between 1984 and 1996 by Karbhari et al. (2004) found that name change did not show any positive stock market reaction if it was not accompanied by other firm restructuring news.

Corporate Rebranding has been extensively discussed in research. However, not many studies have been conducted on corporate rebranding much as this has become a very common global strategy in recent years. Where this has been researched, studies on rebranding as a strategy in relation to performance of an organization is quite limited. In cases where these studies have been conducted, the focus is mainly on financial performance of organisations, and with particular bias to performance in stock

markets. This study therefore aimed at filling the existing gap on rebranding as a strategy, in relation not only to financial aspects of a financial institution, but on all the relevant aspects of a firm's performance.

Achieving a position of competitive advantage and enhancing firm performance relative to competitors are the main objectives that business organizations should strive to attain. A strong rebranding strategy can add significant value to the organization, as it helps leverage on the tangible and non-tangible assets of the organization. A strong corporate brand is no less or more than the face of the business strategy, portraying what any given organization stands for. However, it is important to note that past superior performance does not guarantee superiority in the future, hence the need to rebrand and remain relevant.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that was used for the study and covers research design, data collection methods, research procedures and data analysis.

3.2 Research Design

This research used the case study research design. Cooper & Schindler (2003) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon and context which is not clearly evident, and in which multiple sources of evidence are used. According to Young (1960), case study is a very powerful form of qualitative analysis that involves a careful and complete observation of a social unit. The case study method is a fairly exhaustive method by which an institution or group is analyzed in relationship to any other. It enables the researcher to have an in-depth understanding of phenomena since it describes the characteristics of a large population.

3.3 Data Collection

This study made use of both primary and secondary data. Secondary sources included materials documented in form of newspapers, books, journals, magazines, research papers and strategic plans which are available in libraries and online. Primary data was collected through interviews using an interview guide since it allows systematic and in-depth interaction with the study interviewees and enriches the research.

The interview guide was developed in line with the objectives of the study and consisted of questions on the rebranding strategy adopted by The National Bank and

the change in performance resulting from the strategy. The interview guide method was selected because it does not limit the interviewees but allows them to even give a new dimension to the subject. It also makes it easier to analyze the information collected and allows the researcher to corroborate the information with data collected from secondary sources. Similar interview guides have been used previously in other studies such as Chemaiyek(2005) and Mutua (2013).

The managers interviewed were head of strategy, head of projects, head of performance management, head of corporate banking, head of sales, head of trade, head of human resource and selected managers.

3.4 Data Analysis

Collected data was analyzed using content analysis guided by the objectives of the study. Content analysis has been defined as a research technique for the objective, systematic, and quantitative description of the manifest content of communication (Berelson, 1952). Content analysis is deemed the most appropriate in analyzing responses as it provides an in-depth analysis of the open-ended answers obtained. It also offers comparison between primary and secondary data and helps to validate the collected information. This method of data analysis also allows for both quantitative and qualitative operations which can provide valuable insights over time through analysis of data. One limitation of this method is that it can be extremely time consuming. However, the benefits far outweigh this limitation.

Through interviews that were conducted and the content analysis of data, this case study exhaustively collected relevant data and analyzed it to give an in-depth understanding of the concepts at hand, with the intent of bringing out the relationship between the bank's rebranding strategy and its performance.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings, analysis and interpretation of the findings, based on the two objectives of the study. Primary data was collected using an interview guide and analysis was done through content analysis to further understand the rebranding strategy and performance of National Bank of Kenya. The effects of rebranding will be discussed followed by the challenges faced by NBK in the implementation of the strategy. This will be followed by a brief discussion.

A total of nine members of staff were interviewed. These interviewees held various job titles which included head of Strategy, head of projects, head of Performance Management, head of Corporate Banking, head of Business Enterprise Development, head of Marketing and PR, head of Human Resource, Corporate Communication and selected managers. They were aged between 28 years to 51 years, and this shows that interviewees were well distributed in terms of their age. The study further revealed that interviewees had served in at National Bank of Kenya for at least four years, this is an indication that they had served in the organization long enough to give credible information to the study.

4.2 Effects of Rebranding Strategy on Performance

As an introduction, the interviewees were asked who was involved in creating the rebranding strategy at National bank of Kenya. The interviewees indicated that the key departments involved in the creation of the strategy were Business Enterprises, Marketing and Public Relations, Operation Departments. They revealed that the

persons who were involved in the implementation of the strategy were employees in all departments. However, different departments were differently tasked in the process, and guided by respective Departmental Heads. The interviewees were requested to indicate who was tasked to develop the rebranding strategy at National Bank of Kenya, the study revealed that this was developed by the Marketing and PR department, head of various departments, the Business Enterprise department and various stakeholders in the organization like the top management, with approval from the Board of Directors.

Asked how this strategy was important to the bank, the interviewees were in agreement that the strategy helped National Bank of Kenya stakeholders to identify themselves better with the 'new' Bank. They indicated that rebranding helped remove any negative connotations that had in the past been associated with the bank. The new brand, they said, stood out with its vivid colors and would help customers to easily differentiate NBK from its competitors. This in turn would support the management in implementing long term goals as the enhanced image of the organization would enhance the organization's positions in the banking industry through a growing customer base. This undoubtedly in the long run, according to the interviewees is expected to contribute towards to banks positive performance and growth.

Interviewees were asked to mention the various aspects of rebranding have been tackled by NBK. The study revealed that the major rebranding aspects at National Bank of Kenya were advertising, corporate social responsibility, automation, promotion, sponsorship, customer service and the National Bank of Kenya corporate colors and slogan.

The researcher requested the interviewees to explain how several aspects of rebranding have been utilized in distinguishing the bank from competitors. They responded that the Bank's name remained unchanged but its Vision was modified to read 'To be the preferred Bank in the provision of comprehensive Financial Solutions in the region'. The mission was also broadened to read 'At National Bank, we are dedicated to excellence in providing competitive Financial Solutions, meeting the changing needs of our customers, being a responsible Corporate Citizen, providing attractive opportunities to our employees and improving shareholders Value'. The core values remained unchanged as Courage, Collaboration and honesty. These three aspects-Vision, Mission and Core values, they said, have been the drivers for this rebranding strategy. Further, the bank has rebranded itself in terms of its corporate colors, logo, Bank slogan or tagline, and most importantly, culture of the bank. The new slogan is "Bank on Better." They explained that this was a brand promise to customers, shareholders as well as all stakeholders.

The interviewees were further asked to explain how the various aspects of rebranding have impacted the organization. They responded that rebranding has helped communicate information about the Bank's newly acquired ability, that is, expertise in producing and delivering quality products and service. They also explained that rebranding has led to enhanced perception of corporate credibility and improved evaluations in the industry. The interviewees mentioned that there is a close link between rebranding and customer satisfaction and a desirable image can lead to customer satisfaction and customer preference. This, they said, as has already been witnessed by the bank, has a direct and positive impact on Performance of the bank.

The study requested the interviewees to indicate how the rebranding strategy enhances implementation of strategic plans of the organization. They revealed that rebranding has eased implementation of strategic plans at NBK by facilitating the achievement of the organization vision, mission and core value thus improving on the market share and making the company more focused on teamwork for the achievement of goals and the greater vision. The study also revealed that rebranding has helped in achieving the strategic plans through National Bank of Kenya's main objective which is to be an industry leader. By rebranding, NBK has placed itself strategically within the market and enhanced efficiency and effectiveness of the organization through attaining a competitive advantage over its competitors. The Organization's objectives are being met and the more the company and its product is known, the higher the sales and the higher the fiscal returns.

Asked what the key determinants of successful implementation of the strategy were, the interviewees indicated that employee involvement in rebranding has contributed immensely to the successful implementation of the rebranding strategy through ensuring individual and team responsibility in the process. Feedback has also played a major role in the process with staff communicating back on behalf of the clients and Management taking very serious consideration of the feedback. Availability of needed resources was also quoted as a determining factor for the successes so far.

The interviewees were asked how the rebranding strategy has improved organizational performance; the interviewees indicated that the strategy has improved organization performance through creating company and product awareness. The new image has contributed by attracting new customers, reaffirming commitment to old customers and stakeholders, enhancing customer satisfaction through provision of

unmatched customer service, and as a result, pushing up sales and profitability, while reducing costs of operations through automation. They confirmed that the rebranding strategy seeks to create unique identity and position for its product and services and ensures that both product and organization create value beyond that of their competitors.

The interviewees were further asked how the rebranding strategy has improved organizational performance in relation to their Human Resource. They said that a lot has improved at NBK as the rebranding was not only physical but was an encompassing process whose main objective was to reposition the bank within the industry. Employees, they said were at the epicenter of the rebranding process. A lot of processes have been streamlined offering clarity on procedures affecting staff members. There has been more transparency on how remuneration is arrived at and promises of annual salary increments have since been made a reality. The interviewees further noted that staff training and development is taken very seriously by management and employee satisfaction and morale have improved tremendously in the past three years.

4.3 Challenges faced in the Rebranding Strategy

The interviewees were requested to indicate the challenges that they face in the implementation of the strategy. Some of the challenges identified include lack of commitment and fear of change by staff members, resulting in high staff turnover. Besides these, rigid management structure at the organization, lengthy communication channels that delayed decision making and action, and inadequate company resources to support strategy implementation activities were cited.

One of the main challenges mentioned by the interviewees was lack of commitment by junior staff and a few Senior Managements staff. It was mentioned by the interviewees that most members of staff were still stuck in the old way of doing things popularly known as the ‘civil servant mentality’. They still worked in accordance with their job descriptions without taking personal responsibility for their action. This was a big challenge for the Bank’s management as it involved a total change in the culture of the organisation. The company has been on track ensuring that the employees change their mindset and start taking personal responsibility for their actions. A lot of training and motivation of previously demoralized staff has been the key solution to this challenge.

The study revealed that there was fear that the changes would initially trigger anxiety among the stakeholders. This, according to the interviewees had to be countered through continuous communication to the stakeholders to reassure that the Bank was committed to serving them even better. According to the interviewees, some staff members, both junior and senior were also quite skeptical about the outcome of the process and hence did not offer the support and commitment that was required of them. Fear of the unknown led to many staff members seeking alternative employment and many highly qualified staff opted for early retirement. This was a major setback but with time and a lot of training and continuous communication, and staff motivation, this was countered and commitment by senior Management and staff was cultivated. However, continuous training and communication has contributed immensely to the already very exorbitant cost of the actual implementation of the strategy.

The study further revealed that the bank was facing challenges in implementing its Strategy due to inadequate resources. This was occasioned by a delay by the capital markets authority in authorizing NBK's 10 billion Kenya shillings rights issue. The funds were to be utilized in branch expansion and increasing its lending and deposit taking capacity. A lot of the financing was channeled to processes that were not the actual strategy but were very important if the strategy was to be a success. The bank has 48 branches within the country and according to the interviewees, all the staff had to be trained not only on rebranding but on improving their skills and procedures, all the branches had to be equipped with state of the art equipment and systems, and later face lifted through painting and other aspects of physical rebranding such as change of signage's, staff uniforms and branded items. The bank eventually got a go ahead for the rights issue while at the same time sought other sources of funds.

From the interviews, the leadership style practiced at the bank is autocratic. As a result staff did not feel as if they were part of the decisions which were being made. Communication channels were mainly one way from Senior Management to staff and feedback was not well accommodated. This has led to some of the strategies not being realized in good time as the staff do not understand or see the value of implementing the strategies. Continuous communication and an effort to involve all the staff members in the process has been an objective in the process.

The study revealed that previously, most of decisions could not be made at the departmental or branch level, but were made at head office level. This delayed the decision making process and at times led to impractical and uninformed decisions which could not be applied on the ground. This had an effect on staff motivation due to the lack of their involvement in the decision making process. There has been a

move to transfer routine decision making to the branches and departments with staff being trained to take active responsibility in the operations within their departments in order to shorten the decision making process through the entire bank network.

The study also revealed that employees working at National bank of Kenya were dissatisfied by among other things, compensation criteria that was used by the management. There was no clear compensation policy in place to reward good performing workers. Most of middle level and lower level employees did not understand the criteria that were used to promote workers. A high rate of staff turnover was highlighted as a resulting challenge to National bank. This situation however has been addressed in the past year and so much has improved.

As indicated by the interviewees, the bank underwent some structural changes earlier which saw some positions declared redundant, with the coming in of new management with new members of staff leading to a feeling that there are limited growth opportunities within the bank. This resulted in the experienced members of staff leaving the bank to look for greener pastures, leaving an inadequately skilled human capital to execute the branding strategy. This proved expensive for the bank as it had to incur recruitment costs to replace the staff. These competent, experienced and skilled members of staff were crucial to the strategy implementation process. There also created an image problem as the organization was viewed by potential employees as unstable, hence affecting recruitment of new staff.

Changes in the operating environment were also mentioned as one challenge that has been experienced. Although the bank is now getting on track financially, competition is an ever present challenge in the banking industry. According to the interviewees,

new innovations and products are released into the market every day to keep up with the evolving needs of the customer. The interviewees indicated that the bank is now investing heavily in Research and Development so as to keep up with the pace in the Banking industry.

4.4 Discussion

This discussion looks into findings based on the research question and research objectives. It further gives detailed interpretation of the findings by comparing them with theory and previous related studies. The discussion of this study is based on the major findings on the study. National Bank of Kenya is striving to keep improving its performance while implementing its strategies in the very competitive, changing business environment despite all the challenges it has faced in its implementation.

4.4.1 Rebranding Strategy and Organizational performance

According to Brown & Dacin (1997) a strong brand has significant influence in creating positive consumer perceptions of existing products and new product extensions, resulting in growth. However, there are two sides to this as Salter(1995), found out that rebranding can affect customer loyalty because it can support or undermine the value that customer's feel they are getting.

The findings of this study confirm that Leadership is a key determinant of success of any strategy implementation. According to Peter and Kumssa (2006), Several identifiable actions that characterize strategic leadership and positively contribute to effective strategy implementation include; determining strategic direction, establishing balanced organizational controls, effectively managing of the organizations' resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices. Strategic leaders have a role to play in each of the

above-mentioned strategic leadership actions. In turn, each of these strategic leadership actions positively contributes to effective strategy implementation and in return, transforming formulated strategies to actual plans determines the success of strategy implementation which is measured through improved performance of a firm.

The study established the importance of staff involvement in a successful strategy implementation. The findings indicated that dissatisfied staff can be a major impediment to the successful implementation of a firm's strategies. These findings are in support of the McKinsey 7s model by Peters & Waterman(1982) on the significance of staff in strategy implementation. Further, motivation directly relates to the achievement of employees in the workplace (John& Richard, 2011). Motivated employees results in effective strategy implementation, which yields the desired positive performance of an organization.

4.4.2 Challenges faced in Rebranding Strategy

Several studies have been conducted to establish how strategy implementation is carried out in organizations as well as the challenges involved and how to overcome these challenges. Ndungu (2013) studied strategy implementation process in commercial banks in Kenya and concluded that commercial banks face various challenges including limited resources, poor functioning top management, and poor training among others. This study on NBK has recorded very similar results as challenges within an industry are likely to be shared.

This study points at various factors that contribute towards the success of any rebranding strategy. Aosa (1992) did an empirical investigation of aspects of strategy formulation and implementation within large private manufacturing companies in

Kenya. He observed that strategy implementation is likely to be successful when congruence is achieved between several elements, particularly organization structure, culture, resource allocation, systems and leadership without which major challenges are bound to arise in the process of strategy implementation. However, these challenges can be countered to ensure that the objectives are met and success is attained.

The findings in this study show that company resources have a major impact on strategy Implementation. These findings are in support of Resource based theory which suggests that it is the resources controlled by a firm that enable it to conceive and implement strategies that improve its efficiency and effectiveness (Zingier, 2002). According to Scholes (2002), without resource commitment, strategy implementation remains a key challenge to modern competitive firms. Limited resources will tend to suppress, or as in the case of NBK, delay the ability of the organization to carry out the strategic plan implementation.

From the findings, it is evident that the leadership style adopted by top Management has a negative impact on strategy implementation. In line with the Mckinsey 7s model by Peters and Waterman (1982) on the significance of leadership in strategy implementation, it is evident that lack of proper leadership by the top management of the organization, would result in very poor strategy implementation. The findings established that lack on involvement in decision making by staff members led to resistance to change hence affecting strategy implementation.

The findings of this study are therefore in line with and are summed up by similar studies conducted by Machuki (2005) who observed that most organizations are unable to implement their strategies due to non-commitment of top management,

inadequate resources, lack of clear communication and sudden introduction of change. However, as strategy implementation is a continuous process, it is not rigid and can be improved upon along the way as different challenges arise. As has been the case with many organizations, rebranding, if well managed can create a unique identity and position for an organisation's product and services against their competitors.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis of data collected, the following summary, conclusion and recommendations were made. These were based on the objectives of the study. The study had intended to research on the rebranding strategy and performance of National Bank of Kenya.

5.2 Summary

The study revealed that National Bank of Kenya had recently undergone a transformation drive where it rebranded and not only created a new vibrant look, but has also radically changed the way they carry out their operations. The restructuring has been necessitated by declining profits registered by the bank mainly due to non-conformance to the emergent customer demands and the changing trends in the financial sector in the country and the world at large. This study established that several departments have been actively involved in the process, although all staff members are seen to have participated in one way or the other through this ongoing process. The process not only touched on the bank's corporate colors but also advertising, corporate social responsibility, staff development, customer service, their slogan, mission and vision.

As reiterated by the interviewees, rebranding has helped National Bank of Kenya in marketing itself. It has played a role in helping the management of NBK to implement its overall strategic plan and long term goals by enhancing the image of the organization and bringing out the organization's competitive positions in the industry.

Profitability, a key objective in the firm is being realized even before the completion of the five year strategy, as posted in 2015 with 123% profits after tax to stand at Ksh.1.72 billion. This has been realized through increased sales, cost reduction and increase in revenue growth. The study further revealed that rebranding strategy as adopted by National Bank of Kenya has helped increase the bank's market share, customers delight index, customer retention levels and even attracting new customers.

The study further found that the key determinants of successful implementation of the rebranding strategy at NBK were corporate strategy, top management support, organizational culture, pace of innovation, availability of resources, brand vision, qualified personnel, customer loyalty and trust on the company's new brand. Rebranding strategy has helped in achieving the overall organizational objective which is to be industry leaders. Through its corporate strategy, it is able to place itself strategically within the market, enhance efficiency and effectiveness of the organization through attaining an advantage over its competitors thereby resulting in higher profit margins and attainment of broad organization goals.

This study revealed that employee involvement in strategy helps in ensuring successful implementation through assigning responsibility and ownership in the process, thus improving the adaptability and effectiveness in any task that is assigned to teams and individual employees. Through closer interaction with customers, employees are able to identify customer needs and advise them accordingly while giving feedback to the relevant department for action. The research further revealed that the strategy has greatly improved employee morale and commitment towards the employer and towards the attainment of the organization's goals. The employees are also better remunerated as well as well trained and skilled for their respective duties.

The study found that there have been challenges that have faced the implementation of the strategy. It established that implementation was initially met with some resistance by employees, who feared the anticipated changes. It was also noted that communication between the management and other staff members was quite wanting in the initial stages. Other challenges cited were that it was a very costly undertaking whose intended funding was initially delayed hence delaying the entire process. Training and motivation of staff by way of clearly outlined compensation criteria further contributed to the already exorbitant high cost involved. Maintaining relevance and matching their competition has been difficult and the management has had to keep reinventing new ways of carrying out different operations and creating value proposition so as to bring out distinct and benefits of their brand.

The solutions to the challenges faced by National Bank of Kenya in the implementation of rebranding strategy were allocation of adequate resources, top management support and involvement of all stakeholders, particularly staff members. Training of staff in customer service, communication, proper management and other skills has greatly helped the process. Better remuneration and reward systems as an effort to retain staff has cut down on turnover and subsequent costs of re-hiring. Increased automation has made work a lot easier and the customers more satisfied, while Continuous Research and Development has helped the bank to keep re-inventing itself and constantly introducing new products to the ever changing market.

5.3 Conclusion

From the findings, it is clear that rebranding has had a profound effect on the performance of National Bank of Kenya. Rebranding has contributed to the bank's implementation of long term goals and has enhanced the image of the organization at large. Through rebranding, NBK has managed to place itself strategically within the market, enhance efficiency and effectiveness of the organization and attain an advantage over its competitors thereby achieving the organization's goal of profitability. The study found that rebranding has improved organization performance through creating company and product awareness, pushing up sales, enhancing customer satisfaction and seeking to create a unique position for its product and services. This has contributed towards ensuring that both product and organization create value beyond that of their competitors.

The findings of the study confirm that rebranding is a very costly and delicate undertaking that is also subject to a lot of challenges. However as in the case of NBK, these challenges can be overcome to ensure success. Employee involvement in rebranding is important in ensuring successful implementation of the strategy through ensuring ownership and individual responsibility. A shared vision also improves adaptability and effectiveness.

This study also established that rebranding as a strategy is a continuous process which has to be well thought out before its implementation commences. It however requires some degree of flexibility to ensure that the strategy remains relevant and adapts to the dynamic environment in which it is being implemented. If this is adhered to, then an organization can most certainly reap the benefits of rebranding, key among them being improved performance.

5.4 Recommendations

From the findings and the conclusions made, the study makes certain recommendations towards policy, theory and practice.

5.4.1 Recommendations to Policy

There is need for NBK and the banking industry at large to come up with viable policies to support and strengthen rebranding efforts so as to promote efficiency and competitiveness within the industry. The banking industry needs to understand the relation between rebranding and performance and consider it as a policy option for those players who are struggling to stay afloat and improve their performance.

The sector regulator could also use this research as a guide on the challenges expected in undertaking rebranding in financial institutions in Kenya and how to work around the challenges for the benefit the sector.

5.4.2 Recommendations to Theory

This study demonstrates the application of the Resource based theory and the Dynamic Capabilities theory. It confirms that organizations need to identify and develop valuable resources that give them an edge so as to enjoy a position of advantage over their competitors. This is because a firm's ability to enjoy a position of advantage lies in the resources it possesses which may be human, financial, technological or even physical.

As highlighted by The Dynamic Capabilities Theory, organizations need, to develop their ability to integrate and build internal and external competencies to address rapidly changing environments. The resources and capabilities of a firm are the first basis of the firm's performance, that is, before a firm looks at other avenues, it must

first work with the resources it owns. It is the efficient utilization of these resources that gives the firm the power to defeat its competition and therefore NBK and indeed other players in the industry are encouraged to keep improving their resources in order to stay ahead of competition.

5.4.3 Recommendations to Practice

This research has clearly established that there is indeed a relationship between an organizations' rebranding strategy and its performance. Rebranding is one of the key factors that organisations can apply to turn a weakening brand into a prestigious brand. Brand image gives the company a competitive advantage, since it allows consumers to perceive enjoying greater benefit associated with the characteristics and quality of the product or service.

According to the study, rebranding can vary from very subtle and barely noticeable initiatives to large and very costly undertakings. Either way, it is important that organizations plan ahead and consider the possible challenges, and ways of dealing with them before undertaking the task. If it is well executed, rebranding most definitely results in improved performance of an organization.

5.5 Limitation of the Study

This study was limited to determining the rebranding strategy and performance of National Bank of Kenya. Although the findings can be replicated, the study was carried out in only one banking institution and focused only on the head office.

Owing to the working conditions in the organization, it was not possible to interview all managers due to their tight schedules. A number of them delegated the responsibility to their juniors while others could only be interviewed after official office hours. Some of the managers who had been in the organization during major

strategy development and implementation phases had since left and their experience could not be incorporated in the study. Some managers initially declined the interview as they were of the opinion that the information they were to provide to the research was very sensitive and could be viewed as leaking of intellectual property of the bank.

5.6 Suggestion for Further Studies

This study was looking into the rebranding strategy and performance at National Bank of Kenya which is a local commercial bank. Previous studies have not been done on the topic and as such there is need for further research. More studies should be done with the other banks and multinational organizations so that the learning and experiences from them can be used by similar organizations to improve their performance. So as to establish whether there would be consistency on the relation between rebranding and performance in the banking industry, the researcher recommends that a survey on the banking industry in Kenya be performed.

From the findings, it is evident that employees have a big role to play in determining success of rebranding as a strategy. Further studies should therefore be carried out on how employees of an organization contribute towards successful implementation of the rebranding strategy.

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APPENDICES

Appendix I: Letter of Introduction



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
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P.O. Box 30197
Nairobi, Kenya

DATE 09th August 2016

TO WHOM IT MAY CONCERN

The bearer of this letter RUTH CHEBET MESSIS

Registration No. DG170986/2008

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

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix II: Interview Guide

General Information

1. (a) Name of Employee
(b) Job Title
(c) Department
(d) Gender
(e) Age
2. How long have you served in the organization?

Part A: Aspect of rebranding

4. Who/which Department has been involved in creating the rebranding strategy at your organization?
5. How important is the rebranding to the organization? Explain
.....
6. How has the bank applied the following aspect of rebranding in identifying and distinguishing itself;
 - i. The name of the Bank
 - ii. The Vision of the Bank
 - iii. The mission of the Bank
 - iv. Core Values and Corporate
 - v. Corporate colors and Logo
 - vi. Bank slogan or tagline
 - vii. The culture of the Bank
 - viii. Others (explain)

7. Do you think the aspects in 6 above have impacted the performance of the bank so far?

Explain.....

8. What aspect(s) of rebranding do you think is/are the most effective in enhancing the performance of National Bank of Kenya?

12. How does rebranding strategy enhance implementation of strategic plan in your organization?

11. What are the key determinants of successful implementation of rebranding strategy in your organization?

Part B: Rebranding strategy and Firm performance

16. Has corporate rebranding strategy helped in improving organization performance?

Explain.....

18. How has rebranding strategy used by your institution so far contributed towards your organization goals?

19. Explain the value of the rebranding strategy as adopted by National Bank of Kenya in terms of;

a) Customer perspective

- i. Market share
- ii. Customer satisfaction
- iii. Customer loyalty
- iv. Winning new customers

b) Financial perspective

- i. Profitability
- ii. Cost reduction
- iii. Revenue growth

C) Internal perspective

- i. Employee morale and satisfaction
- ii. Streamlined processes
- iii. Training and staff development
- iv. Employee remuneration

PART D: Challenges faced in rebranding strategy

25. What are the challenges experienced by your organization in implementation of rebranding strategy in relation to the following aspects:

- i. Commitment from senior management in the Bank
- ii. Commitment from other staff
- iii. The leadership style used by management
- iv. Availability of adequate resources to finance the branding strategy
- v. Availability of adequate skilled human capital to execute the branding strategy
- vi. The manner in which communication is managed in the strategy implementation.
- vii. Changes in the operating environment/competition

26. Any other challenges? Explain.

27. What are the strategies developed by your bank to address the challenges mentioned above?

28. Any other information/observation on the Rebranding strategy?