

ANTECEDENTS OF BRAND LOYALTY IN LEADING SUPERMARKET CHAINS IN KENYA

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Abstract

The purpose of the study was to determine the determinants of brand loyalty in leading supermarket chains in Kenya. The population of interest comprised of customers of supermarkets in Kenya. A supermarket store sample of 30 stores from Nairobi and Nakuru counties was picked at random from the list of the stores of the four main supermarkets (Nakumatt, Uchumi, Naivas & Tusky's). A sample of 384 customer respondents was interviewed. The findings shows that brand loyalty in leading supermarkets in Kenya, was influenced positively by brand image, customer perceived value and service quality. The study result also shows that sales promotion does not positively and significantly affects brand loyalty. Sales promotions were viewed as a short term marketing activity to increase flow of customers and influence sales into the supermarket stores in the short run. The measurement of brand Image, service quality and customer perceived value dimensions are vital marketing tools for retail stores that wish to enhance the customers repurchase intention and endorsement. Focusing on brand loyalty becomes paramount to being competitive in the marketplace. The study recommends that supermarkets must strive towards increasing brand loyalty to enhance customer retention.

Keywords: Brand Loyalty, Customer perceived value, Service quality, Brand Image, Supermarkets

1. INTRODUCTION

In the increasing competitive business world, organisations are paying more attention to their customers than ever before. Retaining existing customers and gaining new ones, is driven by a good understanding of customers, their needs and wants, their expectations on price and quality of goods and services. Pleasing customers is hard today and most of the retailers try to achieve competitive advantage by taking the responses of the customers beyond the level of 'just satisfied' towards 'exceeding their expectations' (Kotler & Keller, 2012). Besides the above, the worst thing is ninety percent of dissatisfied customers just switch to another supplier without complaining to former supplier (Kotler & Keller, 2012).

According to Morgan (2009) in the last decade, the instability in the global economy has pushed firms to re- evaluate their financial forecasts and their operating assumptions. Today, the pressure on businesses is additionally increased due to a market where customer acquisition rate is slowing down; the customer churn is on the rise and lengthening sales cycles. Firms operating in such an environment, find that losing a valuable customer to a competitor can have adverse effects on growth and profitability. Consequently, firms have changed their spotlight from customer acquisition to customer retention and loyalty. Brand loyalty is desired by firms because retention of existing customers is less costly than obtaining new ones. The cost of recruiting new customers is comparatively high due to advertising, personal selling, establishing new accounts, and customer training (Hosseini & Zainal, 2014). Brand loyal customers do contribute to a firm's profitability as they spend more on company services and products, by way of repeat purchases and by recommending the organization to other consumers (Melnik & Bijmolt, 2015). Brand loyalty in marketing, consists of a consumer's devotion, bond, and commitment to repurchase and continue to use a brand's product or service over time, regardless of changes with competitors pricing or changes in the

external environment. Brand loyalty reflects a customer's commitment to remain in a relationship for a long period of time with a brand (So, Andrew & Yap, 2013). A critical factor of building brand loyalty is developing a connection or relationship between the consumer and the brand (Melnyk & Bijmolt, 2015). Brand loyalty is a critical goal for retailers because of an increasingly competitive retail environment and low customer switching costs (Wallace, Giese & Johnson, 2004). The rise of the retailer as a brand is one of the most important trends in retailing (Grewal, Levy & Lehmann, 2004). Successful retail branding can be extremely important in helping influence consumer perceptions and drive store choice and loyalty (Ailawadi & Keller, 2004). Brand loyalty generates numerous benefits like erecting barriers to competitors, generating greater sales and revenues, reducing customer acquisition costs and inhibiting customers' susceptibility to marketing efforts of competitors (Rundle & Mackay, 2001).

Kenya's retail industry has experienced a phenomenal increase in supermarkets which has resulted in intense competition forcing supermarkets to not only expand their range of products and services but also pay special attention to quality of service and brand loyalty. In addition they have expanded their operations to the broader Eastern Africa positioning themselves to all kinds of customer needs and income levels. According to a study by Kestrel Capital (2014), the four major supermarkets in Kenya have been on an aggressive expansion plan with Nakumatt, Tuskys, Uchumi and Naivas increasing their stores regionally from 37, 37, 21 and 19 in March 2012 to 45, 46, 34 and 29 respectively in 2014. The four controlled 30% of the Kenya retail market as per this study. There's also been increased interest by South African Game, Botswana Choppies and French Carrefour retailers who have entered the Kenyan market. Other smaller but significant players include Maathais, Mulley's, Tumaini, Magunas, Ukwala, Ebrahims, Chandarana, and Eastmatt (Kestrel Capital, 2014). And in this strongly competitive and broadly liberalized supermarket service industry, customer churn has turned into very serious issue. Many customers frequent competing stores from one provider to another in search of better rates, service or convenience (Lin & Chou, 2003).

1.1 Statement of the problem

The supermarket retail industry in Kenya has had many entrants in the last one decade, which has increased competition in the industry. The global business environment today and shifting economic activities between and within regions are imposing new competitive pressures on companies, which in turn create the necessity for competitiveness (Tharnurjan & Seneviratne, 2009). Each one of these new entrants is fighting for a share of customers. Customers in the supermarket retail industry, have options to choose among a number of service providers and actively put into effect their rights to shop from one retailer to another. This raises the issue of loyalty to the supermarket brand and a problem of retaining customers. The main retailers have to deploy retention strategies to keep customers loyal to their brand. With retention strategies in place, many companies embrace churn reduction as one of their business goals (Ramakrishnan, 2006). Slowing customer "churn" rate can add to a firm's bottom line.

The intense competition has seen some leading retail chain superstores perform poorly in terms of profitability culminating into eventual closure of business or reduction in the number of branches. Thus keeping customers satisfied and loyal is key to the survival of these Supermarket chains. Keeping customers satisfied and loyal is necessary because loyal customers tend to repeat and increase their purchase, which in turn increases sales and revenue of the retail firm (Li & Green, 2011). According to Schiffman & Kanuk (2004) small reductions in customer defections leads to significant increases in profits because loyal customers buy

more products; loyal customers are less price sensitive and pay less attention to competitors advertising; servicing existing customers who are familiar with the firms offering and processes is cheaper; and loyal customers spread positive word of mouth and refer other customers. It is aligned to these challenges that this study sought to establish the determinants of brand loyalty in the leading supermarkets in Kenya.

1.2 Research Objective

The general objective of this study was to determine the determinants of brand loyalty in leading supermarket chains in Kenya.

2. LITERATURE REVIEW

2.1 Service Quality

Service quality is the overall judgment about the level of a service provider's performance (Zeithaml, Bitner, & Gremler, 2009). Service quality measures how much the service delivered meets the customers' expectations. Service quality is a result of the comparison of perceptions about service delivery process and actual outcome of service (Lovelock & Wirtz, 2011). The quality of service highlights the ability of the firm to determine correctly the customer expectations and to deliver the service at a level that will at least meet those expectations (Brink & Brendt, 2004). The investigation by Lewis (2004) presents service quality as how well a consumer's needs are met and how well the service delivered meets the customer's expectations. Gronroos (2006) further argued that consumers' perception of a service's value is highly dependent on the individual consumers' expectations and outcomes of the product evaluation. According to Owino (2013) the relationship between service quality and customer satisfaction is significant and positive but can be enhanced by building a strong corporate image. Omwenga, Ndung'u, and Manyinsa, (2015) posits that, it is necessary for the service providers to meet the consumers' requirements and expectations in price and service quality. Parasuraman, Zeithaml and Berry (1988) identified five dimensions of service quality (Reliability, responsiveness, assurance, empathy, and Tangibles) that link specific service characteristics to consumers' expectations. Owino, Kibera, Munyoki and Wainaina (2014) identified four service quality dimensions that have the greatest predictive power on customer satisfaction in universities in Kenya and these are human elements reliability, human elements responsiveness, and service blue print and non-human elements. An increase in service quality results in an increase in the levels of customer satisfaction. Tu, Li and Chih (2011) reported in their study that service quality is closely linked to customers' satisfaction, and thus, influences customers' loyalty. Su (2004) argued that retailers should give special consideration to service quality in order to enhance customers' relationship through customer satisfaction and loyalty in this modern day of increased competitiveness in the retail market.

2.2 Customer Perceived Value

Value is a concept that is perceived by the customer and thus, it is the customer who defines the service's/product value (Vargo & Lusch, 2004). Customer value takes numerous meaning and Lee (2010) points out that perceived value are the benefits customers receive relative to total costs. When it comes to marketing, Jobber (2007) writes that customer value is dependent on how customers perceive the benefits of a product and the sacrifice related to its purchase. Therefore, [customer Perceived value] = [perceived benefits – perceived sacrifice]. Here the perceived benefits are the things which can be derived from the products or services. Perceived customer value is often viewed as a customer's overall assessment of what is received and what is given (Zeithaml, 1988) and as a trade-off between perceived quality and its affordability

within a choice setting. Zeithaml (1988) posits that all costs that are salient to customers, such as monetary price and non-monetary price (time and effort) should be incorporated as perceived costs, and that the benefit components of perceived value should include perceived quality, and other intrinsic and extrinsic attributes. According to Muturi, Wadawi and Owino (2014) perceived quality of service and perceived price determines customer value perceptions and are vital factors that customers consider when choosing a service provider.

According to Liu (2006) it is the value that customers feel they receive, rather than their level of satisfaction, that keeps them returning. Yang and Peterson (2004) findings indicate that loyalty can be generated through improving customer satisfaction and offering high product/service value. According to Wieringa and Verhoef (2007) service quality and customer perceived value are critical antecedents to brand loyalty. Tams (2010) indicate that service quality and perceived value are antecedents of customer satisfaction and brand loyalty is a consequence of customer satisfaction. Providing customers with value is regarded as a strategic tool to attracting and retaining customers, and building customer loyalty, thereby contributing significantly to the success of the service providers (Wang, Chi & Yang, 2004).

2.3 Sales Promotion

Consumer promotions are directed at the consumer and are designed to induce them to purchase the marketer's brand. Trade promotions are designed to motivate distributors and retailers to carry a product and make an extra effort to push it to their customers (Belch & Belch, 2008). Consumer promotions can be considered as pull promotions in that they directly entice the consumer to purchase the product, thereby pulling the brand through the channel. Trade promotions can be considered as push promotions in that they provide incentives for the retailer to offer special deals and push the product through the channel (Raghubir, Inman, & Grande, 2004). Sales promotion techniques are instruments that seek to increase sales of products and brands, usually in a short time because they act in the consumer's mind as a benefit to him, thus creating consumer buying behavior (Wierenga & Soethoudt, 2010).

According to Santini, Sampaio, Perin, Espartel and Ladeira (2015), sales promotions incentives are of two classifications: price or monetary promotions (shelf price discounts, coupons, rebates); non-monetary promotions or not geared to price (free samples, distribution of promotional prizes, free gifts, contests and loyalty programs), which are capable of effectively influencing consumer purchasing behavior. Monetary promotions tend to provide fairly immediate rewards to the consumer and they are transactional in character while non-monetary promotions tend to involve delayed rewards and are more relationship-based (Alvarez & Casielles, 2005). Palazon and Delgado (2005) confirmed a positive relationship between sales promotions and brand loyalty. The results showed that nonmonetary promotions are more customer franchise building (brand loyalty) as far as they enhance a greater number and more favorable associations than monetary promotions. Based on the results obtained, sales promotions can be used to build brand knowledge because the individuals exposed to promotion stimuli evoked a greater number and more favorable associations (Palazon & Delgado, 2005). However Bridges, Briesch, and Yin (2006) argued that promotion enhancement reduces brand loyalty due to the increased sensitivity to marketing mix activities for all brands in the category; therefore, reducing the likelihood of consumers to buy previously purchased brands on promotions. Yoo, Donthu, and Lee (2000) argued that frequent use of price promotions causes consumers to infer lower product quality. Hence, frequent use of price promotions, such as price deals, is related to low brand equity. The reason for low brand equity is that price promotions lead consumers to think primarily about the deals and not about the

utility provided by the brand. Oyeniyi (2011) posits that monetary sales promotions could have negative impact on brand preference, trust and loyalty.

2.4 Brand Image

Brand image is the consumer's mental picture of the offering and it includes symbolic meanings that consumers associate with the specific attributes of the product or service (Salinas & Perez, 2009; Bibby, 2011). Brand image portrays the overall image and impression of the brand in the memory of the customers (Upamannyu & Mathur, 2012). Also, brand image displays the content of the brand like reputation, function, brand name and overall values (Upamannyu & Mathur, 2012). Chen and Myagmarsuren (2011) argue that brand image is a subjective perception, a mental representation of functional and non-functional information regarding the product or service. In other words, brand image is seen as the representation of a brand in the consumer's mind that is linked to an offering or a set of perceptions about a brand the consumer forms as reflected by brand associations (Cretu & Brodie, 2007).

According to Kim, Jin-Sun and Kim (2008) the idea behind brand image is that the consumer is not purchasing just the product/service but also the image associated with that store, product or service. While conducting their research on hospital brand image, Kim et al. (2008), explained that brand image is not absolute and is relative to brand images of competing brand. They further stated that brand image is also formed on the basis of direct experience with the brand. In business markets, brand image can also be expected to play an important role, especially where it is difficult to differentiate products or services based on tangible quality features (Shankar, Azar & Fuller, 2008). Brand image plays a critical role in helping customers to decide whether or not to buy the brand and thereby influencing their repurchase behavior (Bian & Moutinho, 2011). Brand image can also serve as a defensive marketing tool to retain customers hence driving loyalty, particularly in the context of services where the service brand/firm are deemed synonymous (Sweeney & Swait, 2008). According to Ray (2009) shopping is not only for functional need fulfillment but it also makes customer to feel good. If a person has a positive emotional experience then over time the customer creates a favorable attitude towards the particular supermarket based on stores unique affective surroundings. Thus supermarket store loyalty is a store image function (Wan & Schell, 2013). If the customer likes the supermarkets image, he/she is likely to develop loyalty to it.

2.5 Customer Satisfaction

Kotler and Keller (2012) states that satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectation. The theoretical basis for models of satisfaction arises primarily from consumer psychology, and especially the theory of expectancy disconfirmation, which posits that the difference between what a customer's expects and what the customer receives is a primary determinant of satisfaction (Oliver, Rust & Varki, 2007). According to Cengiz (2010) customer satisfaction is a post consumption experience which compares perceived quality with expected quality, thus a comparative behavior between inputs beforehand and after consumption. Customer satisfaction is an abstract concept where the actual satisfaction varies from individuals and products depending on a number of variables which include service quality and the individual expectations (Cengez, 2010). Satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Kotler & Armstrong, 2008). In service settings, customer satisfaction is a desired outcome of service encounters that involves an evaluation of whether the service or product

has met the customer's needs and expectations (Orel & Kara, 2014). Customer Satisfaction is the overall accumulation of customer expectation before the purchase and after purchase of the product or service encounter (Serkan & Gokhan, 2005). Satisfaction is also regarded as a consequence of the customer's post-purchase evaluations of both tangible and intangible brand attributes and a key determinant of customer loyalty (Krystallis & Chrysochou, 2014). The position taken by Krystallis and Chrysochou, (2014) has been adopted in this study.

According to Child and Klinger (2002) the view that customer satisfaction is the key to securing customer loyalty is, far from a fully robust philosophy. Satisfaction does not always result in loyalty and, it is equally apparent, dissatisfaction does not necessarily result in defection (Child & Klinger, 2002). Santouridis and Trivellas (2010) observed that satisfied customers have a high possibility to stick with the existing product or service while dissatisfied customers can easily switch to other alternative brands. Empirical studies on goods and service markets support that customer satisfaction positively influences brand loyalty (Youl & John, 2010). However, satisfaction is a precursor to customer loyalty, but not a sufficient condition. Even if customers are satisfied with the brand, sometimes they could switch to other brands (Youl & John, 2010). Customer satisfaction and brand loyalty is the output of a successful retail marketing model in a competitive marketing environment, thus creating value for both customers and retailers (Nikhashemi, Paim, Sidin and Khatibi, 2014). A number of researches posit that customer satisfaction has a mediating influence on the relationship between service quality affects and store brand loyalty (Bedi, 2010; Kumar, Kee, & Charles, 2010).

2.6 Brand Loyalty

The concept of brand loyalty is a two-dimensional construct containing attitudinal and behavioral aspects (Hwang & Kandampully, 2012). According to the attitudinal perspective, brand loyalty is presented as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 2007). On the other hand, behavioral loyalty is usually understood as forms of customer behavior such as retention of the brand, repeat purchase, share of category expenditure and portfolio size, which are directed toward a particular brand over time (Lam, Ahearne, Hu, & Schillewaert, 2010). Santouridis & Trivellas (2010) claim that brand loyalty has both attitudinal and behavioral elements and it is determined by the strength of the relationship between relative attitude and repeat patronage. For the purpose of the current research, and in line with previous research (Hwang & Kandampully, 2012), brand loyalty will be measured attitudinally by customers' behavioural intention to continuously or increasingly conduct business with their present supermarket store/brand, and their inclination to recommend the store/brand to other persons.

The concept of brand loyalty has been recognized as an important construct in marketing literature, and most researchers agree that brand loyalty can create benefits to a firm such as reduced marketing costs, positive word of mouth, business profitability, increased market share and a competitive advantage (Sutikno, 2011; Iglesias et al., 2011; Kabiraj & Shanmugan, 2011). Lopez, Redondo & Oliván (2006) further highlights the need for firms to renew both acquisition and retention strategies in order to take individual customer information into account. This should help them to identify and retain the most valuable customers and to optimally allocate marketing resources from switching-prone to non-switching-prone customers. According to Schiffman & Kanuk (2004) small reductions in customer defections produce significant increases in profits because loyal customers buy more products; loyal

customers are less price sensitive and pay less attention to competitors advertising; servicing existing customers who are familiar with the firms offering and processes is cheaper; and loyal customers spread positive word of mouth and refer other customers (Schiffman & Kanuk, 2004).

3. RESEARCH METHODOLOGY

The study adopted a descriptive survey design. Descriptive research study is a study concerned with finding out who, what, where, when, how much or how often in the problem situation at hand (Cooper & Schindler 2003). The research used a quantitative methodology aiming to gain insights into the determinants of brand loyalty in supermarkets in Kenya. The population of interest comprised of customers of supermarkets in Kenya. The study covered the Nairobi and Nakuru county customers of the four main supermarkets (Nakumatt, Tusky's, Naivas and Uchumi). Sampling was done using multi-stage sampling method to get an optimum sample of the supermarket stores and the customers. At stage one, the supermarket stores in Nairobi and Nakuru counties was first categorized into large, medium and small based on store size. At stage two, stratified random sampling was used to select the supermarkets stores that participated in the study. A supermarket store sample of 30 stores from Nairobi and Nakuru counties was picked at random from the list of the stores of the four main supermarkets (Nakumatt, Uchumi, Naivas & Tusky's). At stage three, proportional stratified sampling was used to consider the number of customers to be sampled from each stratum of the supermarket while purposive sampling was used to pick the customers for each of the selected supermarket stores for the interviews. The study sought to collect data from 384 respondents and managed to collect 336 responses. This represents an 87.5 % response rate. During the data editing process, 315 questionnaires were found useful for the study.

4. RESULTS AND FINDINGS

4.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for factor analysis, a Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and a Bartlett's Test were employed. As shown in Table 4.1, the KMO had a value of 0.910. The KMO statistics vary between 0 and 1 (Field, 2013). A value of zero indicates that the sum of partial correlation is large relative to the sum of correlations indicating diffusions in the patterns of correlations hence factor analysis is likely to be inappropriate (Field, 2013). A value close to 1 indicates that the patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors. Factor analysis is considered appropriate if the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) value was 0.6 or above and the Bartlett's Test of Sphericity value is significant with a value of 0.05 or smaller (Pallant, 2011). The result suggested that statistical analysis would be appropriate.

Bartlett's test was used to test the strength of the relationship among variables. The study tested the null hypothesis that the variables were uncorrelated using the Bartlett's Test of Sphericity. The p-value = 0.000 was significant and less than the threshold of 0.05 and therefore the null hypothesis was rejected meaning the variables in the population correlation matrix were correlated (Tabachnick & Fidell, 2013). The Bartlett's test of Sphericity was significant ($p < 0.05$), meaning that further statistical analysis was justified.

Table 4.1: Kaiser-Meyer-Olkin and Bartlett's Test of Combined Data

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.910
Bartlett's Test of Sphericity	Approx. Chi-Square	4197.184
df		465
Sig.		0.000

4.2 Correlation Analysis

The relationship between the predictor variables and brand loyalty was determined using Pearson product-moment correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumptions of normality, linearity and homoscedasticity. Correlation analysis is used to describe the strength and direction of the linear relationship between two variables. Pallant (2011) posits that the Pearson correlation coefficients (r) can only take on values from -1 to $+1$. This value will indicate the strength of the relationship between two variables. Field, (2013) posit that because the correlation coefficient is used measure of the size of an effect and that values of ± 0.1 represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect. The correlation coefficient between service quality and brand loyalty was significant ($r = 0.412$, $p = 0.000$) implying that there was moderate positive correlation between service quality and brand loyalty. The correlation between customer's perceived value and brand loyalty was significant ($r = 0.479$, $p = 0.000$) implying that customer's perceived value had a moderate positive correlation with brand loyalty. The correlation analysis between sales promotion and brand loyalty was significant ($r = 0.413$, $p = 0.000$). This implies that sales promotion had a positive but moderate positive correlation with brand loyalty. The correlation analysis for brand image and brand loyalty was significant ($r = 0.614$, $p = 0.000$) which meant a positive correlation between brand image and brand loyalty. The correlation analysis for customer satisfaction and brand loyalty was significant ($r = 0.698$, $p = 0.000$), which meant a strong positive correlation between customer satisfaction and brand loyalty as shown in Table 4.2.

Table 4.2: Correlation between predictor variables and Brand Loyalty

		Brand Loyalty	Service Quality	Customer Perceived Value	Brand Image	Customer Satisfaction	Sales Promotions
Brand Loyalty	Pearson Correlation	1					
	Sig. (2-tailed)						
Service Quality	Pearson Correlation	.412**	1				
	Sig. (2-tailed)	.000					
Customer Perceived Value	Pearson Correlation	.479**	.414**	1			
	Sig. (2-tailed)	.000	.000				
Brand Image	Pearson Correlation	.614**	.450**	.477**	1		
	Sig. (2-tailed)	.000	.000	.000			
Customer Satisfaction	Pearson Correlation	.698**	.502**	.519**	.643**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
Sales Promotions	Pearson Correlation	.413**	.383**	.540**	.498**	.470**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	315	315	315	315	315	315

** . Correlation is significant at the 0.01 level (2-tailed).

4.3 Regression Analysis

The study analyzed the relationship between service quality, Customer Perceived Value, Sales Promotions, Brand Image and brand loyalty using multiple linear regression. The predicted model relating the predictor variables and brand loyalty was:

$$BL = \beta_0 + \beta_1 SQ + \beta_2 CPV + \beta_3 SP + \beta_4 BI + \varepsilon_0$$

Where,

- β_0 was the estimate of the intercept; β_1 was the beta value associated with service quality (SQ);
- β_2 was the beta value associated with service quality (CPV); β_3 was the beta value associated with service quality (SP);
- β_4 was the beta value associated with service quality (BI); ε_0 was the associated regression error term. BL stood for brand loyalty.

The study sought to establish the effect of the predictor variables on brand loyalty in leading supermarket chains in Kenya. The study hypotheses were therefore tested:

- H01 Service quality dimensions have no significant effect on brand loyalty in leading supermarket chains in Kenya.
- H02 Customers' value perception has no significant effect on brand loyalty in leading supermarket chains in Kenya.
- H03 Sales promotions have no significant effect on brand loyalty in leading supermarket chains in Kenya. H04 Brand image has no significant effect on brand loyalty in leading supermarket chains in Kenya.

Using OLS method of estimation under linear regression analysis, the study proceeded to determine the effect of service quality, Customer Perceived Value, Sales Promotions, Brand Image on brand loyalty. The model summary results of the regression analysis shows that R Square value was 0.433. This meant that 43.3 % variations in brand loyalty are explained by Service quality, Sales Promotions and Brand Image. The result leaves 56.7 % of the variations unexplained and is interpreted that the model provided a moderate fit.

The ANOVA output shows whether the model was significant in predicting changes of the outcome variable (Field, 2013). The resulting ANOVA for service quality, customer perceived value and brand image had an F (4, 310) of 59.117 and had p value = 0.000. The model was therefore significant at $\alpha = 0.05$ level of significance in explaining the linear relationship between service quality, customer perceived value, brand image with brand Loyalty.

The study examined the coefficients of predictor variables and brand loyalty as presented in Table 4.3. The coefficients value for effect of brand image on brand loyalty was 0.462 and the p value was significant at 0.000. This implies that brand image significantly affects brand loyalty. The study thus rejected the null hypothesis H04 that there is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya. The coefficients for customers' perceived value were 0.194 with a significant p value of 0.000 implying that customers' perceived value significantly affects brand loyalty. The study therefore rejected the null hypothesis H02 that there is no significant effect of customers' value perception and brand loyalty in leading supermarket chains in Kenya. The coefficient for service quality was 0.133 with a significant p-value of 0.023. The finding implies that service quality significantly affects brand loyalty hence the study rejected the null hypothesis H01 that there is no significant effect of service quality dimensions on brand loyalty in leading supermarket chains in Kenya. This

means that service quality is closely linked to customers' satisfaction, and thus, influences customers' loyalty. The coefficients for effects of Sales Promotion on Brand Loyalty were 0.041 with a p value of 0.454 which is more than 0.05 and thus not significant. The study therefore failed to reject the null hypothesis H03 that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. The result implies that sales promotion does not affect brand loyalty.

Table 4.3: Coefficients for the predictor variables and brand loyalty

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	.848	.228		3.720	.000	.400	1.297
Brand Image	.462	.055	.449	8.402	.000	.018	.247
Customer Perceived Value	.194	.054	.195	3.614	.000	.089	.300
Service Quality	.133	.058	.114	2.283	.023	.354	.570
Sales Promotions	.041	.054	.041	.750	.454	-.066	.147

a. Dependent Variable: Brand Loyalty

The final model relating the predictor variables and brand loyalty was:

$$BL = 0.848 + 0.133 SQ + 0.194 CPV + 0.462 BI$$

5. CONCLUSION AND RECOMMENDATIONS

The study concluded that service quality, customer perceived value and brand image are antecedents to brand loyalty. These three determinants have a significant influence on brand loyalty in leading supermarket chains in Kenya. Sales promotions were found not to significantly influence brand loyalty. Sales promotions are viewed as a short term marketing activity to increase flow of customers and influence sales into the supermarket stores in the short run.

The competitiveness of the retail sector in Kenya calls for market share strategies. Globalization, continual technology innovations and increasing retailers means consumers have greater access and more purchase alternatives, resulting in reduced store and brand loyalty. As a result, focusing on brand loyalty becomes paramount to being competitive in the marketplace. The study recommends that supermarkets must invest in brand building strategies to retain their customers. Whereas sales promotions are an important tool to motivate shoppers to patronize the stores, supermarket managers should focus more on brand image, service quality and customer perceived value to gain an edge.

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