DETERMINANTS OF BRAND LOYALTY IN LEADING SUPERMARKET CHAINS IN KENYA

FRANCIS MUNGAI MUTURI

DOCTOR OF PHILOSOPHY

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Determinants of brand loyalty in leading supermarket chains in Kenya

Francis Mungai Muturi

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University

Signature: ……………………………… Date: ....

Francis Mungai Muturi

This thesis has been presented for examination with our approval as University Supervisors.

Signature: ……………………………… Date: ....

Dr. Jane Omwenga

JKUAT, Kenya

Signature: ……………………………… Date: ....

Dr. Edward .O. Owino

KCA, Kenya

DEDICATION

This thesis is dedicated to my mum and dad for bringing me up and taking me to school. I also dedicate this thesis to my wife Lucy and my sons Joseph, Simon and Steve. Many are the times they missed my attention as I spent many hours in the study room preparing this thesis.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
AVE	Average Variance Extracted
BI	Brand Image
CPV	Customer Perceived Value
EDLP	Every-Day-Low-Price
EDT	Expectation Disconfirmation Theory
EFA	Exploratory Factor Analysis
HiLO	High Low Pricing
KMO	Kaiser Meyer Oklin
MANOVA	Multiple Analyses of Variance
OLS	Ordinary Least Squares
PCA	Principal Component Analysis
SD	Standard Deviation
SERVQUAL	Service Quality
SP	Sales Promotions
SPSS	Statistical Package for the Social Sciences
VIF	Variance Inflation Factor

DEFINITION OF TERMS

Brand	According to Kotler and Keller (2012) a brand is a name, term, sign, symbol, or design or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.
Brand Image	A consumer‘s perceptions and feelings towards a brand shaped by direct/indirect brand experiences, which captures cognitive, sensory, and emotional aspects. Brand image is the overall impression in consumers' mind that is formed from all sources. Consumers develop various associations with the brand. Based on these associations, they form brand image (Roberts, 2006).
Brand loyalty	is the 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 (Hwang & Kandampully, 2012).
Customer satisfaction	is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. Customer Satisfaction is the match between customer expectations and actual performance of the product or service (Kotler & Keller, 2012).
Customer value	is dependent on how customers perceive the benefits of a product and the sacrifice related to its purchase. Therefore, Customer value also referred to as customer perceived value is the difference between the perceived

	benefits and the perceived sacrifice/cost of getting those benefits (Jobber, 2007).
Retail	All the activities in selling goods or services directly to final consumers for personal, non-business use (Kotler & Keller, Marketing Management, 2012).
Sales Promotions	A collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchases of particular products or services by consumers or the trade (Kotler & Keller, Marketing Management, 2012).
Service Quality	Is how well a consumer's needs are met and how well the service delivered meets the customer's expectations (Lewis, 2004).
Supermarket	A large, low cost, low margin, high volume, self-service shop that carries a wide range of groceries and household products (Kotler & Armstrong, 2008).

ABSTRACT

In the context of a retail supermarket, building customer and brand loyalty is a successful means of achieving market share and competitive advantage. Consumers, whose desires and expectations have been met or exceeded in the course of experiencing the service, are more satisfied and are likely to continue patronizing the organization. The Kenya retail industry has had its fair share of competition and rapid growth that has put smaller retailers out of business. Increased competition has led to an increase in more innovative services and stores. This study looked at the perspective of the user and will help the seller on how they can build brand loyalty, reduce price sensitivity and achieve more profitability. This study evaluated the determinants of brand loyalty in leading supermarkets in Kenya. The study specific objectives were to determine the influence of service quality on brand loyalty; establish the effect of customers' value perception on brand loyalty; evaluate the effect of sales promotions on brand loyalty; determine the effect of brand image on brand loyalty; assess the extent to which customer satisfaction mediates the relationship with brand loyalty. The theoretical framework that guides this study is given by service quality theory, means-end theory, expectation disconfirmation theories, the brand consumer relationship theory, Social class theory and adaptation level theory. The study adopted a descriptive survey research design. 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. A supermarket store sample of 30 stores was picked using stratified random sampling. The study adopted a sample of 384 customer respondents. The research instrument used was a structured questionnaire. Exploratory Factor Analysis (EFA) was used to identify the main factors that define the independent variables. Regression analysis was used to evaluate the relationships between dependent and independent variables. The data was coded, sorted and analysed using the Statistical Package for Social Sciences (SPSS Version 23). The study found that brand loyalty in leading supermarkets in Kenya, was influenced positively by brand image, customer perceived value and service quality. The study also found that customer satisfaction significantly partially mediates on the combined effect of service quality, customer perceived value and brand image on brand loyalty. The study failed to reject the null hypothesis that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. Sales promotions were found not to affect 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 study concluded that service quality, customer perceived value and brand image are antecedents to brand loyalty. Brand Image, service quality and customer perceived value are variables that marketing practitioners in the supermarkets can focus on to increase high levels of customer satisfaction and hence brand loyalty. The measurement of these dimensions is a significant marketing tool for retail stores that wish to develop a competitive advantage and enhancing the customers repurchase intention and intention to recommend.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the increasing competitive business world, organisations are paying more attention to their customers than ever before. In retaining existing customers and gaining new ones, a business should have a good understanding of customers, their needs and wants, their expectations on price and quality of goods and services. Pleasing customers is harder 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). Customers are a more challenging component for any organisation and they expect the best deals. 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 major impact on growth and also on 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. 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 (Melnyk & Bijmolt, 2015).

Brand loyalty in marketing, consists of a consumer's devotion, bond, and commitment to repurchase and continue to use a brands 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). Loyalty is well thought-out to be a function of customer satisfaction and having satisfied customers is not enough for a business to succeed, but there has to be extremely satisfied customers (Youl & John, 2010). This is because customer satisfaction must lead to loyalty. Customer satisfaction is not a guarantee of repeat patronage. Satisfied customers jump ship every day, and the reasons are not always due to customer dissatisfaction, some customers are lost due to indifference which arises from pure neglect (Michael, Christopher, Tzu-Hui & Michelle, 2008).

A critical factor of building brand loyalty is developing a connection or relationship between the consumer and the brand. An emotional relationship between the consumer and the brand leads to a strong bond and a competitive advantage for that particular brand (Melnyk & Bijmolt, 2015). According to Clarke (2001) the notion of loyalty may appear at first sight to be outmoded in the era of the Internet, when customers are able to explore and evaluate competing alternatives as well as checking reports from others at the touch of a button. Indeed, the very fact that customers can so readily assess the competing services and products on offer and then so easily make the new purchase does in itself give added weight to the importance of building strong ties of loyalty with customers (Clarke, 2001).

Khan (2009) discussed that a loyal and satisfied customer are not necessarily the same thing. He found that customers may remain loyal for a number of reasons and may not even be happy with the product or service. Khan (2009) study concluded that true brand loyalty was not only an intention to buy it repeatedly over time but an effective buying behaviour of a particular brand reinforced with a strong commitment to that brand. Highly satisfied customers are more likely to become loyal customers and potentially buy the new products introduced by the company, speak well about the organization, and also pay less attention about competitors and other brands (Ampoful, 2012). Above all, the costs for retaining existing customers are far less than the costs of acquiring the new customers. In recent years, companies have realized that a critical success factor is not a single transaction, but the creation of a long-term relationship (Ampoful, 2012). Customer retention is thus critical, since businesses lose about 30 per cent or more of their customers every year and have large customer acquisition expenditures (Lee & Feick, 2001). Needless to say, it is important for businesses to develop well-designed customer satisfaction programs for increased customer retention. Customer retention is described as the marketing goal of keeping your existing customers from going to a competitor (Ramakrishnan, 2006).

Brand loyalty is a valuable asset for every brand. Research has indicated that the cost of recruiting new customers is very high due to advertising, personal selling, establishing new accounts, and customer training (Hosseini & Zainal, 2014). 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). Thus, brand loyalty is a strategic potent weapon to give a sustainable competitive advantage (Keller & Lehmann, 2006; Runyan & Droge, 2008).

There has been an immense global growth in the number of supermarkets in the last few years. This increase has been exponential and is more prominent in the developed countries. Many Supermarkets have grown rapidly in recent years by adopting aggressive strategies to attract customers mainly due to emergence of new supermarket formats and intense competition between supermarkets (Pacheco, Cristina, Enrique, Rodriguez & Ricardo, 2012). The traditional grocery store has transformed over the years to large supermarkets offering a wide variety of food and household products, organized into aisles. It is larger and has a wider selection than a traditional grocery store, but is smaller and more limited in the range of merchandise than a hypermarket. The traditional supermarket occupies a large amount of floor space (between 3,000 and 60,000 sq ft), usually on a single level and is usually situated near a residential area in order to be convenient to consumers (UK grocery retailing, 2016). The basic appeal is the availability of a broad selection of goods under a single roof, at relatively low prices. Other advantages include ease of parking and the convenience of shopping hours that extend into the evening or even 24 hours of day. The major supermarkets offer other non-core services which may include housing of banking and financial services; restaurant and catering services; telecommunication services; and health care services, such as pharmacies, optical services and dental services; dry cleaning, education, entertainment, photographic processing, travel agency and utility and energy services (Pacheco et al., 2012).

In their study on the rapid rise of supermarkets in developing countries Pacheco et al. (2012), highlighted that the fast technological, innovation and service transformation of the retail sector, has seen supermarkets' in Latin America growth rise from roughly 15% in 1990 to 55% in 2002. In the United States of America, the supermarket retail industry is also experiencing a period of significant change. There has been a high level of consolidation of brands in the industry as well as a dramatic rise in competition for traditional supermarkets from super centres such as Wal-Mart and Target and specialty stores such as Whole Foods Market (Kleinberger & Badgett, 2007). One response among traditional supermarket chains to the increased competition from super centres and specialty supermarkets has been the creation of customer-centred marketing efforts such as loyalty card programs. However, although loyalty programs are spreading across the grocery landscape loyalty card programs do not seem to yield results in terms of increased loyalty (Bellizzi & Bristol, 2004). An IBM survey in 2007 in the United States of America, found that nearly half of grocery customers carry a negative attitude toward their grocer (Kleinberger & Badgett, 2007).

The business environment in Africa is continually experiencing competition even though the continent is brimming with potential for global retailers with its one billion people and growing economies (Kearney, 2014). Indeed, seven Sub Saharan

Africa countries are now among the 10 fastest growing economies in the world. As global retailers tiptoe into sub – Saharan Africa, figuring where to enter and how to begin is a daunting task, it is even more difficult for the existing firms to maintain market share and achieve growth (Kearney, 2014). 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, Khetia, Chandarana, and Eastmatt (Kestrel Capital, 2014).

The main supermarkets in the market have ensured customers renewed shopping experience by extremely offering classic after sale services to customer through loyalty and bonus points approach, faster complaints handling customer care, favourable shopping environment in terms of products displays and easy communication to direct customers in the supermarkets (Karanja, 2012). All these are intended to enhance faster, easier consumer purchase process and increase competitive advantage. The competitive advantage of a best cost provider lowers costs than rivals in incorporating upscale attributes, putting the company in a position to under-price rivals whose products have similar upscale attributes (Thompson & Gamble, 2007).

In today's highly competitive markets a business that offers quality product and better services will definitely have an advantage over the others due to the diversity in the consumer markets and increasingly saturated supermarkets in the retail industry (Cant & Machado, 2004). According to Khan, Jamwal and Sepehri (2010) new technologies, deregulation, and competition open up industries, and make the market more competitive. 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). This study evaluated the determinants of brand loyalty in the leading supermarkets in Kenya.

1.2 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. Global chains like Game, Carrefour, Choppies and local groups have entered the Kenya retail 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 start to include 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). 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 with many of these supermarkets laying special emphasis on the development of customer satisfaction and brand loyalty, in order to tap long term sales revenue (Heng, Yeong, Siong, Shi & Kuan, 2011). However, in their drive for customer satisfaction and brand loyalty, many of these supermarkets continue to be faced with impediments which include increasing competition and rising customer expectations (Gomez, McLaughlin & Wittink, 2004).

It is generally believed that a satisfied customer is more likely to display loyalty behaviour, which is expressed by repeat purchase and willingness to give positive word of mouth (Schultz, 2005). Evidently, Reichheld and Markey (2000) noted that those customers said to be satisfied or very satisfied on the survey, showed that between 60 % and 80% will defect in most businesses. 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).

There are few studies that have focused on Supermarkets chains as a brand yet many shoppers intending to purchase a particular product will first decide on which outlet to get the product from. In general authors (Wan & Schell, 2013; Wang, Lo, Chi & Yang, 2004; Tu, Li & Chih, 2011), agree that service quality, customer satisfaction, sales promotions, brand image and customer perceived value are important antecedents of brand loyalty. But none of them has studied all these constructs together as interlinked. Little evidence exists in research that has simultaneously compared the relative influence of these important constructs on service encounter outcomes (Cronin, Brady & Hult, 2000). This gap generates a new call for a research to establish simultaneously the relative influence of these constructs towards brand loyalty in the supermarket retail sector. Also, most of the studies till now are done in developed countries, so there is a need to validate these models in developing countries, across different settings and cultures. It is in light of this background that the proposed study is conceived, to establish the determinants of brand loyalty in leading supermarkets in Kenya.

1.3 Objectives of the Study

The study was guided by the following objectives.

1.3.1 General Objective

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

1.3.2 Specific Objectives

The specific objectives of this study were:

1. To determine the influence of service quality on brand loyalty in leading supermarket chains in Kenya.
2. To establish the effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya.
3. To evaluate the effect of sales promotions on brand loyalty in leading supermarket chains in Kenya.
4. To determine the effect of brand image on brand loyalty in leading supermarket chains in Kenya.
5. To assess the extent to which customer satisfaction mediates the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

1.4 Research Hypothesis

The study tested the following hypothesis:

H_{01} There is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya.

H_{02} There is no significant effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya.

H_{03} There is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya.

H_{04} There is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya.

H_{05} There is no significant mediation effect of customer satisfaction on the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

1.5 Justification

The proposed study is against a backdrop of changing landscape in the Supermarkets sector in Kenya where the study supermarkets (Nakumatt, Tusky's, Naivas, and Uchumi) leads by occupying the top four positions respectively, in terms of having the largest branch network in Kenya with a total of 146 branches and control a 30% market share in 2014, and control an estimated 149 billion Kenya Shillings of annual revenues (Kestrel Capital, 2014). These Supermarkets were still the market leaders in 2017 by which time the study was undertaken. A few years ago, the market was dominated by Uchumi and Nakumatt. Tuskys and Naivas rose in the last few years to challenge the duopoly. There has been a rapid increase in the number of outlets controlled by the main supermarkets. These leading supermarkets should strategize to stay ahead of the competition. Some of the supermarkets have not been able to match to the fierce competition and have opted to merge in order to reap the synergies associated with merging and/or acquisition (Kestrel Capital, 2014). This study was crucial in exposing how Supermarkets can build brand loyalty so as to deal with increased competition.

The study is of significance to various stakeholders' in the Kenya Supermarkets Sector. The stakeholders include supermarket managers who could use the study to come up with marketing activities aimed at retaining their customers, building brand loyalty and increasing profitability. The other stakeholder who would use the study to formulate policies is the Government. These policies would create a more level playing ground within the industry. Investors are the other stakeholders who would use the study to make better decisions while making investments. The findings of the study will also add to the existing body of knowledge on the subject of brand loyalty. This study will thus be useful for future scholars in the subject.

1.6 Scope of the Study

This study was carried out in Nairobi and Nakuru counties in Kenya and targets the loyalty card customers of the main supermarkets (Nakumatt, Uchumi, Naivas & Tusky's). The study data was collected in 2017 at which time the four supermarkets were still leading in terms of the number of branch network. Nairobi County was chosen as these 4 supermarkets have their headquarters and main branches in Nairobi and the standards in Nairobi are replicated around the country. The four supermarkets have the largest customer base in the Kenya. Nakuru was chosen as three of these supermarkets (Nakumatt, Tusky's and Naivas) originated from Nakuru county before spreading all over the country. The Variables of the study focused on the following main areas which are the bases of the study hypotheses: service quality, customer perceived value, sales promotions and brand image as the independent factors. These factors were found to influence brand loyalty.

1.7 Limitations of the Study

There is an apparent inadequacy of local literature on the subject of brand loyalty. As such, most of the journals adopted in the study emanated from foreign countries with different local conditions compared to Kenya. This inadequacy limited the comparison between the research findings and other empirical studies conducted on the subject locally. The study was limited to four major supermarkets in Kenya and a replication can be undertaken with more supermarkets being studied. This study was conducted in Kenya, and some of the findings might be more applicable to the Kenyan context. The study was conducted in the supermarket retail sector and it might not be appropriate for this study to make the claim that the findings are applicable to all service industries. The supermarkets management was cautious in providing customer information due to the sensitivity and suspicion normally associated with any kind of a research study. To resolve their concerns, the supermarket managers were assured of utmost confidentiality in the use of the information. The variables on service quality, customer perceived value and brand image are not the only antecedents to brand loyalty. There are other antecedents like brand awareness, distribution intensity and brand trust.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to reviewing literature relevant to the study on determinants of brand loyalty. The theoretical framework that guides this study is given by gap model of service quality theory, means-end theory, expectation disconfirmation theory, adaptation level theory, brand consumer relationship theory and social class theory. The chapter also displays the conceptual framework that outlines the mediating effect of customer satisfaction on the relationship between service quality, customer perceived value, sales promotion and brand image as the independent variables with brand loyalty as the dependent variable. Further the chapter looks at empirical studies and documented research findings by other researchers on the subject and it ends by a summary section on key variables and identification of the research gaps of the previous studies.

2.2 Theoretical Review

A theory consists of a coherent set of general propositions that explain some phenomena by describing the way other things correspond to this phenomenon. A theory is a formal, testable explanation of some events that includes explanations of how things relate to one another. A theory can be built through a process of reviewing previous findings of similar studies, simple logical deduction, and/or knowledge of applicable theoretical areas (Zikmund, Babin, Carr, & Griffin, 2013). In a scientific sense, a theory is a coherent narrative capable of describing the world and perhaps even explaining the world and predicting the world's next turn. In its natural science aspirations, social theory would predict events before they happen, so precise would be its cause–effect linkages. Theories are perspectives with which people make sense of their world experiences (Stoner, Freeman & Gilbert, 2001).

2.2.1 Service Quality (SERVQUAL) Model

Parasuraman, Zeithaml, and Berry (1988) originated the model of service quality measurement based on a disconfirmation paradigm. In the initial model ten factors were mentioned for evaluating service quality. These ten factors included tangibility, reliability, responsiveness, courtesy, credibility, security, accessibility, communication and understanding the customer. These ten factors were simplified and collapsed into five factors. In their conceptualization of SERVQUAL, Parasuraman et al. (1988) suggested five dimensions of service quality. These dimensions are reliability, assurance, tangibility, empathy and responsiveness also acronym RATER by Buttle (1996).

The SERVQUAL model as shown in figure 2.1, proposes the use of the gap analysis or difference between expected level of service and delivered level of service for measuring service quality perception with five dimensions: reliability, responsiveness, assurances, empathy, and tangibility. SERVQUAL is an analytical tool, which can help in identifying the gaps between variables affecting the quality of the offering services (Seth, Deshmukh & Vrat, 2005). This model has a wide acceptance among marketing researchers and scientists, although it is an exploratory study and does not offer a clear measurement method for measuring gaps at different levels.

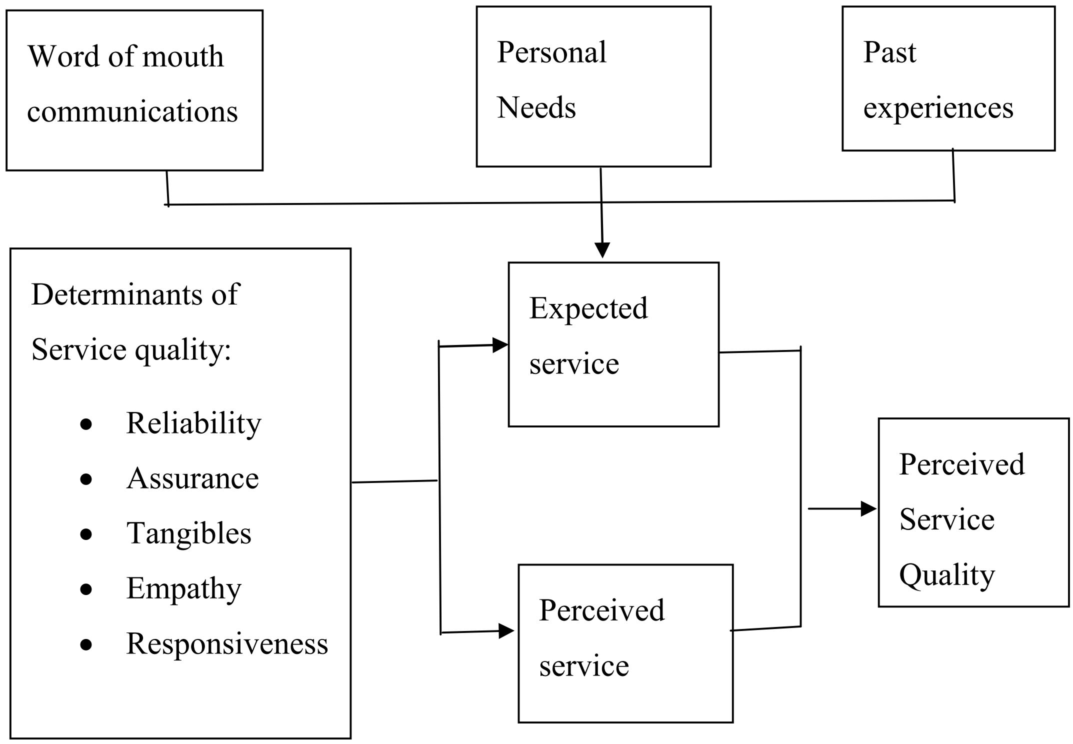

Figure 2.1: The SERVQUAL model **(Parasuraman, Zeithaml, & Berry (1985)**

According to Zeithaml, Bitner and Gremler (2009) reliability is the ability to perform the promised service dependably and accurately; responsiveness is the willingness to help customers and provide prompt service; assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence; empathy is the caring, individualized attention; and tangibles covers the physical facilities, equipment and appearance of personnel.

2.2.2 The Means–end theory: Zeithaml approach

The means–end theory (Gutman, 1982) has provided a theoretical and conceptual structure that connects consumers' values with their behaviour. This theory posits that decision-making processes regarding consumption are influenced by: linkages among product attributes; the perceived consequences of consumption; and the personal values of consumers. The central thesis of the means–end theory is that individuals are goal directed and that they use product or service attributes as a means of inferring desired end states. An analysis of the relationships underlying this behaviour can be depicted as a hierarchical value map. Zeithaml (1988) used means–end theory to adapt a model first proposed by (Dodds, Monroe & Grewal, 1991) whose conceptualization of value had been based mainly on the quality–price relationship. Zeithaml (1988) described four different definitions of value: value as low price; value as whatever the consumer wants in a product; value as the quality obtained for the price paid; and value as what the consumer gets for what he or she gives. The author ultimately defined perceived value as a bi-directional trade-off between 'giving' and 'getting' that is, what is sacrificed versus what is received in an exchange.

In so doing, Zeithaml (1988) proposed a means–end model in which a hierarchy of variables is established according to their level of abstraction. This model provides an overview of the relationships among the concepts of perceived price, perceived quality, and perceived value. According to this conceptual model, people evaluate products on the basis of their perceptions of price, quality, and value, rather than on the basis of objective attributes such as actual prices or actual quality. Zeithaml (1988) also indicated that, in the means–end chains, value (like quality) is proposed to be a higher-level abstraction. However, it differs from quality in two ways: value is more individualistic and personal than quality; and is therefore a higher-level concept than quality. Thus, Zeithaml (1988) model reflects that both perceived price and perceived sacrifice are perceptions of lower-level attributes; that perceived quality is a higher-level attribute; and that the perceived value is a higher-level construct that is inferred from perceived sacrifice and quality.

2.2.3 The Expectations-Disconfirmation Theory

Expectations-disconfirmation theory (EDT), posits that expectations, coupled with perceived performance, lead to post-purchase satisfaction. This effect is mediated through positive or negative disconfirmation between expectations and performance. If a product outperforms expectations (positive disconfirmation) post-purchase satisfaction will result. If a product falls short of expectations (negative disconfirmation) the consumer is likely to be dissatisfied (Oliver, 1980; Spreng, MacKenzie & Olshavsky, 1996). EDT, can measure customer's satisfaction from difference between customer's expectation and experience in perceived products or services. The four main constructs in the model as illustrated in figure 2.2, are: expectations, performance, disconfirmation, and satisfaction. Expectations define what customers anticipate about performance of products and services (Churchill & Surprenant, 1982). Expectations reflect anticipated behavior (Churchill & Suprenant, 1982). They are predictive, indicating expected product attributes at some point in the future (Spreng et al., 1996). Expectations serve as the comparison standard in what consumers use to evaluate performance and form a disconfirmation judgment (Haistead, 1994).

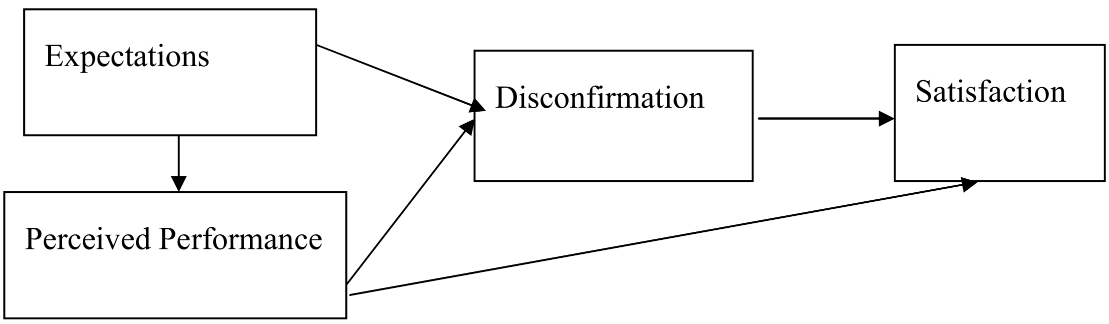

Figure 2.2: Expectation Disconfirmation Model. (Churchill & Surprenant, 1982)

Perceived performance indicates customer's experience after using products or services that can be better or worse than customer's expectation (Spreng et al., 1996). Disconfirmation is defined as the difference between customer's initial expectation and observed actual performance (Bhattacherjee & Premkumar, 2004). Disconfirmation is hypothesized to affect satisfaction, with positive disconfirmation leading to satisfaction and negative disconfirmation leading to dissatisfaction. EDT has the ability to define multiple manners of customers in purchase process. First, the customers have an initial expectation according to their previous experience with using specific product or service. Second, the new customers that don't have a first-hand experience about performance of product or services and for the first time they purchase from a specific business. The initial expectations of new customers consist of feedbacks that they receive from other customers, advertising or mass media

(Haistead & Hartman, 1994). Upon usage of the products or services, new and old customers can realize actual quality of the company's products or services.

2.2.4 Adaptation Level Theory

This theory proposes that consumers carry with them an adaptation level price or 'internal reference price' for a given product (Monroe, 1973). The internal reference price represents the price a consumer expects to pay for a product and is formed on the basis of past prices paid or observed either for the same product or similar products. The internal reference price is a standard against which market prices are compared and judged as high, low or medium. The existence of internal reference prices has been confirmed in several studies (Gurumurthy & Winer, 1995). Researchers have proposed that consumers respond to a price promotion based on the comparison between the internal reference price and the promotional price. Frequent price promotions can lead consumers to lower the reference price for the promoted product. Consumers with lowered reference prices will be unwilling to pay the full price of a product once the promotion is over (Lattin & Bucklin, 1989; Kalwani & Yim, 1992).

2.2.5 The Brand Consumer Relationship Theory

Kotler and Keller (2012) states that a brand is a name, term, sign, symbol, or design or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors. A study by Dall'Olmo and De'Chernatony (2000) posits that a brand is the link between firms marketing activities and consumers' perceptions of functional and emotional elements in their experience with the product and the way it is presented. They suggest that this link can be viewed in terms of a relationship between consumers and brands and that understanding consumer-brand bond in terms of relationship marketing principles will assist marketers in enhancing brand value. Brand relationships are critical in maintaining the relevance of the brand in an increasingly competitive and fast-moving market place. Brand relationships have been recognised as leading to increased market share and profits, providing a competitive edge, improving marketing decisions such as product positioning and advertising, attitude reinforcement, a higher volume of purchases and repeat business (Dall'Olmo & De'Chernatony, 2000). A consumer-brand relationship also serves several functions from the consumer viewpoint including reassuring consumers about the consistency of the product quality, enabling consumers to express themselves emotionally, and socially by making a statement to other people (Dall'Olmo & De'Chernatony, 2000).

2.2.6 Social Class Theory

Social class theory by Warner (1941) describes status hierarchy where groups and individuals are described in terms of esteem and prestige (Meng & Fraedrich, 2010). The theory helps to segment customers by lifestyle and predict their purchasing patterns (Meng & Fraedrich, 2010). Social class is defined as the division of members of a society into a hierarchy of distinct status classes (Schiffman, Kanuk & Hansen, 2008). In order to update social class levels, Coleman (1983) suggested dividing consuming public in four status groups: upper class, middle class, working class, and lower class. Social class measures require relative rankings of its member 's status using factors such as amount of economic assets, influence over others or degree of recognition received from others (Schiffman et al., 2008). Social class membership forms the reference that customers base their attitudes and behaviour (Schiffman et al., 2008). It means that customers try to behave according to specific social class standards. Customers may purchase products which are favoured by their own or higher social class members, and customers may avoid products which they perceive as lower-class products (Schiffman et al., 2008). Customers have different images of themselves or self-perceptions which are closely linked to personality ((Schiffman et al., 2008). In order to segment a market, a retailer should consider customer self-images and position products and services as a symbol of particular self-image (Schiffman et al., 2008). Store image can be enhanced when it matches the target customer's self-concept (He & Mukherjee, 2007).

2.3 Conceptual framework

Based on the literature reviewed, a conceptual framework showing how service quality, customer perceived value, sales promotions, brand Image and customer satisfaction interact with brand loyalty is displayed in Figure 2.3.

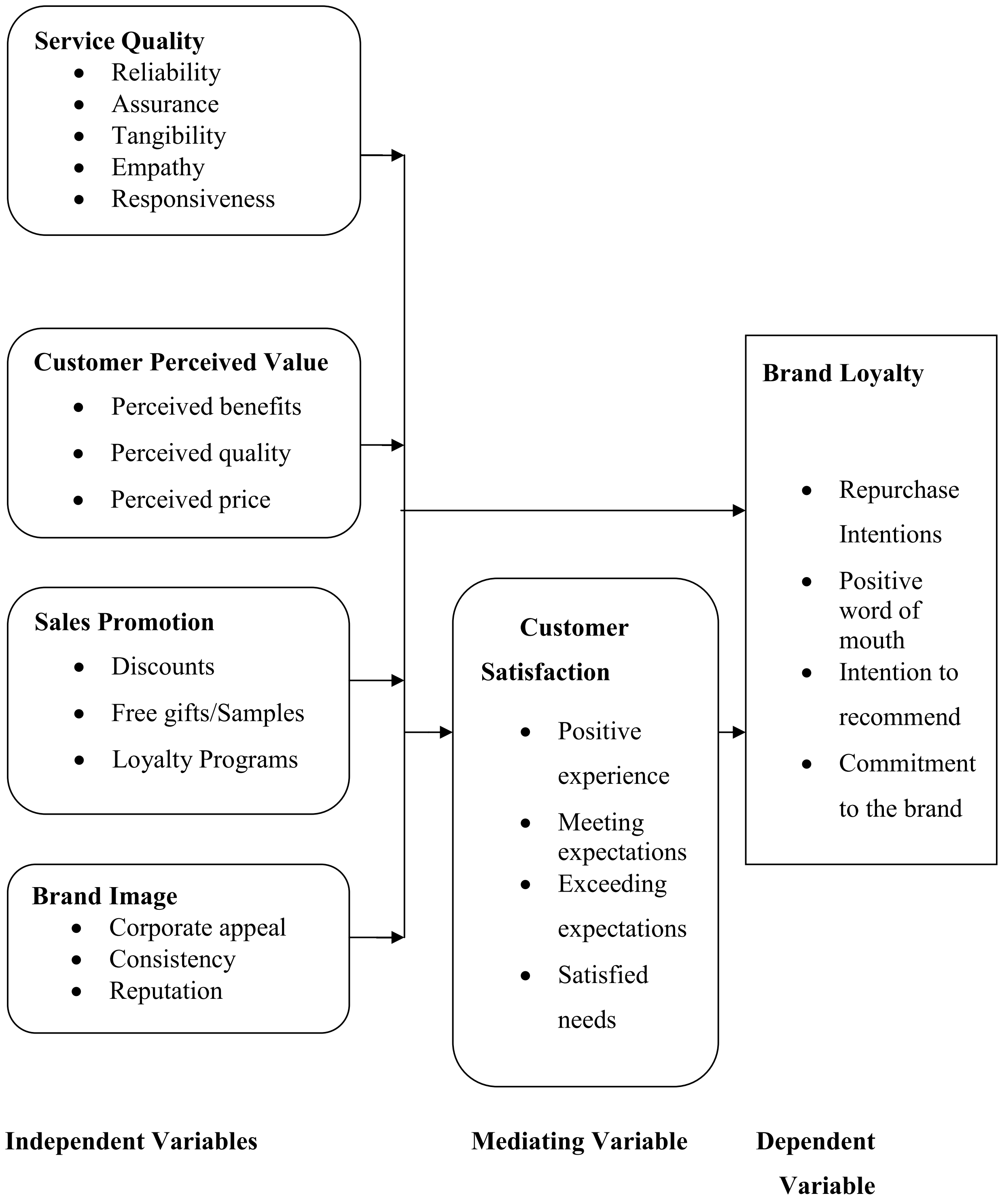

Figure 2.3: Conceptual Framework.

2.4 Empirical Review

Literature review surveys scholarly articles, books and other sources relevant to a particular issue, area of research, or theory, and by so doing, providing a description, summary and critical evaluation of these works. Literature reviews are designed to provide an overview of sources while researching a particular topic and to demonstrate to readers how the research fits into the larger field of study (Creswell, 2013).

2.4.1 Service Quality

Service quality is described as an 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, 2008). 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. Parasuraman, et al. (1988) presents reliability as the ability of a firm to perform the promised service dependably and accurately. In other words, it is conformance to specification, doing what you said you would do when you said you would do it (Nicoulaud, Hooley, Rudd & Piercy, 2017). Zeithaml et al. (2009) mentioned that this dimension is critical as customers want to deal with a company that keep its promises and has good communication with them.

Assurance stems from the knowledge and courtesy of employees and their ability to convey trust and confidence in their technical abilities (Nicoulaud et al., 2017). Assurance stems from professional competence. It is not enough, however, merely to have a high level of competence. It must also be demonstrated to the customers, often through the use of tangible cues. The Tangibles dimension is the physical appearance of facilities, displays, equipment, staff, and written materials. It translates to the store interior decorations, the appearance and condition of the store and shelf space, the uniform of the staff, the appearance and design of the communication materials, signage and advertisements (Zeithaml et al., 2009). Tangibles are used by firms to convey image and signal quality. According to Bellini, Lunardi and Henrique (2005) tangibles are the basic elements such as access to the facilities and the safety and convenience for customers.

Empathy implies treating customers as individual clients and being concerned with their longer-term interests (Nicoulaud et al., 2017). It is the quality good doctors have of being able to convince patients that they really care about their welfare beyond addressing the current ailment. The customer is treated as if he is unique and special. There are several ways that empathy can be provided: knowing the customer's name, his preferences and his needs. Many small companies use this ability to provide customized services as a competitive advantage over the larger firms (Zeithaml et al., 2009). This dimension is also more suitable in industries where building relationships with customers ensures the firm's survival as opposed to transaction marketing (Andaleeb & Conway, 2006).

Responsiveness is the willingness to help customers and provide prompt service (Zeithaml et al., 2009). This dimension is concerned with dealing with the customer's requests, questions and complaints promptly and attentively. A firm is known to be responsive when it communicates to its customers how long it would take to get answers or have their problems dealt with. Responsiveness typically requires flexibility. Customer requests can often be off-beat and unexpected. The highly responsive organisation will need to predict customer needs where possible, and also build an operations capacity to respond to the unpredictable (Nicoulaud et al., 2017).

Besides SERVQUAL, Sureshchandar, Rajendran and Anantharaman (2003) have identified five factors of service quality from the customers' perspective. Those are; core service or service product, human element of service delivery, systematization of service delivery: non- human element, tangibles of service, and social responsibility. After a close inspection it could be safely concluded that the newly defined construct of service quality by Sureshchandar et al. (2003) has some resemblance with the definition provided by Parasuraman et al. (1988). 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, service blue print and non-human elements. An increase in service quality results in an increase in the levels of customer satisfaction. For this study the researcher employed the five dimensions of service quality proposed by Parasuraman et al. (1988). 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.

2.4.2 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 perceived 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. Monroe's (1990) gives a more concrete view of customer value, in that buyers' perception of value is a function of the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price. This shows customer perceived value as a function of customer-perceived quality and customer-perceived price. Perceived quality, in turn, has been conceptualized as buyers' judgment about a product's overall excellence or superiority. 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.

Dodds, Monroe and Grewal (2007) indicates that perceived value, as conceptualized is a cognitive trade-off between perceived quality and sacrifice, decrease when price increases, suggesting that the perceived sacrifice component became stronger in relation to perceived quality at higher prices. The conceptual argument suggests that, as price increases from a low-priced model to a higher priced model, buyers' perceptions of value will increase and then decrease. Consumers' value perceptions are enhanced with increasing levels of quality they perceive and lowered with increasing levels of sacrifice they feel. When perceiving high levels of value from a pending purchase, consumers tend to express high levels of willingness to eventually buy and low levels of willingness to look for alternative purchases (Oh, 2000).

According to Liu (2006) it is the value that customers feel they receive, rather than their level of satisfaction, that keeps them returning. Liu (2006) examines the concept of customer value for a business service and its role in encouraging customers purchasing business services to believe that the costs of switching to another provider would be high. The author presents customer value, for a business service, as an organizational buyer's assessment of the economic, technical and relational benefits received, in exchange for the price paid for a supplier's offer relative to competitive alternatives. 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).

2.4.3 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 behaviour (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 behaviour. 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). Ashraf (2014) confirmed that consumers buying behaviour and sales promotion can be motivated through promotion techniques such as free samples and price discounts. Consumers respond to sales promotions because of the positive benefits they provide (Luk & Yip, 2008).

Walters (1991) found that pricing activity for a specific brand in one store has negative effects on sales in its competing stores or more specifically that price promotions of a brand in one store has a negative effect on the brand or its substitutes in a competing store. This is an indication, that consumers can theoretically be lured into switching stores by offering them attractive promotions. The increasing level of competition in the global business market has pushed marketers all over the world to consider a variety of sales promotion incentives in order to stand out among their competitors (Jean & Yazdanifard, 2015). Generally retail managers can decide between two core pricing strategies, the every-day-low-price (EDLP) strategy or the High Low (Hi-Lo) pricing (Tsiros & Hardesty, 2010). When implementing an every-day-low-price strategy, the average price for every article is selected to be between a regular market price and a promotional price. By offering below regular market prices on all items, the EDLP-strategy aims at attracting price and time sensitive customers, who want to combine an attractive offering while not visiting multiple shops to hunt for the cheapest bargain (Seiders & Voss, 2004). This strategy is very common according to Bolton and Shankar (2003) as approximately 45 % of US retailers, among them industry leaders such as Wal Mart, Home Depot, Costco and Aldi, have implemented this.

The HiLo pricing strategy is defined as offering higher non-promotional prices mixed with temporary discounts on individual brands or categories to customers. In contrast to the EDLP, the HiLo strategy attracts cherry-pickers, who are willing to invest additional effort in finding and visiting the stores with the cheapest price for a brand, even if this would require them to visit multiple stores (Bell & Lattin, 2009). Bell and Lattin (2009) provide some evidence of a self-selection effect. They show that consumers who purchase large total market baskets per visit tend to favour stores that feature everyday low pricing (EDLP), whereas shoppers who purchase small market baskets prefer stores that run good promotions. According to Luk and Yip (2008) the buying behaviour of less-committed consumers is mainly promotion-driven. This group is comprised of the so-called brand switchers: consumers who process the brand's promotions as information to discriminate among acceptable brands and ultimately develop the habit of purchasing on promotion (Luk & Yip, 2008).

Kopalle et al. (2009) suggested two key retail pricing strategies; everyday low pricing (EDLP) and promotional pricing (PROMO). EDLP is characterised by constant low prices on all goods in the store and uses basket prices to provide good value all the time in order to be able to attract consumers. In contrast to the EDLP strategy, the PROMO price strategy uses price special offers with steep discount prices, which implies low prices for a limited time period rather than a constant low price. Kopalle et al. (2009) conclude that large retailers usually use the EDLP or PROMO strategies to target consumers who demand low prices and deals, but who in return have low loyalty to the store brand itself.

Park, Choi and Moon (2013) empirically verified the relationship between sales promotions, customer satisfaction, customer perceived value and brand loyalty, legitimizing the growth of sales promotions within the duty-free shop sector. Their results indicate that there were significant relationships between cutting price, customer satisfaction, customer value, image and behavioral intentions. Park et al. (2013) posits that Duty-free retail shops should raise the level of customer satisfaction, value perception and duty-free shop image formation by use of attractive sales promotion strategies which also enhances customer repurchase intention and recommendations to other customers.

Taylor and Neslin (2005) provide evidence for a positive effect of a special type of promotion on store loyalty. 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 favourable 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 favourable 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. Sirohi, McLaughlin, & Wittink (2008) found that perceptions of a store's promotions correlate positively with Customer perceived value and store brand loyalty.

2.4.4 Brand Image

Brand image is presented as 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, 2013). Also, brand image displays the content of the brand like reputation, function, brand name and overall values (Upamannyu & Mathur, 2013). 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 behaviour (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 Hsieh, Pan and Setiono (2004) a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand. Marketers usually regard brand image as the basis of how consumers assess the quality of the product or service, that is, the external clue of the products (Cretu & Brodie, 2007). The understanding is that, consumers will utilize brand image to infer their awareness of the product or service or maintain their quality consciousness to the product or service (Bibby, 2011). Branding literature points out that the products with stronger brand image can really reduce consumers' cognitive risk and increase consumers appraise to the target product or service (Kwon & Lennon, 2009). In this regard, consumers often make use of the sense of brand image to infer the quality of the product or service and decide their behaviour (Salinas & Perez, 2009). Thus, the quality of the brand image indirectly causes consumers' cognition of the product or service quality. The ideal brand image not only assists enterprises to establish market positions, but also protect brands from other competitors (Cretu & Brodie, 2007). For this reason, enterprises today work hard to maintain their brand image and as such invest substantial resources to develop brand names with a favourable image (Shankar, Azar & Fuller, 2008). A company or its product / services which constantly holds a favourable image by the public, would definitely gain a better position in the market, sustainable competitive advantage, and increase market share or performance (Park, Jaworski & MacInnis, 2006).

According to Ray (2009) shopping is not only for functional need fulfilment but it also makes customer to feel good. If a person has a positive emotional experience then over time the customer creates a favourable 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. According to Wan and Schell (2013) customers tend to visit those supermarkets whose image is similar to the customers own image. Supermarkets image reflects the stereotypes in customer's minds, such as high status or low status supermarket, traditional or modern supermarket. There are also functional supermarket images, which refers to tangible characteristics exhibited by the respective supermarkets, such as clean or dirty supermarket, quiet or noisy one (Wan & Schell, 2013). Koo (2003) further posits that a favourable image of a brand store or retailer will lead to loyalty. According to Hsieh and Li (2008) the effect of a firm's public relations practices on customer loyalty is stronger when perceived brand image is favourable. Additionally, customer satisfaction has the greatest influence on loyalty when considered along with customer value and brand image (Lai, Griffin & Babin, 2009).

2.4.5 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 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 behaviour 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 (Cengiz, 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 described as 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 for this study.

Low quality service, which does not reach the customers' expectations, leads to consumer dissatisfaction (Bagram & Khan, 2012). Unsatisfied consumers are also quick to switch from the brand which fails to fulfil basic requirements. Furthermore, Morgan (2009) noted that a dis-satisfied customer may relate a bad experience to 5 to 15 other people, eroding potential patronage of the service provider. Customer satisfaction in a business is fundamental. According to Hanif, Hafeez and Riaz (2010) high level of satisfaction is established when the brand fulfils the needs of customers far more than the competing brands. Satisfaction is an important precursor in promoting customer repurchases behaviour as it can affect a buyer's decision to continue a relationship with the organisation (Ndubisi, Malhotra & Chan 2009).

According to Child and Kliger (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 & Kliger, 2002). Santouridis and Trivellas (2010) states 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. However, several studies have verified that consumer's satisfaction has positively influenced loyalty (Da Silva & Syed, 2006). Maintaining the desired level of customer satisfaction requires a proactive corporate responsiveness in accessing, building and retaining satisfied customers for sustainable competitive advantages in the market place (Rahman, Redwanuzzaman, Masud-Ul-Hassan & Rahman, 2014). Satisfied customers have a high probability to continue using the existing company product or brand as compared to dissatisfied customers, who are willing to search for alternatives (Santouridis & Trivellas, 2010). Empirical studies on goods and service markets support that customer satisfaction positively influences brand loyalty (Youl & John, 2010). However, satisfaction is a necessary condition 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).

Empirical evidence in retail/store image studies confirmed that satisfaction has strongly influenced loyalty intention such as intention to recommend, intention to repurchase and intention to revisit the store (Kandampully & Suhartanto, 2000). The drivers of customer satisfaction include perceived supermarket image, customer expectations, store offerings (merchandise, services, value for money), and shopper behaviour (Sullivan & Dennis, 2002). 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). In their study of Malaysian hypermarkets Nikhashemi et al. (2014) posits that the hypermarkets have experienced marked growth and development in the recent years, with many of these hypermarkets laying special emphasis on the development of customer satisfaction. However, in their drive for customer satisfaction, many of these hypermarkets continue to be faced with a number of impediments which includes increasing competition and rising customer expectations (Nikhashemi et al., 2014).

Hu, Kandampully and Juwaheet (2009) indicated that customer perceived value significantly affects customer satisfaction and the higher the perceived value the higher the client overall satisfaction with the service provider. 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).

2.4.6 Brand Loyalty

The concept of brand loyalty is a two-dimensional construct containing attitudinal and behavioural 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 behaviour (Oliver, 2007). On the other hand, behavioural loyalty is usually understood as forms of customer behaviour 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 behavioural 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.

Malik, Asif and Malik (2012) notes that loyalty cannot be taken for granted and continue only as long as the customers feel they are receiving better value than they would obtain from another supplier. While spurious loyalty is driven by situational circumstances such as price and convenience true brand loyalty holds some indicator of previous psychological and affective attachment to the brand (Iglesias, Singh & Foguet, 2011; Lin, 2010). Yang and Peterson (2004) survey on online service users indicated that companies that strive for customer loyalty should focus primarily on satisfaction and perceived value. However Youl and John (2010) states that customer satisfaction is an important factor for retention but not a sufficient one.

The concept of brand loyalty has been recognised 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 & Olivan (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 Malik, Asif and Malik (2012) purchase intentions can be enhanced by brand awareness and brand Loyalty as a result of their strong positive association, thus managers should strive to promote the brand awareness along with brand loyalty as both of them contribute towards positive purchase intentions. 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).

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). Thus, brand loyalty is a strategic potent weapon to give a sustainable competitive advantage (Keller & Lehmann, 2006; Runyan & Droge, 2008). It is also argued that a critical issue for the continued success of a firm is its capability to retain its current customers and make them loyal to its brands (Bennett, Kennedy & Coote, 2007). Numerous researchers have proposed different factors as antecedents of brand loyalty. For instance, some scholars put forward psychological constructs such as trust, satisfaction, commitment and customer perceived value to explain consumer brand loyalty (Woodside & Walser, 2007; He & Harris, 2012).

2.5 Critique of Existing Literature Relevant to the Study

Although the SERVQUAL model is widely used in the literature, two criticisms have been made against it: the validity of the model and the exact number of its dimensions (Nam & Whyatt, 2011). After a comprehensive review of service quality studies, Asubonteng, McCleary and Swan (1996) concluded that the number of service quality dimensions varies in different industries. There is thus need to adapt the service quality dimensions to the specific industry under study. Bridges, Briesch and Yin (2006) argued that sales promotions 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.

Although the positive impact of brand image on customer satisfaction and loyalty has been testified, there still exist minor disagreements between different researches. Specifically, some studies prove that brand image not only influences loyalty directly, but also impacts on it through other mediating factors. However, some research results demonstrate that brand image exerts no direct influence on loyalty, but it can impact on loyalty via customer satisfaction. According to Child and Kliger (2002) the view that customer satisfaction is the key to securing 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 & Kliger, 2002). According to Da Silva and Syed (2006), consumer's satisfaction positively influences loyalty.

2.6 Research Gaps

The effect of promotions on store brand loyalty has not been studied as much. An important measurement issue with regard to store loyalty is whether inherently non-loyal shoppers are self-selected to shop at promotion-oriented stores, or whether promotions in fact erode the loyalty of shoppers over time. There are few studies that have focused on Supermarkets chains as a brand yet many shoppers intending to purchase a particular product will first decide on which outlet to get the product from. In general authors agree that service quality, customer satisfaction, sales promotions, brand image and customer perceived value are important antecedents of brand loyalty. But only a few of them study these constructs as interlinked (Wan & Schell, 2013; He & Mukherjee, 2007; Bell & Lattin, 2009; Kopalle et al. 2009; Taylor and Neslin, 2005; Sirohi, McLaughlin, & Wittink 2008). They are intangible, complex and relatively vague, but also strategically important concepts. There is a need for studying these factors interlinked in the same context in different service industries.

No research has simultaneously compared the relative influence of these important constructs on service encounter outcomes (Cronin, Brady & Hult, 2000). This gap generates a new call for a research to establish simultaneously the relative influence of these constructs towards brand loyalty in the service sector. Also, most of the studies till now are done in developed countries, so there is a need to validate these models in developing countries, across different settings and cultures.

2.7 Summary of Literature Reviewed

To sum up, this chapter addresses the theoretical models and frameworks and highlights the service quality theory, means-end theory, expectation disconfirmation theory, adaptation level theory, brand consumer relationship theory and social class theory. Specifically, the chapter analyzes the determinants of brand loyalty and the mediating effect of customer satisfaction on the relationship between brand loyalty as the dependent variable with service quality, customer perceived value, sales promotions and brand image as the independent variables. They were all linked together to form the conceptual frame work which guided the study. Further the chapter looked at empirical studies and documents research findings by other researchers on the subject and it ends with an identification of the research gaps of the previous studies and a summary section on key variables. A summary of the theoretical and empirical studies is given on Table 2.1.

Table 2.1: Summary of theoretical and empirical studies

Independent Variable	Supporting Theory	Empirical Studies	Relationship to the Dependent Variable
Service Quality	SERVQUAL Model	Tu, Li & Chih (2011)	Service quality is linked to customers' satisfaction, and thus, influences customers' loyalty.
		Su (2004);Owino et al. (2014)	Service quality is a prerequisite to customers' satisfaction and loyalty.
Customer Value	Means–End Theory	Yang & Peterson (2004)	High customer value generates brand loyalty.
		Wieringa & Verhoef (2007)	Service quality and Customer perceived value are critical antecedents to customer loyalty.
		Tams (2010)	Service quality and customer value are antecedents of customer satisfaction and brand loyalty is a consequence of customer satisfaction.
Sales Promotions	Adaptation Level Theory	Sirohi, McLaughlin & Wittink (2008)	Perceptions of a store's promotions correlate positively with store brand loyalty.
		Taylor & Neslin (2005)	Positive relationship between sales promotions and brand loyalty.
Brand Image	Brand Customer Relationship Theory	Hsieh & Li (2008)	Brand loyalty is stronger when perceived brand image is favourable.
		Kwon & Lennon (2009)	Stronger brand image can reduce consumers' cognitive risk and increase brand loyalty.
		Bian & Moutinho (2011)	
	Social Class Theory	Sweeney & Swait (2008)	Brand image influences repurchase behaviour and hence loyalty
			Brand image Serves as a defensive marketing tool to retain customers hence driving brand loyalty.
Customer Satisfaction	EDT Theory	Kotler & Armstrong (2008)	Extremely satisfied customers are more loyal.
		Bedi (2010); Kumar, Kee & Charles (2010).	Customer satisfaction has a mediating influence on the relationship between service quality, brand image, and store brand loyalty.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the overall methodology of the study. The chapter outlines the research design, the population, the sampling design, data collection method, the research procedure, and data analysis method used for purposes of this study.

3.2 Research Design

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 2013). The survey research strategy is used in descriptive research and allows you to collect quantitative data, using questionnaires which you can analyse quantitatively using descriptive and inferential statistics (Saunders, Lewis, & Thornhill, 2015) According to Mangan and Lalwani (2004) quantitative research is an empirical research in which the researcher explores relationships between variables. The quantitative method is conventionally based on the positivist research philosophy approach to explore scientific inquiry of the phenomena. The descriptive survey design was adopted due to its usefulness in examining the relationship between the variables in the population of study.

3.3 Target Population

According to Mugenda and Mugenda (2003) a target population is a complete set of individuals, cases, or objects with some common observable characteristics. The target population comprised of all the 146 branches of the four supermarkets as at the time of the study. According to company sources, Kenya business directory (2016) and the yellow pages, the four main supermarkets had a total of 146 stores out of which 76 were in Nairobi and Nakuru counties, as shown in Appendix 4. Nairobi was chosen because all these four main supermarkets have their head offices in Nairobi and the standards set are replicated in the whole country. Nakuru was chosen because Nakumatt, Tusky's and Naivas originated from Nakuru County.

3.4 Sampling Frame

The sampling frame for any probability sample is a complete list of all the elements in the population from which a sample is drawn (Saunders, Lewis, & Thornhill, 2015). The sampling frame defines the target population from which the sample was drawn and from which the sample data is generalized to the population. A sampling frame is a complete or partial listing of items comprising the population. The sampling frame was used as a checklist for drawing samples of elements for sampling purposes. The sampling frame comprised of 30 supermarket stores of the four supermarkets from Nairobi and Nakuru counties as shown in appendix 5.

3.5 Sample Size and Sampling Technique

3.5.1 Sample Size

A sample is a subset and representation of the population that is selected for research, and it consists of selected members from the population (Bryman & Bell, 2007). From this, one can draw conclusions regarding the entire population. The distribution of the stores sampled in Nairobi and Nakuru was 30 stores and was distributed as per Table 3.1. The 30 stores are chosen because according to Mugenda and Mugenda (2003) a representative sample is at least 10 to 20 % of the study population.

Table 3.1: Distribution of Store sample

	Total number of Stores in Kenya	Number of Stores in Nairobi & Nakuru	Store Size	Sample	Percentage
Nakumatt	45	22	9		20%
Tusky’s	45	27	9		20%
Naivas	38	17	8		20%
Uchumi	18	10	4		20%
	N = 146	N = 76	S =30		20%

Source: Various Supermarket database (2017)

The study relied on the list of customers in the four supermarkets (Nakumatt, Tuskys, Naivas and Uchumi), to come up with the number of customer respondents for the study. The loyalty card customers were preferred because they are the supermarkets immediate customers who were deemed to frequent these supermarkets more often and were therefore best placed to answer questions on their perceived service experience at the supermarkets.

According to Mugenda and Mugenda (2003) social science research applies the following formula to determine the sample size:

$$n = \frac{Z^2 Pq}{d^2} \quad = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2}$$

Where n = the desired sample size (if the target population is greater than 10,000).

z = the standard normal deviate at the required confidence level.

p = the proportion in the target population estimated to have characteristics being measured.

q = 1 – p

d = the level of significance set = 0.05 (5% level of significance)

Based on the formula a sample size of 384 respondents is derived. The respondents were distributed as shown in Table 3.2.

Table 3.2: Distribution of sample size

	Loyalty Card customers population	Sample Size	Percentage
Naivas	440,694	102	0.023%
Uchumi	265,142	61	0.023%
Tusky's	308,510	71	0.023%
Nakumatt	650,000	150	0.023%
	N = 1,664,346	S = 384	0.023%

Source: Various Supermarket database (2017)

3.5.2 Sampling Techniques

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). The stores sampled are distributed as per Table 3.1. At stage three, proportional stratified sampling was used to consider the number of customers sampled from each stratum of the supermarket while purposive sampling was used to pick the customers respondents for each of the selected supermarket stores. A sample of 384 customer respondents was given the study questionnaires. These respondents were distributed as per Table 3.2. This sampling technique is adopted because, everyone in the target population has an equal chance of being picked and contacted. As such, bias in the sampling is minimized.

3.6 Data Collection Instruments

This study used primary and secondary data. Primary data was collected using questionnaires. According to Mugenda and Mugenda (2003) this permitted greater depth of response. Primary data was collected through self-administered questionnaires, which contain structured and non-structured questions for customers. The questionnaires were easy to read, that offer clear response. Communication was through a cover letter that clearly stated the purpose of the study and assured respondents of confidentiality. The data was collected over a period of three weeks. Questionnaires were issued and filled face to face with the aim of having them as we wait. The study utilized a questionnaire that has a 5-point Likert scale that ranges from strongly agree to strongly disagree. The Likert-scale was used in this study since it is more reliable and objective and can easily indicate the presence or absence of attitude (Mugenda & Mugenda, 2003).

3.7 Data Collection Procedures

The study used data collected from both primary and secondary sources. The main primary source was a questionnaire administered to the respondents. This was to permit greater depth of response (Mugenda & Mugenda, 2003). A covering letter was attached to each questionnaire to introduce the researcher to the respondents and to explain the purpose of the research. Secondary data was obtained from internet, journals, supermarkets newsletters and annual reports, publications, research articles and books. Secondary data obtained from management helped to clarify the research questions.

3.8 Pilot Testing

According to Saunders, Lewis, and Thornhill, (2015) the purpose of the pilot survey is to refine the instruments so that the respondents do not have a problem in answering the questions and provide for easy recording and analysis of data. This also helped to assess the validity of the instruments and the reliability of the data that was collected. A pilot test of 20 respondents comprising customers and managers was picked through convenience sampling to ensure that the tool gives the required response and that the respondents can understand the questions clearly. The sample size for the pilot survey was in line with Mugenda and Mugenda (2003) who suggested that 10 to 30 participants are sufficient for pilot study in survey research. The pilot was done on respondents away from target scope to avoid a repeat bias on the side of the targeted respondents in the target scope.

3.8.1 Reliability of Research Instruments

Reliability is concerned with the degree to which an instrument is free from error, hence, yield consistent results (Collis & Hussey, 2003). The data collected was subjected to a reliability test. Field (2013) interprets a Cronbach's alpha (α), greater than or equal to 0.7 as implying the instrument provides a relatively good measurement tool hence reliable. George and Mallery (2003) provided the following rule of thumb: α greater than 0.9 as excellent, α greater than 0.8 as good, α greater than 0.7 as acceptable, α greater than 0.6 as questionable, α greater than 0.5 as poor, and α less than 0.5 = unacceptable. Further, participant bias was minimized by assuring participant anonymity through coded questionnaires.

3.8.2 Validity of Research Instruments

Validity is concerned with the integrity of the conclusions that are generated from a piece of research (Bryman, 2015). It is the extent to which a measure actually captures the meaning of the concept it is intended to measure (Abbott & McKinney, 2013). In this study face validity, content validity and construct validity were tested. Face validity is whether an indicator appears to reflect the content of the concept in question (Bryman, 2015). Face validity is an intuitive process and is established by asking other people whether the measure seems to capture the concept that is the focus of attention (Singh 2007). In this study the researcher met face validity criteria by selecting those questions which seemed relevant to the study variables.

Content validity is defined as the extent to which a measuring instrument provides adequate coverage of the investigative questions guiding the study (Cooper & Schindler, 2013). If the researcher has concentrated only on some dimensions of a construct or concept, then it is believed that other indicators were overlooked and thus the study lacks content validity. Content validity is usually established by content experts (Singh 2007). To ensure content validity in the study, the questionnaire was subjected to a panel of 4 marketing experts to assess whether each measurement question was essential, useful and in consonance with the known literature (Singh, 2007). Their feedback was used to refine the questionnaire by removing vague questions, and rewording some questions and to improve the research instrument that was then adopted in the survey. In this study, content validity was also assessed by referring to a comprehensive review of the literature concerning the scale items that represented the study constructs (Fairoz, Hirobumi & Tanaka, 2010). The draft questionnaire was carefully designed, scrutinized and discussed with supervisors to ascertain the items suitability in obtaining information according to the research objectives of the study. The questionnaire was then administered to 20 respondents who included 10 supermarket managers who were asked to review the questionnaire and make any comments on questions or terms which were vague.

Construct validity concerns whether the measurement items actually measure the construct they are supposed to measure (Saunders et al., 2015; Zikmund et al., 2013). Construct validity can be further segmented into two sub-categories: convergent validity and discriminate/divergent validity. Convergent validity refers to the extent to which a measure converges with other measures of the same construct (Bryman, 2015). Discriminate validity assesses whether measures of dissimilar constructs “diverge,” in that they show no obvious relationship.

Convergent validity in this study was examined in two different ways. The first method was by using reliability results from factor analysis which is one of the indicators of convergent validity (Hair et al., 2014; Ratray & Jones, 2007). Exploratory factor analysis as shown in Table 4.27 was used to detect the constructs that underlie the dataset based on the correlations between variables (Field, 2013; Tabachnick & Fidell, 2013). High reliability above Cronbach’s alpha $\alpha = 0.7$ shows that internal consistency exists, indicating that measures can represent the same latent construct. The factor analysis outputs in Table 4.27, shows that the requirements of internal construct validity for each of the variables were met. The second method was by evaluating for the constructs using the average variance extracted (AVE) criteria recommended by Fornell and Larcker (1981). The result in Table 4.29 showed that the Average Variance Extracted (AVE) values were above 0.50 which demonstrated convergent validity (Hair et al., 2014).

To satisfy the requirement of the discriminate validity, the square root of a construct's average variance extracted must be greater than the correlations between the construct and other constructs (Madhoushi, Sadati & Delavari, 2011; Henseler et al., 2015). The results as illustrated in Table 4.30 showed that the square root of each AVE was higher than the corresponding correlation coefficient thus supporting the discriminate validity between the constructs.

3.9 Data Analysis and Presentation

3.9.1 Data Analysis

A check for consistency and completeness of the questionnaires was done using the data preparation process detailed by Malhotra (2010). The preparation entails; data checking, editing, coding, transcription and data cleaning. The data captured from the complete questionnaires were entered into SPSS for analysis. The data was analysed using descriptive analysis, factor analysis, multiple linear regressions, one-way ANOVA, Multivariate ANOVA, correlation analysis and Chi square test of independence or association.

Exploratory Factor Analysis (EFA) was used to identify the main factors that defined the independent variables. The aim of EFA was to explain the matrix of correlations with as few factors as possible (Cheruiyot, Jagongo & Owino, 2012). Factor analysis was conducted to summarize data so that associations and patterns can be easily understood and interpreted usually by regrouping variables into a controlled set of clusters according to shared variance (Yong & Pearce, 2013; Kothari, 2009). Factor analysis was undertaken in two stages namely Principal Component Analysis (PCA) and Varimax with Kaiser Normalization method. This study used factor analysis to create summated factor scores for service quality, customer perceived value, sales promotions, brand image, customer satisfaction and brand loyalty. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity were adopted as pre-test condition to EFA.

Regression analysis was used to evaluate the relationships between dependent and independent variables. Correlation analysis quantifies the association between two variables. The value of correlation coefficient r is between -1 to +1 whereby positive values of r show positive correlation between the two variables (Kothari, 2009). The study tested for correlation between the service quality, customer perceived value, sales promotions, brand image, customer satisfaction, and brand loyalty.

One-way ANOVA is a statistical test used to test whether three or more categories are different. This variance is determined by comparing means within and between groups of data and it is represented by the F ratio and the F statistic. A large F ratio with a significance of less than 0.05 indicates a low chance of variance (Saunders et al., 2015; Creswell, 2013). This study used ANOVA to test for the difference in means between respondents with supermarket loyalty cards and those without on their perceptions of the study variables. The study employed a MANOVA test in testing the hypothesis that the mean of gender, age, education levels and shopping preferences were different in their perception responses for each of the study variables.

Chi square is used to test whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. It is also used for testing goodness-of-fit of data, homogeneity and independence (Saunders et al., 2015). The test assumes that the data for the study is randomly obtained from a population and that the sample size is satisfactorily large (Bolboaca, Jantschi, Sestras, Sestras, Pamfil, 2011). This study used the Chi Square test to determine whether there was association between supermarkets where respondents shopped from and where they were loyal to in relation to holding loyalty cards.

This study estimated multiple linear regression models using service quality, customer perceived value, sales promotions and brand image as independent variables and brand loyalty as dependent variable. The multiple linear regression model can be expressed as shown in equation 3.1

$$BL = \beta_0 + \beta_1 SQ + \beta_2 CPV + \beta_3 SP + \beta_4 BI + \varepsilon_0 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots 3.1$$

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 customer perceived value (CPV)

β_3 was the beta value associated with Sales Promotion (SP)

β_4 was the beta value associated with Brand Image (BI)

ε_0 was the associated regression error term.

BL stood for brand loyalty.

To estimate the effect of mediation variable, the study used mediational models that comprised of univariate and multiple linear regression models. The test for mediation proposed by Baron and Kenny (1986), Sobel (1982) and Greene (2012) was adopted. In order to establish the effect of a mediator, four conditions must be met. Baron and Kenny (1986) proposed a four-step approach in which several regression analyses are conducted and significance of the coefficients is examined at each step. The study first tested whether the independent variable (X) is significantly related to the dependent variable (Y); second, the study tested if the independent variable (X) is significantly related to the mediator (M); subsequently, the study tested whether the mediator (M) is significantly related to the dependent variable (Y) and finally, the study controlled for the influence of mediator (M) on dependent variable (Y) and tested the effect of the independent variable (X) on the dependent variable (Y).

The purpose of Steps 1-3 is to establish that zero-order relationships among the variables exist. If one or more of these relationships are non-significant, researchers usually conclude that mediation is not possible or likely although this is not always true (MacKinnon, Fairchild & Fritz, 2007). Assuming there are significant relationships from Steps 1 through 3, one proceeds to Step 4. In the Step 4 model, some form of mediation is supported if the effect of M remains significant after controlling for X. If X is no longer significant when M is controlled, the finding supports full mediation. If X is still significant (that is, both X and M both significantly predict Y), the finding supports partial mediation. The models for testing these conditions are detailed as follows:

Step 1 Conduct a simple regression analysis with X predicting Y

$$Y = B_0 + B_1 X_1 + e$$

Step 2 Conduct a simple regression analysis with X predicting M

$$M = B_0 + B_1 X_1 + e$$

Step 3 Conduct a simple regression analysis with M predicting Y

$$Y = B_0 + B_1 M + e$$

Step 4 Conduct a multiple regression analysis with X and M predicting Y

$$Y = B_0 + B_1X_1 + B_2M + e$$

Where: $\mathbf{B_1}$ denotes the coefficient for independent variables, $\mathbf{X_1}$ represents the independent variable (service quality, customer perceived value, sales promotions, brand image) and **M** represents the mediator (customer satisfaction) and **e** are the error terms.

In order to further estimate the mediation effect, the Sobel test of mediation was used (Sobel, 1982). The Sobel test uses the un standardised regression coefficients and standard errors from the test of relationship between the composite predictor variable and the mediating variable; the un standardised regression coefficients and standard errors from the test of the relationship between the composite predictor variable and brand loyalty after introduction of customer satisfaction in the regression model; and the un standardised regression coefficients and standard errors from the test of the composite predictor index relationship with brand loyalty. These coefficients and standard errors are input into a Sobel test calculator. Sobel test reports the standard errors and the p values thereby making it easy to interpret the results and test the hypothesis. The study also ensured that assumptions of classical linear regression model are not violated. This was done by testing for linearity, heteroscedasticity, multicollinearity using Pearson correlation coefficients of the independent variables, normality of the distribution of the error term and autocorrelation to ensure that the error terms are not serially correlated (Greene, 2012).

3.9.2 Data Presentation

The data collected was tabulated and summarized using frequency tables. The most appropriate presentations were chosen and tabulated. The general demographic information and overall response rates is presented. Then the main body of the study as per the stated specific objectives was presented. The presentation referred to appropriate figures and tables. The results of the study are discussed and explained. Then the trends observed, was discussed and finally relevant deductions were made. Inference to appropriate similar or contrasting results from literature was also made to support the discussion. Any unusual observations were noted and explanation given for their cause.

3.10 Measurement of Variables

The constructs in this study were developed by using measurement scales adopted from prior studies. Modifications were made to the scales to fit the purpose of the study. All constructs were measured using five-point likert scales with anchors strongly agree (= 5), agree (= 4), neutral (= 3), disagree (= 2), strongly disagree (= 1). The respondents were to rate the statements on a scale of 1 to 5. This allowed for standardisation of responses. All items were positively worded. The measurement of variables is given in Table 3.3.

Table 3.3: Operationalization of variables

Variable	Variable Name	Indicator / Measurement	Adapted from
Independent Variable	Service Quality	Reliability Assurance Tangibility Empathy Responsiveness	Cronin, Brady & Huit (2000); Parasuraman et al. (1988)
Independent Variable	Customer Value	Perceived benefits Perceived quality Perceived price	Levesque & McDougall (1996)
Independent Variable	Sales Promotion	Discounts; Free gifts/samples Loyalty programs	Chandon, Wansink & Laurent (2000); Grace & O'Cass (2005); Fullerton (2005)
Independent Variable	Brand Image	Corporate appeal Consistency; Reputation	Montaner & Pina (2008)
Mediating Variable	Customer Satisfaction	Positive experience Meeting expectations/ Exceeding expectations Needs met	Grace & O'Cass (2005); Fullerton (2005)
Dependent Variable	Brand Loyalty	Repurchase intentions Positive word of mouth Intention to recommend Commitment to the brand	Mols (1998); Fullerton (2005); Zeithaml et al. (2009)

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The chapter gives an extensive analysis of the study finding. The study sought to establish the determinants of brand loyalty in leading supermarket chains in Kenya. Therefore, this chapter involves presentation and interpretation of the results obtained from the study. Descriptive and inferential statistics has been used to explain and expound the results obtained from the study. The data preparation process detailed by Malhotra (2010) was adopted. The preparation entailed data checking, editing, coding, transcription and data cleaning. To ensure effective and efficient data analysis process, the data was coded, sorted and analysed using the statistical package for social studies (SPSS Version 23), a computer-aided data analysis tool. There were no outliers or errors in the data, and thus the data set was considered clean for analysis.

The study undertook six statistical tests; descriptive statistical analysis, factor analysis, one-way ANOVA test, Multivariate ANOVA, regression analysis and Sobel test. Descriptive statistics was used to describe the study variables particularly the sample profile. Factor analysis was used to decompose the large number of variables into the main factors that defined the independent variables. The ANOVA test was used to examine the existence of significant differences in the study variables. Regression analysis was used to test the research hypotheses, and to evaluate the relationships between dependent and independent variables. The test for mediation proposed by Baron and Kenny (1986), Sobel (1982) and Greene (2012) was adopted to test for the mediation effect of customer satisfaction.

4.2 Response Rate

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. In a related study by Omar &

Sawmong (2007) on customer satisfaction and loyalty to British supermarkets, 274 questionnaires were redeemed which represented a response rate was 61%. In another study by Nikhashemi, Paim, Osman, & Sidin (2015) on brand loyalty in Malaysian Hypermarkets, 300 questionnaires were collected which represented a response rate of 75%. Mugenda and Mugenda (2003) asserts that a response rate of 50% is adequate for analysis and reporting; a response of 60% is good, while 70% and above is very good. According to Kothari (2009), a response rate of 50% is acceptable to analyse and publish, 60% is good, 70% is very good and more than 80% is an excellent response rate. Therefore, 87.5% response rate achieved in this study was excellent for subsequent data analysis.

4.3 Pilot Study results

The study conducted a pilot test to identify the suitability of the questionnaire, in terms of the format, content, and ease of understanding of the terminology that might be used. The questionnaire was pretested using convenience sampling in which 20 respondents were chosen. The 20 questionnaires were distributed among 10 supermarket managers and 10 customers who shop at least once a week at supermarkets. The pilot study was used to measure the internal consistency which is the degree to which the items that make up the scale are all measuring the same underlying attribute. Internal consistency was measured using statistic Cronbach's coefficient alpha which provides an indication of the average correlation among all of the items that makes up the scale.

Each of the constructs had Cronbach's Alpha greater than or equal to 0.7 suggesting that all the constructs were reliable. Further, the study found that the overall questionnaire had a Cronbach Alpha of 0.942 that was greater than 0.7 implying that the whole questionnaire was reliable and it could be used to collect data for the main survey. George and Mallery (2003) provided the following rule of thumb: α greater than 0.9 as excellent, α greater than 0.8 as good, α greater than 0.7 as acceptable, α greater than 0.6 as questionable, α greater than 0.5 as poor, and α less than 0.5 = unacceptable. These results show that the variables under study are internally consistent. This information is presented in Table 4.1.

Table 4.1: Results for Pilot Study

Variables	Cronbach's Alpha	Number of Items
Customer Expectations	0.847	11
Service Quality	0.738	9
Customer Perceived Value	0.766	5
Sales Promotions	0.737	5
Brand Image	0.851	7
Customer Satisfaction	0.752	5
Brand Loyalty	0.831	5
Overall Questionnaire	0.942	47

4.4 Demographic Information

The study sought background information from the study sample and used it to describe sample characteristics. This background information included gender, age, education level, supermarket preference, supermarket loyalty, years of shopping, location of current supermarket, loyalty cards and whether respondents' shop at other supermarkets. This section covers the demographic characteristics of the entire population and ensured there was no biasness in selecting respondents. Data collected was analyzed and the findings of the study presented and interpreted.

From the demographic information, the study sought to establish an understanding of the relationship between loyalty cards and where customers often shop from. To achieve this, three statistical tests were done: correlation analysis, cross tabulation and Chi-Square test for independence. Also, the study sought to establish an understanding of the relationship between having supermarket loyalty cards and which supermarkets customers were loyal to.

From the demographic information, the study conducted one-way ANOVA for service quality, customer perceived value; sales promotions and brand image to determine the difference in means of those customers who had customer loyalty card and those who didn't. The study also employed a MANOVA test in testing the hypothesis that the mean of shopping preferences, gender and education levels are different in their perception responses for each of the study variables.

4.4.1 Background Information

Both genders participated in study. Out of 315 respondents, 50.8% were female and 49.2% were male. Kothari (2009) asserts that a ratio of at least 1:2 in either gender representation in the study is representative enough. These meant there were no gender disparity and thus a good representation for gender. The results of this information are presented in Table 4.2.

Majority of the respondents were aged between 18 and 27 having 52.9%. They were followed by those with ages between 28 and 37 years who had 35%. This means that majority of the respondents were of youthful age. Therefore, supermarket management ought to focus more on developing marketing programs targeting the youth.

Respondents who were graduates had 40.9% and were closely followed by undergraduate with 40.6%. This provided a good sample based on education level. This implies that the sample respondents were literate, knowledgeable and capable of making sound judgment on the subject matter. Since a majority of the respondents had attained formal education training it would be easy to communicate with them. The respondents with years of shopping experience between 3 and 5 years comprised of 47.6% of the respondents and those with years of shopping between 6 and 10 years followed with 23% of the responses obtained. This meant that the sample has adequate shopping experience and can articulate their preferences. The results of this information are presented in Table 4.2.

Table 4.2: Sample demographics

Sample Characteristic	Response Category	Frequency	Percentage
Gender of respondents	Female	160	50.8
	Male	155	49.2
	Total	**315**	**100.0**
Age of **respondent**	Below 18 years	4	1.3
	18-27 years	166	52.9
	28-37 years	110	35
	38- 57 years	33	10.5
	Over58 years	2	0.3
	Total	**315**	**100**
Educational level	Under graduate	127	40.6
	Graduate	128	40.9
	Post graduate	58	18.5
	Total	**313**	**100**
Years of Shopping	Less than 2 years	59	18.8
	3-5 years	149	47.6
	6-10 years	72	23
	10-15 years	24	7.7
	Over 15 years	11	2.9
	Total	**313**	**100**

From Table 4.3, Tuskys supermarket was the most preferred supermarket with a preference of 34.9% followed by Naivas with 31.7%. Nakumatt had 17.5% while Uchumi supermarket had the least with a preference of 1.6%. Whereas one would have expected Nakumatt to have the highest preference, the results are indicative of the stocking difficulties that Nakumatt was experiencing at the time of this study. Naivas supermarket had the highest percentage 29.8% of respondents who expressed loyalty. Tuskys followed with 28.9%, Nakumatt had 17.8%. This means that Naivas and Tuskys have the largest number of loyal customers possibly because of the stocking difficulties that Nakumatt was currently experiencing. As shown in Table 4.3, most of the respondents (41.5%), shop at supermarkets located near the residential estate and 26.2% shop at supermarkets located near a bus stop. Only 24.3% shopped at supermarkets located in the shopping mall. This means that shoppers' shop where it's most convenient. Majority of respondents held a supermarket loyalty card with 59% of the responses which indicates a wide acceptance of supermarket loyalty cards.

Table 4.3: Sample Preferences

Sample Characteristic	Response Category	Frequency	Percentage
Most preferred supermarket	Nakumatt	55	17.5
	Uchumi	5	1.6
	Tuskys	110	34.9
	Naivas	100	31.7
	Others	45	14.3
	Total	**315**	**100**
Supermarket loyal to	Nakumatt	56	17.8
	Uchumi	3	1
	Tuskys	91	28.9
	Naivas	94	29.8
	Others	38	12.1
	None	33	10.5
	Total	**315**	**100**
Supermarket Location	Shopping Mall	76	24.3
	residential Estate	130	41.5
	Near Bus Stop	82	26.2
	others	25	8.0
	Total	**313**	**100**
Loyalty card	Yes	186	59.0
	No	129	41.0
	Total	**315**	**100**

This result as presented in Table 4.4 shows that a majority (90.2%), of the respondents indicated that they also shopped at different supermarkets. This means that customers are not bound to always shop from their preferred supermarkets or from supermarkets that they have loyalty cards. The respondents did shop at different supermarkets other than the supermarket brands they indicated they were loyal to. Tusky's had the highest number of these customers at 23.8%, Nakumatt 15.9% and Naivas with 9.8%. Respondents also shopped at other smaller and less well-known supermarkets which indicate the competitive nature of the retail sector in Kenya.

Table 4.4: Shopping at different supermarket

Sample Characteristic	Response Category	Frequency	Percentage
Shopping at other Supermarkets	Yes	284	90.2
	No	31	9.8
	Total	**315**	**100.0**
Other supermarkets frequently shopped from	Nakumatt	50	15.9
	Uchumi	21	6.7
	Tuskys	75	23.8
	Naivas	31	9.8
	Tumaini	13	4.1
	Cleanshelf	8	2.5
	Magunas	6	1.9
	Maathais	7	2.2
	Mulleys	3	1.0
	Stagemart	2	0.6
	Powerstar	9	2.9
	Quickmatt	10	3.2
	Carrefour	6	1.9
	Chandarana	5	1.6
	Ukwala	10	3.2
	Eastmatt	9	2.9
	Game	1	0.3
	None	20	6.3
	Game	1	0.3
	Total	**315**	**100.0**

The study sought to establish an understanding of the existence of a significant relationship between loyalty cards and where customers often shop from. To achieve this, three statistical tests were done: correlation analysis, cross tabulation and Chi-

Square test for independence. The Chi Square test of association between where customers often shopped from and whether they have loyalty cards as shown in Table 4.5, has a p value of 0.005 which is less than 0.05 implying that a significant association exists between the expected frequencies and the observed frequencies in the Supermarket from which the respondents often shop from and Supermarket loyalty Cards. This means that customers often shop where they have loyalty cards. According to Pallant (2011), the assumptions of chi-square concerning the 'minimum expected cell frequency', should be 5 or greater (or at least 80 per cent of cells have expected frequencies of 5 or more). The tests results indicate that the assumptions were not violated as '2 cells (20%) have expected count less than 5' as shown in Table 4:5.

Table 4.5: Chi Square Test for often shop from and Loyalty cards

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.027a	4	.005
Likelihood Ratio	15.167	4	.004
Linear-by-Linear Association	11.142	1	.001
N of Valid Cases	315		

a. 2 cells (20.0%) have expected count less than 5. The minimum expected count is 2.05.

A cross tabulation of where respondents often shopped from and whether they have loyalty cards as shown in Table 4.6 indicates that customers who often shop from Tuskys had the highest number of loyalty cards followed by Naivas. This is consistent with the large number of customers that express they shop from these two supermarket brands.

Table 4.6: Cross tabulation of often shop from and loyalty Card

			Do you have a Supermarket Loyalty Card		
			Yes	No	Total
Which Supermarket do you often shop from	Nakumatt	Count	41	14	55
		Expected Count	32.5	22.5	55.0
	Uchumi	Count	2	3	5
		Expected Count	3.0	2.0	5.0
	Tuskys	Count	68	42	110
		Expected Count	65.0	45.0	110.0
	Naivas	Count	58	42	100
		Expected Count	59.0	41.0	100.0
	Others	Count	17	28	45
		Expected Count	26.6	18.4	45.0
Total		Count	186	129	315
		Expected Count	186.0	129.0	315.0

The Phi coefficient is a correlation coefficient, and can range from 0 to 1, with higher values indicating a stronger association between the two variables. In this test, the Phi coefficient value was 0.218 and was considered of a small effect using Cohen's (1988), criteria of 0.10 for small effect, 0.30 for medium effect and 0.50 for large effect. The Phi coefficient presented in Table 4.7 shows that having a loyalty card has a small and weak effect on where customers shop from. This is in line with the observation that customers with a particular supermarkets loyalty cards also do shop from other supermarkets.

Table 4.7: Symmetric Measures for often shop from and Loyalty cards

		Value	Approximate Significance
Nominal by Nominal	Phi	.218	.005
	Cramer's V	.218	.005
N of Valid Cases		315	

The study sought to establish an understanding of the existence of a significant relationship between loyalty cards and which supermarkets customers are loyal to. To achieve this, three statistical tests were done: correlation analysis, cross tabulation and Chi-Square test for independence. The Chi Square test of association between whether they have loyalty cards and which supermarkets they are loyal to as shown in Table 4.8 has a Pearson value of 18.109 with a p value of 0.003 which is less than 0.05 implying that a significant association exists between the expected frequencies and the observed frequencies in the supermarket from which the respondents are loyal to and whether they have supermarket loyalty cards. This meant that there is a significant association between loyalty cards held and the supermarket which a customer is loyal to implying that customers are mostly loyal to the supermarkets where they have loyalty cards.

Table 4.8: Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.109a	5	.003
Likelihood Ratio	18.249	5	.003
Linear-by-Linear Association	14.795	1	.000
N of Valid Cases	315		

a. 2 cells (16.7%) have expected count less than 5. The minimum expected count is 1.23.

A cross tabulation of which supermarket the respondents are loyal to and whether they have loyalty cards as shown in Table 4.9 indicates that customers who indicated loyalty to Naivas and Tuskys have the highest number of loyalty cards. This is consistent with the large number of customers that express they are loyal to these two supermarket brands.

Table 4.9: Cross tabulation loyal to and loyalty Card

			Do you have a Supermarket loyalty Card		
			Yes	No	Total
Which Supermarket are you loyal to	Nakumatt	Count	42	14	56
		Expected Count	33.1	22.9	56.0
	Uchumi	Count	2	1	3
		Expected Count	1.8	1.2	3.0
	Tuskys	Count	55	36	91
		Expected Count	53.7	37.3	91.0
	Naivas	Count	59	35	94
		Expected Count	55.5	38.5	94.0
	Others	Count	16	22	38
		Expected Count	22.4	15.6	38.0
	None	Count	12	21	33
		Expected Count	19.5	13.5	33.0
Total		Count	186	129	315
		Expected Count	186.0	129.0	315.0

The Phi coefficient is a correlation coefficient, and can range from 0 to 1, with higher values indicating a stronger association between the two variables. The Phi coefficient was 0.240, which shows that having a loyalty card has a small effect on which supermarket customers are loyal to. Cohen’s (1988), criteria of 0.10 for small effect, 0.30 for medium effect and 0.50 for large effect was used to assess the strength of the association. This means that having a supermarket loyalty card does not necessarily make a customer loyal. The results are presented in Table 4.10.

Table 4.10: Symmetric Measures for supermarket loyalty and Loyalty cards

		Value	Approximate Significance
Nominal by Nominal	Phi	.240	.003
	Cramer's V	.240	.003
N of Valid Cases		315	

4.4.2 ANOVA on Loyalty Cards

The study conducted one-way ANOVA for service quality, customer perceived value; sales promotions and brand image to determine the difference in means of those customers who held customer loyalty card and those who don't. One-way ANOVA is used to test whether three or more categories are different by checking their means. ANOVA tests the null hypothesis that all group means are equal (Field, 2013). A significant F test indicates that we can reject the null hypothesis, which states that the population means are equal.

The one-way ANOVA for service quality had an F-statistic value $F(1, 313) = 3.760$ and the p-value of 0.053, which is more than the significance value = 0.05. The F test was not significant thus we fail to reject the null hypothesis, which states that the population means are equal. This meant that, there was no significant difference in service quality perceptions between those with supermarket loyalty cards and those without. The results are presented in Table 4.11. This result implied that those with loyalty cards and those without loyalty cards perceive similar levels of service quality. The one-way ANOVA for Customer Perceived Value to determine the difference in means of those customers using customer loyalty card and those who do not, had the F-statistic value was $F(1, 313) = 0.102$ and the p-value = 0.750, which is greater than the significance value of 0.05. The F test was not significant thus we fail to reject the null hypothesis, which states that the population means are equal. Therefore, there was no significant difference in Customer Perceived Value between those with supermarket loyalty cards and those without. This meant that customers with loyalty cards and those without loyalty cards perceive customer value in the same way.

The one-way ANOVA for Sales Promotions to determine the difference in means using customer loyalty card had an F-statistic value $F(1,313) = 1.053$ and the p-value = 0.306, which is greater than the significance value of 0.05. The F test was not significant thus we fail to reject the null hypothesis, which states that the population means are equal. Therefore, there was no significant difference in sales promotions between the groups of those with and without loyalty cards. This meant that customers with loyalty cards and those without loyalty cards perceive sales promotions of the supermarkets in the same way. The one-way ANOVA for Brand Image to determine the difference in means using customer loyalty card had the F-statistic value was F (1,313) = 0.728 and the p-value = 0.394, which is greater than the significance value of 0.05. The F test was not significant thus we fail to reject the null hypothesis, which states that the population means are equal. Therefore, there was no significant difference in brand image between those with supermarket loyalty cards and those without. This meant that customers with loyalty cards and those without loyalty cards perceive brand image of the supermarkets in the same way. The one-way ANOVA for Customer Satisfaction to determine the difference in means using customer loyalty card had an F-statistic value of F (1, 313) = 0.606 and the p-value = 0.437, which is greater than the significance value of 0.05. The F test was not significant thus we fail to reject the null hypothesis, which states that the population means are equal. Therefore, there was no significant difference in customer satisfaction between those with supermarket loyalty cards and those without. This meant that customers with loyalty cards and those without loyalty cards perceive customer satisfaction in the same way.

Table 4.11: ANOVA for predictor variables and loyalty cards

		Sum of Squares	Df	Mean Square	F	Sig.
Service Quality	Between Groups	1.333	1	1.333	3.760	.053
	Within Groups	110.954	313	.354		
	Total	112.287	314			
Customer Perceived Value	Between Groups	.050	1	.050	.102	.750
	Within Groups	153.656	313	.491		
	Total	153.706	314			
Sales Promotions	Between Groups	.511	1	.511	1.053	.306
	Within Groups	151.905	313	.485		
	Total	152.416	314			
Brand Image	Between Groups	.334	1	.334	.728	.394
	Within Groups	143.519	313	.459		
	Total	143.853	314			
Customer Satisfaction	Between Groups	.210	1	.210	.606	.437
	Within Groups	108.514	313	.347		
	Total	108.725	314			

4.4.3 MANOVA results on shopping preferences

Multivariate analysis of variance (MANOVA) is used when you want to compare your groups on a number of different, but related, dependent variables. Multivariate analysis of variance (MANOVA) is an extension of analysis of variance for use when you have more than one dependent variable (Pallant, 2011). These dependent variables should be related in some way, or there should be some conceptual reason for considering them together. MANOVA compares the groups and tells you whether the mean differences between the groups on the combination of dependent variables are likely to have occurred by chance (Tabachnick & Fidell, 2013).

The study employed a MANOVA test in testing the hypothesis that the mean for customer shopping preference (which supermarket customers often shop from) are different in their perception responses for each of the study variables. The box test, tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups. According to Pallant (2011) if the significant value is larger than 0.001, the assumption is not violated. Tabachnick and Fidell (2013) warn that Box’s M can tend to be too strict when you have a large sample size. The Box’s Test of Equality of Covariance Matrices in Table 4.12 shows a significant value of 0.008 which is larger than α value of 0.001 meaning that the data did not violate the assumption of homogeneity of covariance.

Table 4.12: Supermarket preference Box's Test of Equality of Covariance Matrices

Box's M	97.279
F	1.481
df1	63
df2	97816.188
Sig.	.008

Tests of the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups.
a. Design: Intercept + Q4 (Where do you often shop from)

The next test was to check the Levene’s Test of Equality of Error Variances which tests the null hypothesis that the error variances of the dependent variable are equal across groups. Significant values that are less than 0.05 would indicate a violation of the assumption of equality of variance for that variable (Pallant, 2011). Tabachnick and Fidell (2013) suggest an alpha of 0.025 or 0.01 rather than the conventional 0.05 level. In Table 4.13, the significant values are all above α = 0.025 meaning that the studies fail to reject the null hypothesis and conclude that none of the variables recorded significant values therefore we can assume equal variances (Tabachnick & Fidell, 2013).

Table 4.13: Levene's Test of Equality of Error Variances on supermarket preferences

	F	df1	df2	Sig.
Brand Loyalty	1.376	4	310	.242
Service Quality	1.829	4	310	.123
Customer Perceived Value	.511	4	310	.728
Brand Image	.906	4	310	.461
Customer Satisfaction	.130	4	310	.972
Sales Promotions	.932	4	310	.446

Tests of the null hypothesis that the error variance of the dependent variable is equal across groups.
a. Design: Intercept + Q4 (which supermarket customers often shop from)

This set of multivariate tests of significance will indicate whether there are statistically significant differences among the groups on a linear combination of the dependent variables (Pallant, 2011). There are a number of statistics to choose from (Wilks' Lambda, Hotelling's Trace, Pillai's Trace). This study adopted the Wilks' Lambda statistics. Tabachnick and Fidell (2013) recommend Wilks' Lambda for general use; however, if the data have problems (small sample size, unequal N values, violation of assumptions), then Pillai's Trace is more robust.

The test statistic is given in the second section of the Multivariate Tests on Table 4.14, in the row labelled Q4 (which supermarket customers often shop from). If the significance level is less than .05, then there is a difference among the groups. The study obtained a Wilks' Lambda value of 0.760, with a significance value of 0.00. This was less than $\alpha = 0.05$; therefore, there was a statistically significant difference between which supermarket customers often shop from in terms of the study variables; brand loyalty, service quality, customer perceived value, brand image, customer satisfaction and sales promotion.

Table 4.14: Multivariate Tests for supermarket preferences

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.954	1062.715[b]	6.000	305.000	.000	.954
	Wilks' Lambda	.046	1062.715[b]	6.000	305.000	.000	.954
	Hotelling's Trace	20.906	1062.715[b]	6.000	305.000	.000	.954
	Roy's Largest Root	20.906	1062.715[b]	6.000	305.000	.000	.954
Q4	Pillai's Trace	.257	3.531	24.000	1232.000	.000	.064
	Wilks' Lambda	.760	3.628	24.000	1065.228	.000	.066
	Hotelling's Trace	.293	3.701	24.000	1214.000	.000	.068
	Roy's Largest Root	.190	9.766[c]	6.000	308.000	.000	.160

a. Design: Intercept + Q4
b. Exact statistic
c. The statistic is an upper bound on F that yields a lower bound on the significance level.

After obtaining a significant result on the multivariate test of significance, the study proceeded to evaluate further the relationship of the preferred supermarket to each of dependent variables (Tabachnick & Fidell, 2013). Does the preferred supermarket differ on all of the dependent measures, or just some? Because the study was looking at a number of separate analyses, the study set a higher alpha level to reduce the chance of a Type 1 error (that is, finding a significant result when there isn't really one) (Tabachnick & Fidell, 2013). The most common way of doing this is to apply a Bonferroni adjustment. In its simplest form, this involves dividing the original alpha level of 0.05 by the number of analyses that you intend to do (Tabachnick & Fidell 2013). In this case, there were six dependent variables to evaluate; therefore, dividing .05 by 6 resulted in a new alpha level of .008. The results were to be considered significant only if the probability value (Sig.) was less than 0.008.

Looking at Table 4.15, in the third row (Q4 which supermarket customers often shop from), in the Tests of Between-Subjects Effects box, the dependent variables brand image, brand loyalty, service quality and customer perceived value recorded a significance value less than our cut-off (with a Sig. Value of .008). Thus, in this study, there was a significant difference between which supermarket customers often shopped from and the study variables of brand image, brand loyalty, service quality and customer perceived value. This meant that customers perceive these variables of brand image, customer perceived value, brand loyalty and service quality differently in each of the four supermarkets under study as important.

The variables sales promotion and customer satisfaction had p values of 0.348 and 0.024 respectively which were more than the significant value of 0.008. This meant that there were no significant differences on which supermarket customers often shopped from in these two study variables. These meant that customer perceptions on sales promotions and customer satisfaction were not significantly different between the four supermarkets under study.

The Partial Eta Squared represents the proportion of the variance in the study variable that can be explained by the independent variable (Q4). The values in this case were very small with the highest being 0.082 of variations in service quality being explained by where customers often shopped from. Service quality had 8.2% of its variations explained by which supermarket customers shopped from. The supermarket the customers often shopped from explained 6.5% of the variations in brand loyalty.

Table 4.15: Tests of Between-Subjects Effects for supermarket preference

Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	Brand Loyalty	9.930[a]	4	2.483	5.403	.000	.065
	Service Quality	9.169[b]	4	2.292	6.891	.000	.082
	Customer Perceived Value	7.207[c]	4	1.802	3.812	.005	.047
	Brand Image	9.154[d]	4	2.288	5.267	.000	.064
	Customer Satisfaction	3.859[e]	4	.965	2.852	.024	.035
	Sales Promotions	2.169[f]	4	.542	1.119	.348	.014
Intercept	Brand Loyalty	1582.091	1	1582.091	3443.262	.000	.917
	Service Quality	1432.128	1	1432.128	4305.347	.000	.933
	Customer Perceived Value	1280.155	1	1280.155	2708.871	.000	.897
	Brand Image	1462.297	1	1462.297	3365.359	.000	.916
	Customer Satisfaction	1626.164	1	1626.164	4807.221	.000	.939
	Sales Promotions	1239.663	1	1239.663	2557.764	.000	.892
Q4	Brand Loyalty	9.930	4	2.483	5.403	.000	.065
	Service Quality	9.169	4	2.292	6.891	.000	.082
	Customer Perceived Value	7.207	4	1.802	3.812	.005	.047
	Brand Image	9.154	4	2.288	5.267	.000	.064
	Customer Satisfaction	3.859	4	.965	2.852	.024	.035
	Sales Promotions	2.169	4	.542	1.119	.348	.014
Error	Brand Loyalty	142.437	310	.459			
	Service Quality	103.118	310	.333			
	Customer Perceived Value	146.499	310	.473			
	Brand Image	134.699	310	.435			
	Customer Satisfaction	104.865	310	.338			
	Sales Promotions	150.247	310	.485			
Total	Brand Loyalty	5290.440	315				
	Service Quality	4960.294	315				
	Customer Perceived Value	4474.200	315				
	Brand Image	4952.960	315				
	Customer Satisfaction	5421.930	315				
	Sales Promotions	4144.600	315				
Corrected Total	Brand Loyalty	152.367	314				
	Service Quality	112.287	314				
	Customer Perceived Value	153.706	314				
	Brand Image	143.853	314				
	Customer Satisfaction	108.725	314				
	Sales Promotions	152.416	314				

a. R Squared = .065 (Adjusted R Squared = .053) d. R Squared = .064 (Adjusted R Squared = .052)
b. R Squared = .082 (Adjusted R Squared = .070) e. R Squared = .035 (Adjusted R Squared = .023)
c. R Squared = .047 (Adjusted R Squared = .035) f. R Squared = .014 (Adjusted R Squared = .002)

Table 4.16, shows the Estimated Marginal Means scores between which supermarket do often shop from. In each of the study variables, the mean scores for which supermarket do you often shop are tabulated. Other supermarket categories had the lowest means in each of the study variables which meant that they were least preferred. Nakumatt had the highest mean on service quality which is in line with their leadership in serving customers; whereas Naivas had the highest mean on customer perceived value which could be in line with customer belief in the Naivas tagline that ‘Naivas saves you money’; Uchumi had the highest mean on brand loyalty and customer satisfaction possibly because the few customers who often shop from Uchumi are strongly loyal.

Table 4.16: Estimated Marginal Means for which supermarket often shop from

Dependent Variable		Mean	Std. Error	95% Confidence Interval Lower Bound	Upper Bound
Brand Loyalty	Nakumatt	4.022	.091	3.842	4.202
	Uchumi	4.320	.303	3.724	4.916
	Tuskys	4.004	.065	3.876	4.131
	Naivas	4.232	.068	4.099	4.365
	Others	3.684	.101	3.486	3.883
Service Quality	Nakumatt	4.126	.078	3.973	4.279
	Uchumi	3.675	.258	3.167	4.183
	Tuskys	3.897	.055	3.789	4.005
	Naivas	4.013	.058	3.899	4.126
	Others	3.567	.086	3.397	3.736
Customer Perceived Value	Nakumatt	3.418	.093	3.236	3.601
	Uchumi	3.600	.307	2.995	4.205
	Tuskys	3.780	.066	3.651	3.909
	Naivas	3.828	.069	3.693	3.963
	Others	3.600	.102	3.398	3.802
Brand Image	Nakumatt	4.018	.089	3.843	4.193
	Uchumi	4.040	.295	3.460	4.620
	Tuskys	3.958	.063	3.835	4.082
	Naivas	3.970	.066	3.840	4.100
	Others	3.493	.098	3.300	3.687
Customer Satisfaction	Nakumatt	4.076	.078	3.922	4.231
	Uchumi	4.260	.260	3.748	4.772
	Tuskys	4.102	.055	3.993	4.211
	Naivas	4.224	.058	4.110	4.338
	Others	3.880	.087	3.709	4.051
Sales Promotions	Nakumatt	3.596	.094	3.412	3.781
	Uchumi	3.800	.311	3.187	4.413
	Tuskys	3.596	.066	3.466	3.727
	Naivas	3.574	.070	3.437	3.711
	Others	3.369	.104	3.165	3.573

4.4.4 MANOVA results on Education Level and Gender

A one-way between-groups multivariate analysis of variance (MANOVA) was performed to evaluate education level differences in perceptions of the study variables. Six dependent variables were used: service quality, customer perceived value, brand image, sales promotions, customer satisfaction and brand loyalty. The independent variable in this case was education level. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance covariance matrices, and multicollinearity, with no serious violations noted. The p value was less than $\alpha = 0.05$ therefore there was a statistically significant difference between education level on the combined dependent variables, F (12, 610) = 1.264, p = .0236; Wilks' Lambda = 0.952; partial eta squared = .024. When the results for the dependent variables were considered separately, none of the education level group difference reached statistical significance, using an alpha level of 0.05. This meant that different education level groups were similar in their perceptions of the variables service quality, customer perceived value, sales promotions, brand image, customer satisfaction and brand loyalty.

A one-way between-groups multivariate analysis of variance (MANOVA) was performed to evaluate gender differences in perceptions of the study variables. Six dependent variables were used: service quality, customer perceived value, brand image, sales promotions, customer satisfaction and brand loyalty. The independent variable in this case was gender. Preliminary assumption testing was conducted to check for normality, linearity, univariate and multivariate outliers, homogeneity of variance covariance matrices, and multicollinearity, with no serious violations noted. There was no statistically significant difference between gender on the combined dependent variables, F (6, 308) = 0.531, p = .0785; Wilks' Lambda = 0.990; partial eta squared = 0 .010. This is more than $\alpha = 0.05$; therefore, there is no statistically significant difference between males and females in terms of the overall study variables. This implies that the shopping preferences in supermarkets of both male and female are similar. This could be largely because both genders largely shop for similar groceries and household items as found in supermarkets.

4.5 Descriptive Analysis of Study Variables

The results of descriptive data analysis on the study variables are discussed in this section. In the self-administered questionnaire in this study, the variables comprised of items using a five-point likert scales with anchors strongly agree (= 5), agree (= 4), neutral (= 3), disagree (= 2), strongly disagree (= 1). The descriptive statistics shows the mean, standard deviation and the number of respondents (n) in the data.

4.5.1 Descriptive Statistics of Customer Expectation

The study sought to understand what the customer expectations were in their shopping experience at the supermarkets. Using descriptive statistics, the study established that 56.8% of respondents expected a reasonable price structure from the supermarkets. This had a mean of 4.43 (SD 0.77) meaning that price is widely deemed an important aspect in choosing a supermarket. In general, customers visiting a store consider the price element as a particularly important factor expressing the value and fairness offered by the retailer. Thus, prices can affect both consumer behaviour and belief (Hamilton & Chernev, 2010). On adequate branch network coverage, 35.8% strongly agreed and 29.7% agreed. This implies that customers expect their preferred supermarket to be close to them.

On the item of quality of service, 64.1% strongly agreed with a high mean of 4.53 (SD 0.72). This implied that customers expect high service quality. Furthermore, Levy and Weitz (2009) claim that when the store's personnel provide customers with a level of service and assistance which reflect or exceed their expectations, the retailer ultimately benefits from an increased brand loyalty and positive word of mouth. Of the respondents 36.3% were neutral and 10.8% disagreed about the possibility of promotions with a low mean of 3.51 (SD 1.12). This meant that a significant number of customers have little expectation on possibility of promotions in the supermarkets. On the item of value-added services, 40.6% of the respondents agreed and 35.9% strongly agreed. This meant that customers expect to get value from the supermarket they shop from. Authors have identified the attributes of price competitiveness, value for money and price ranges, as elements affecting customers' perceptions about the store (Ailawadi & Keller, 2004; Beristain & Zorilla, 2011).

Of the respondents 52.2% strongly agreed that stores should be well stocked. This implies that customers expect to find what they need under one roof. Of the respondents 50.5% strongly agreed that stores should be conveniently positioned. This implies that customers expect to conveniently find a store as they go about their daily business. Levy & Weitz (2009) and Zentes, Morschett & Schramm-Klein (2011) posits that the location chosen by retailers for their stores is of paramount importance.

On the item of convenience of procedures, 59.6% strongly agreed with a mean of 4.46 (SD 0.76). This indicates a strong desire by customers for convenience and ease while shopping. Moreover, store environment is considered extremely influential for the overall experience customers have in stores (Jain & Bagdare, 2009; Seock, 2009). Consequently, in order to increase loyalty, retailers have to strive to understand what determine customers' store choices and create for them a pleasant store environment (Seock, 2009). While considering customer support on complaint processing, (49.8%) of the respondents strongly agreed. This meant that customers expect support when they have complaints.

On the item of store image and appeal, 37.4% strongly agreed and 32.6% agreed. This implies that customers are concerned about the appeal and the image of the store they shop from. Burt, Johansson and Thelander (2007) posit that one of the drivers that play a crucial role in a retailer's performance in the market is store image. When consumers are satisfied with a store's image and when their needs are met, higher levels of loyalty are achieved. Effective store image is connected to a favored position in the market and offers a unique differentiator from competitors (Burt & Mavromattis, 2006). Consequently, store image is a term that needs to attract retailers' attention since consumers are selecting the store of their preference depending on whether the store image is closely related to their perception of themselves. Lastly, 52.4% of the respondents strongly agreed that customer support (friendliness) is a key expectation while shopping. These findings on customer expectation are summarized on Table 4.17.

Table 4.17: Descriptive Statistics for Customer Expectations

	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
		Percentage (%)						
Price structure (reasonability)	314	.3	1.0	12.4	27.7	58.6	4.43	0.77
Possibility of promotions	314	5.1	10.8	36.3	23.6	24.2	3.51	1.12
Adequate branch network coverage	313	5.4	6.4	22.7	29.7	35.8	3.84	1.14
Quality of service	315	.3	1.6	6.7	27.3	64.1	4.53	0.72
Value added services	315	1.9	3.5	18.1	40.6	35.9	4.05	0.92
Stores are well stocked	314	1.9	5.7	11.1	29.0	52.2	4.24	0.99
Stores are conveniently positioned	315	1.6	3.8	12.4	31.7	50.5	4.26	0.93
Convenience of procedures (ease of shopping)	314	.3	2.2	8.0	29.9	59.6	4.46	0.76
Customer supports (complaint processing)	315	1.3	4.1	13.0	31.7	49.8	4.25	0.92
Store image and appeal	313	1.6	6.7	21.7	32.6	37.4	3.97	1.00
Customer support (friendliness)	315	1.6	1.0	13.0	32.1	52.4	4.33	0.85

4.5.2 Descriptive Statistics of Service Quality

The study asked the respondents to indicate how they would judge the service quality of their current supermarket brand based on their experiences. Using descriptive statistics, the study established that 48.1% of the customers agreed that the supermarket provides superior service as shown in Table 4.12. With a mean of 4.11 (SD 0.79), the study indicated that a majority of customers are experiencing superior service in the supermarkets. The study shows 31.1% strongly agreed that the supermarket provides sufficient parking. This indicated the significance of parking to customers. The results show that 43.8% of the customers strongly agreed and 42.2% agreed that supermarket layout made it easy for customers to trace items on the shelves. Descriptive analysis of the scale data showed that the item with the highest mean was "This Supermarket has a layout that makes it easy for customers to find what they need" with a mean of 4.27 (SD= 0.79). The scale item with the lowest mean was "The supermarket has clean, attractive and convenient public area (Washrooms, fitting rooms)'' with mean 3.59 (SD = 1.14). This is a possible area of improvement for supermarket as cumulatively only 59.6 % agreed/strongly agreed and cumulatively 18.8% disagreed that the supermarket has clean, attractive and convenient public area (Washrooms, fitting rooms).

The item, this supermarket has error free transactions had 37.6% of the respondents in agreement with cumulatively 13% disagreed. This indicates that there are cases of errors in prices and billing. The item, this supermarket has merchandise available when the customers want it had 45.1% of the respondents agreed. This meant that customers shop where they can get what they need. The item, the employees of this Supermarket have knowledge to answer customers questions had 42.5% of the respondents agree and 30.2% strongly agreed. This indicates that the employees are knowledgeable and able to answer customer questions. In the next item, 36.8% agreed that the supermarket employees give customers individual attention. This indicates the need to assist customers. Lastly, 45.1% agreed and 28.3% strongly agreed that employees of this supermarket are consistently courteous with customers. This meant that the employees were willing to assist customers. The summary results are shown in Table 4.18.

Table 4.18: Descriptive Statistics for service quality

	N	Percentage (%)					Mean	Std. Deviation
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
This supermarket brand provides superior service	314	0.3	2.9	15.3	48.1	33.4	4.11	0.79
There is sufficient parking at this Supermarket	315	4.4	8.9	25.7	31.1	29.8	3.73	1.11
The supermarket has clean, attractive and convenient public area (Washrooms, fitting rooms)	314	5.1	13.7	21.7	36	23.6	3.59	1.14
This Supermarket has a layout that makes it easy for customers to find what they need	315	0.6	1.9	11.4	42.2	43.8	4.27	0.79
This supermarket has error free transactions	314	4.1	8.9	26.8	37.6	22.6	3.65	1.06
This supermarket has merchandise available when the customers want it	315	1.6	5.7	19.4	45.1	28.3	3.96	0.92
The employees of this Supermarket have knowledge to answer customers questions	315	1	6.7	19.7	42.5	30.2	3.94	0.92
The Supermarket employees gives customers individual attention	315	1.9	6.7	25.4	36.8	29.2	3.85	0.98
Employees of this supermarket are consistently courteous with customers	315	1.6	5.7	19.4	45.1	28.3	3.93	0.92

4.5.2 Descriptive Statistics of customers' value perception

The study asked the respondents to indicate how they would judge the perceptions of value that they get from their current supermarket. Using descriptive statistics, the study established that 47.6% agreed, 31.7% strongly agreed and only 0.6% strongly disagreed that compared to alternative supermarkets brands, their current supermarket offers attractive products/services of high quality. With a mean of 4.08 (SD 0.80), this implies that customers compare products and services and gravitate where they feel they are getting good value.

Of the respondents, 43.8% agree that compared to alternative supermarket brands, the current supermarket charges me fairly for similar products/ services. This implies that the customers are charged fair prices. Of the respondents, 24.4% disagree while 34% were neutral that compared to alternative supermarket brands; the current supermarket provides me with more free services. This implies that most supermarkets do not offer free services but charge for services offered. On the item, comparing what I pay to what I might get from other supermarkets, I think my current supermarket provides me with good value, 42.9% of the respondents agreed. This meant that the customers were getting value for money. Lastly, 31.4% of respondents were neutral on the item, compared to other competitive supermarket brands, I think my current supermarket, charges me low price. With a mean of 3.43 (SD 1.13), this implies that there is room for improvement of the issue of low prices. The findings are summarized on Table 4.19.

Table 4.19: Descriptive Statistics for customers' value perception

	N	Percentage (%) Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Comparatively the current supermarket offers attractive products/services of high quality	315	0.6	2.2	17.8	47.6	31.7	4.08	0.80
Comparatively the current supermarket charges me fairly for similar products/ services	315	1	7.9	20.6	43.8	26.7	3.87	0.93
Comparatively the current supermarket provides me with more free services.	315	4.1	24.4	34	24.4	13	3.18	1.07
Comparatively I think my current supermarket provides me with good value.	315	0	5.1	22.9	42.9	29.2	3.96	0.85
Comparatively I think my current supermarket, charges me low price.	315	5.4	14.9	31.4	27.9	20.3	3.43	1.13

4.5.3 Descriptive Statistics of sales promotions

The study asked the respondents to indicate how they would judge the sales promotions that they get from their current Supermarket brand. Respondents who agreed that their supermarket gives good discounts were 35.6% with 32.1% being neutral and mean of 3.61 (SD 0.98). This indicates that there is room for supermarkets to give good discounts. Further, 30.2% were neutral when asked to indicate whether their supermarket gives often has free gifts/samples and 21.8% disagreed with mean of 3.25 (SD 1.09). This indicates that customers are not getting adequate promotions in terms of free gifts and samples. Respondents who agree that the supermarket has a good loyalty program were 41.3% and 21.3% strongly agree.

This meant that the supermarkets had reasonably good loyalty programs. Of the respondents 37.8% were neutral with mean 3.48 (SD 0.98), when asked if the promotions make them feel like a smart shopper. This indicates some shortcomings in the nature of the promotions being done at the supermarkets. Overall, 41.6% agreed and 31.4% were neutral that they liked the advertising and promotions of their respective supermarket. The results are shown in Table 4.20.

Table 4.20: Descriptive Statistics for sales promotions

		Percentage (%)						
	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
This Supermarket gives good discounts	315	1.6	11.1	32.1	35.6	19.7	3.61	0.98
This supermarket gives often has free gifts/samples	315	4.8	21.9	30.2	29.5	13.7	3.25	1.09
This supermarket has a good loyalty program	315	0.6	7	29.8	41.3	21.3	3.76	0.89
The promotions make me feel like I am a smart shopper	315	2.9	10.8	37.8	32.4	16.2	3.48	0.98
Overall, I like the advertising and promotions of this supermarket	315	0.6	7.6	31.4	41.6	18.7	3.70	0.88

4.5.4 Descriptive Statistics of brand image

The study asked the respondents to indicate how they would judge the image of their current supermarket brand. Using descriptive statistics, the study established that

45.1% of the respondents agreed that the supermarket brand has unique characteristics. With a mean of 3.79 (SD 0.90), this implies that customers are satisfied with their supermarket brand unique characteristics. Respondents who agreed that the brand has good corporate reputation were, 47.1% with a mean of 4.03 (SD 0.81). This implies the significance of good corporate reputation to customers. Respondents who agreed that the brand personality distinguishes it from competitors were 45.4%. This meant that supermarkets are trying to distinguish themselves from competitors. A further 45.7% agreed while 25.1% strongly agreed that the brand doesn’t disappoint. This indicates a satisfactory level with the brand. Respondents who agreed that the brand was the best in the sector were 42.2% while 28.6% strongly agreed. This indicates a fair number of customers like their supermarket brand. Of the respondents 44.6% indicated that the supermarket brand is very consistent in the market. This indicates the significance of brand consistency in the market. Lastly 46.6% of respondents agree that the supermarket brand has visually appealing physical facilities. This indicates the importance of appealing physical facilities. The findings are summarized in Table 4.21.

Table 4.21: Descriptive Statistics for brand image

		Percentage (%)						
	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
The supermarket brand has unique characteristics	315	0.6	8.3	24.1	45.1	21.9	3.79	0.90
Brand has good corporate reputation	314	0	4.1	18.8	47.1	29.9	4.03	0.81
Brand personality distinguishes it from competitors	315	0.3	4.8	24.8	45.4	24.8	3.90	0.84
Brand doesn't disappoint	315	1	4.4	23.8	45.7	25.1	3.90	0.86
Best brand in the sector	315	0.6	5.4	23.2	42.2	28.6	3.93	0.89
Brand is very consistent in the market	314	0.3	4.8	22.1	44.6	28.2	3.96	0.85
Brand has visually appealing physical facilities	315	0.6	6.4	18.5	46.6	27.8	3.95	0.88

4.5.5 Descriptive Statistics of Customer Satisfaction

The study asked the respondents to indicate how they would judge the satisfaction with their current supermarket brand. More than half of the respondents 51% agreed that they have had a positive experience with the supermarket. With a mean of 4.27 (SD 0.66), this implies majority of the respondents have a positive experience. Of the respondents, 56.5% agreed that the supermarket does a good job in satisfying their needs. This result points to satisfied customers. Forty seven percent of the respondents agreed that their past experience with the supermarket is excellent whereas 23.5% were neutral and a mean of 3.87 (SD 0.85). This meant that a fair number of customers have had a bad experience with the supermarket. Of the respondents, 52.7% agreed that they made the right decision in buying from that supermarket. This meant that a majority of customers were proud of the decision to shop in their current supermarket. Overall, 47.9% agreed that they were satisfied shopping at their current supermarket. With a mean of 4.14 (SD 0.80), this meant that customers are experiencing high satisfaction levels with their current supermarket. The findings are summarized in Table 4.22.

Table 4.22: Descriptive Statistics for customer satisfaction

		Percentage (%)						
	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Positive experience with the supermarket	314	0	0.6	9.9	51	38.5	4.27	0.66
Does a good job in satisfying my needs	315	0	2.5	12.4	56.5	28.6	4.11	0.71
My past experience is excellent	315	0.6	5.4	23.5	47	23.5	3.87	0.85
I made the right decision in buying from this supermarket	315	0.3	1	14.9	52.7	31.1	4.13	0.71
Overall, I am satisfied shopping with the supermarket	315	0.3	3.5	13	47.9	35.2	4.14	0.80

4.5.6 Descriptive Statistics of brand loyalty

The study asked the respondents to indicate how they would judge loyalty to their current supermarket brand. Of the respondents 43.5% were neutral while 41.6 % agreed that they will recommend this supermarket brand to other people. This meant that a good number of customers are hesitant to recommend their current supermarket brand. Of the respondents 47.9 % agreed that they say positive things about this supermarket to other people. This meant that a good number of customers will speak positive things if they are satisfied. The majority of respondents, 46.7 % agreed and 32.4% strongly agreed that they will continue to be a loyal customer to this supermarket brand. With a mean of 4.09 (SD 0.77), this indicates a good level of brand loyalty. Of the respondents 42.5% agreed that they are very committed to this supermarket brand while 25.7% were neutral. This meant that a fair number of customers are not committed to their supermarket brand. Lastly 38.4% agreed that the will continue to choose this supermarket brand before other brands while 27.9% were neutral. With a mean of 3.91 (SD 0.91), this indicated the possibility of switching to other brands. Table 4.23 summarizes this finding.

Table 4.23: Descriptive Statistics for Brand Loyalty

		Percentage (%)						
	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
I will recommend this supermarket brand to other people	315	0.6	14	43.5	41.6	0	4.26	0.72
I say positive things about this supermarket to other people	315	0.3	0.6	18.1	47.9	33	4.13	0.74
I will continue to be a loyal customer to this supermarket brand	315	0.3	1.6	19	46.7	32.4	4.09	0.77
I 'am very committed to this supermarket brand	315	0.6	7.6	25.7	42.5	23.5	3.81	0.91
I will continue to choose this supermarket brand before other brands	315	1.6	2.9	27.9	38.4	29.2	3.91	0.91

4.6 Factors Influencing Brand Loyalty

The study sought to establish the critical factors that define brand loyalty using Exploratory Factor Analysis (EFA). After establishing the critical factors that define brand loyalty, the study investigated the relationship between the predictor variables and brand loyalty using correlation analysis.

4.6.1 Factor Analysis

Factor analysis is a data reduction technique that reduces or summarizes a large set of variables to a smaller set of factors or components (Pallant, 2011). Byrne (2013) stated that factor analysis is a realistic approach to reduce a large number of variables and summarize the important factor embedded in a construct. If researchers do not get expected results then any ill-fitting item can be removed (Osman & Sentosa, 2013). In assessing the suitability of data for factor analysis, two main pre-tests are considered. These pre-tests are to determine the sample size and to determine the strength of the relationship among the various variables or items. Tabachnick and Fidell (2013) advocates a sample size of at least 300 cases for factor analysis. For this study the sample size of 315 was considered suitable for factor analysis.

To determine the strength of the relationship among the items, Tabachnick and Fidell (2013) recommends inspection of the intercorrelation matrix for coefficients of more than 0.3. If few above the level of 0.3 are found, then factor analysis may not be appropriate. A correlation matrix was used to examine correlation coefficients between the variables in the data set. The results in Table 4.24, shows that all the coefficients were more than 0.3, meaning that the data was suitable for factor analysis.

Table 4.24: Inter Item Correlations Matrix

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

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

A Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and a Bartlett's Test were employed as pre-tests to assess the factorability of the data. As shown in Table 4.25, 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 factor 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 factor analysis was considered appropriate. Refer to Table 4.25.

Table 4.25: 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

The next step after the pre-tests to determine the suitability of the data set for factor analysis was to select the most suitable factorial method. There are mainly two types of factor analysis, Principal Components Analysis (PCA) and Common Factor Analysis. The PCA was preferred because it allowed for data reduction to a more manageable size while retaining as much of the original information (Netemeyer, et al., 2004). The initial solution was determined using PCA method. This was a two-stage method comprising un-rotated solution and a rotated solution.

The communalities results are evaluated. This gives information about how much of the variance in each item is explained. Low values (less than 0.3) could indicate that the item does not fit well with the other items in its component (Tabachnick & Fidell, 2013). Item 'Error free transactions' has the lowest communality value (0.396) and it also shows a loading of (0.508) on component 2. The communalities for the combined data were all above 0.3 suggesting that the variances in the original variables can be explained by the extracted factors.

Using Kaiser's criterion, the study sought variables with eigenvalues greater than or equal to 1. Using this rule, only factors with an eigenvalue of 1.0 or more were retained for further investigation. The eigenvalues of a factor represent the amount of the total variance explained by that factor. Principal Component Analysis revealed the presence of six components with eigenvalues greater than or equal to 1, explaining 31.84 %, 6.9%, 6.7%, 5.3%, 4.0% and 3.7%, of the variance respectively. The total variance results in Table 4.26, indicates that six components explained 58.639% of all items, leaving 41.361% unexplained. A scree plot test was subsequently performed to confirm the results.

Table 4.26: Total Variance Explained by the combined data

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.872	31.846	31.846	9.872	31.846	31.846
2	2.147	6.926	38.772	2.147	6.926	38.772
3	2.091	6.744	45.516	2.091	6.744	45.516
4	1.654	5.336	50.852	1.654	5.336	50.852
5	1.253	4.043	54.895	1.253	4.043	54.895
6	1.160	3.743	58.639	1.160	3.743	58.639
7	.939	3.028	61.667			
8	.887	2.860	64.527			
9	.785	2.532	67.059			
10	.758	2.444	69.503			
11	.727	2.344	71.848			
12	.699	2.254	74.102			
13	.658	2.123	76.225			
14	.647	2.087	78.312			
15	.596	1.921	80.234			
16	.570	1.837	82.071			
17	.530	1.710	83.781			
18	.516	1.665	85.446			
19	.475	1.532	86.978			
20	.460	1.485	88.463			
21	.436	1.406	89.870			
22	.421	1.358	91.228			
23	.380	1.225	92.453			
24	.365	1.177	93.630			
25	.360	1.160	94.790			
26	.311	1.003	95.792			
27	.307	.990	96.782			
28	.284	.917	97.699			
29	.273	.882	98.581			
30	.230	.740	99.322			
31	.210	.678	100.000			

Extraction Method: Principal Component Analysis.

The Catell's scree test involves plotting each of the eigenvalues of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and becomes horizontal. Pallant (2011) recommends retaining all factors above the elbow, or break in the plot, as these factors contribute the most to the explanation of the variance in the data set. An inspection of the scree plot in Figure 4.1 revealed a clear break after the sixth component confirming the findings of total variance explained since six items had Eigen value greater than 1. It was decided to retain the six items for further investigations.

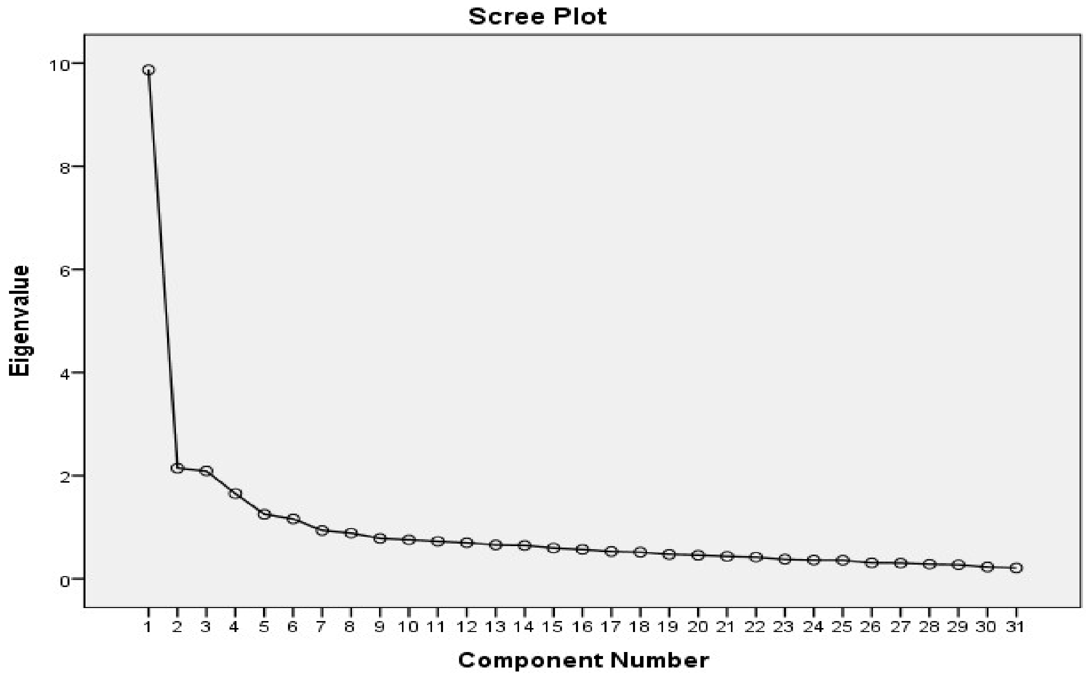

Figure 4.1: Scree plot for combined data

The minimum factor loading is necessary to consider an item in its corresponding variable. Hair et al. (2014) recommended that factor loading 0.40 can be considered as an important loaded factor but greater than 0.50 can be considered as the most significant loaded factor. However, for this research, the requirement for factor loading greater than 0.50 is adopted and the items used to compute summated factor scores for variables. The results of this study in Table 4.27, shows items are loaded to six factor components.

Table 4.27: Rotated Component

	Component 1	2	3	4	5	6	Factor
Supermarket provides superior service						.589	Service
Sufficient Parking facility						.779	Quality
Clean, attractive and convenient washrooms						.675	(Physical facilities)
Error free transactions		.508					
Well stocked merchandise		.607					Service Quality
Employees have knowledge to answer customer questions		.739					(Human Element)
Employees gives customers individual attention		.694					
Employees are consistently courteous		.711					
comparatively I am charged fairly				.732			Customer
comparatively I get more free services				.645			Value
comparatively I get good value for what i pay				.548			
comparatively I am charged low prices				.767			
Free gifts/samples					.585		
Good loyalty programs					.654		
Promotions make me feel I am a smart shopper					.763		Sales Promotions
Overall, I like the advertising and the promotions					.602		
The supermarket brand has unique characteristics	.694						
Brand has good corporate reputation	.721						
Brand personality distinguishes it from competitors	.686						
Brand doesn't disappoint	.557						Brand Image
Best brand in the sector	.726						
Brand is very consistent in the market	.738						
Brand has visually appealing physical facilities	.639						
Positive experience with the supermarket			.561				
Does a good job in satisfying my needs			.701				
My past experience is excellent			.538				
I made the right decision in buying from this supermarket			.700				Customer Satisfaction
Overall, I am satisfied shopping with the supermarket			.751				
Cronbach's alpha value of factor	0.881	0.767	0.845	0.761	0.729	0.582	Overall α = 0.912

Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 8 iterations.

Using Varimax with Kaiser normalization method, the study established in Table 4.27 that 28 items loaded on six factors. The first component had 7 items loaded on it and was interpreted as the factor brand image. The overall Cronbach's alpha of the seven items was $\alpha = 0.881$. The second component had 5 items loaded on it and was interpreted as the factor human element. The overall Cronbach's alpha of the five items was $\alpha = 0.767$. The third component had 5 items loaded on it and was interpreted as the factor customer satisfaction. The overall Cronbach's alpha of the five items was $\alpha = 0.845$. The fourth component had 4 items loaded on it and was interpreted as the factor customer perceived value. The overall Cronbach's alpha of the four items was $\alpha = 0.761$. The fifth component had 4 items loaded on it and was interpreted as the factor sales promotions. The overall Cronbach's alpha of the seven items was $\alpha = 0.729$. The first five components had good reliability and satisfied the internal validity threshold requirement of overall Cronbach's alpha of $\alpha > 0.7$. Field (2013) interprets a Cronbach's alpha (α), greater than or equal to 0.7 as implying the instrument provides a relatively good measurement tool hence reliable. The sixth component had 3 items loaded on it and was interpreted as the factor physical facilities with a low reliability of Cronbach's alpha of 0.582. The factor physical facilities failed to meet the internal validity threshold requirement of overall Cronbach's alpha of $\alpha > 0.7$.

The close association between physical facilities and human element led the study to seek an examination of the effect of combining the two data sets. Combining the two emerged a new construct that was interpreted as the factor service quality. The 8 items loading on the construct service quality had an overall Cronbach's alpha value of 0.757, hence met the requirements of internal construct validity. The study therefore established five critical factors that define brand loyalty as encompassing brand image, service quality, customer satisfaction, customer perceived value and sales promotions.

4.6.2 Correlation Analysis

The relationship between the predictor variables and brand loyalty was established 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. A correlation of 0 indicates no relationship at all, a correlation of 1.0 indicates a perfect positive correlation, and a value of –1.0 indicates a perfect negative correlation. A correlation was considered significant when the probability value was equal to or below 0.05 (p-value less than or equal to 0.05). Field (2013) posit that because the correlation coefficient is a standardized measure of an observed effect, it is a commonly 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 significant relationship 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 and brand loyalty are significantly associated. The correlation analysis between sales promotion and brand loyalty was significant (r = 0.413, p = 0.000). This implies that sales promotion and brand loyalty are significantly associated. The correlation analysis for brand image and brand loyalty indicate that the relationship between brand image and brand loyalty was significant (r = 0.614, p = 0.000). The correlation between customer satisfaction and brand loyalty was significant (r = 0.698, p = 0.000). This means that the relationship between customer satisfaction and brand loyalty was significant. The results are shown in Table 4.28.

Table 4.28: 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)						
	N	315					
Service Quality	Pearson Correlation	.412**	1				
	Sig. (2-tailed)	.000					
	N	315	315				
Customer Perceived Value	Pearson Correlation	.479**	.414**	1			
	Sig. (2-tailed)	.000	.000				
	N	315	315	315			
Brand Image	Pearson Correlation	.614**	.450**	.477**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	315	315	315	315		
Customer Satisfaction	Pearson Correlation	.698**	.502**	.519**	.643**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	315	315	315	315	315	
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).

4.6.3 Validity

Construct validity concerns whether the measurement items actually measure the construct they are supposed to measure (Saunders et al., 2015; Zikmund et al., 2013). Construct validity can be further segmented into two sub-categories: convergent validity and discriminate/Divergent validity. Convergent validity refers to the extent to which a measure converges with other measures of the same construct (Bryman, 2015). Discriminate validity assesses whether measures of dissimilar constructs "diverge," in that they show no obvious relationship.

Convergent validity in this study was examined in two different ways. The first method was by using reliability results from factor analysis which is one of the indicators of convergent validity (Hair, Anderson, Tatham & Black, 2014; Ratray & Jones, 2007). High reliability above Cronbach's alpha $\alpha = 0.7$ shows that internal consistency exists, indicating that measures can represent the same latent construct. The factor analysis outputs in Table 4.27, shows Cronbach's alpha of between $\alpha =$ 0.757 for service quality, 0.881 for brand image, 0.761 for customer perceived value, 0.729 sales promotions and 0.845 for customer satisfaction. This meant that the requirements of internal construct validity for each of the variables were met.

The second method was by evaluating the constructs using the average variance extracted (AVE) criteria recommended by Fornell and Larcker (1981). The Fornell criteria recommend use of items with factor loadings above 0.7 in calculating the AVE and dropping items that have low factor oadings. According to Henseler, Ringle and Sarstedt (2015) the average variance extracted (AVE) for each of the factors is calculated manually for all the constructs using the formula:

$$\text{AVE } \xi_j = \frac{\sum_{k=1}^{Kj} \lambda_{jk}^2}{\sum_{k=1}^{Kj} \lambda_{jk}^2 + \Theta_{jk}}$$

Where:

ξ_j is the AVE for the construct

λjk is the indicator loading and

Θ_{jk} is the error variance of the kth indicator ($k = 1,\ldots,Kj$) of construct ξj. (Equal to 1 - λ_{jk}^2)

*K*j is the number of indicators of construct ξj.

Average Variance Extracted (AVE) by each construct must exceed the variance due to measurement error for that construct. For the convergent validity the Average Variance Extracted (AVE) should be greater than 0.5 (Henseler, Ringle & Sarstedt 2015). The results of substituting the factor loading into the formula for AVE are presented in Table 4.29. The result shows that the Average Variance Extracted (AVE) values were above 0.50 which demonstrated convergent validity (Hair et al., 2014).

Table 4.29: Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)	Square Root AVE
Service Quality	0.535	0.731
Customer Perceived Value	0.562	0.750
Brand Image	0.518	0.720
Customer Satisfaction	0.515	0.717
Sales Promotions	0.583	0.763

Discriminate validity focuses on the extent to which measures for constructs are distinctively different from each other (Baker & Sinkula, 2009). To satisfy the requirement of the discriminate validity, the square root of a construct's average variance extracted must be greater than the correlations between the construct and other constructs (Madhoushi, Sadati & Delavari, 2011; Henseler et al., 2015).

The diagonal items in the Table 4.30 represent the square root of AVE's, which is a measure of variance between construct and its indicators, and the off-diagonal items represent correlation between constructs. The results as illustrated in Table 4.30 showed that the square root of each AVE was higher than the corresponding correlation coefficient thus supporting the discriminant validity between the constructs.

Table 4.30: Square root of AVE and correlations between constructs

	Service Quality	Customer Perceived Value	Brand Image	Customer Satisfaction	Sales Promotions
Service Quality	**0.731**				
Customer Perceived Value	0.414	**0.750**			
Brand Image	0.450	0.477	**0.720**		
Customer Satisfaction	0.502	0.519	0.643	**0.717**	
Sales Promotions	0.383	0.540	0.498	0.470	**0.763**

4.7 Diagnostic Tests for Regression Analysis

The study used regression analysis to establish the determinants of brand loyalty in supermarkets in Kenya. Preceding the regression analysis, the study conducted various diagnostic tests to ensure that the assumptions of the Classical Linear Regression Model (CLRM) were not violated. Before a complete regression analysis can be performed, the assumptions concerning the original data must be made. Ignoring the assumptions contribute to wrong validity estimates and inferences from the analysis (Antonakis & Dietz, 2011). Meaningful data analysis carries significant benefits to the study and relies on the testing of the assumptions and the consequences of violations. In this section the test results on linearity, multicollinearity, normality, heteroscedasticity and autocorrelation are presented.

4.7.1 Linearity

Linearity defines the dependent variable as a linear function of the predictor (independent) variables (Pallant, 2011). If linearity is violated all the estimates of the regression including regression coefficients, standard errors, and tests of statistical significance may be biased (Keith, 2015). If the relationship between the dependent and independent variables is not linear, the results of the regression analysis will under- or over- estimate the true relationship and increase the risk of Type I and Type II errors (Osborne & Waters, 2002).

According to Pallant (2011) the linearity assumption refers to the presence of a straight-line relationship between each pair of your dependent variables. This can be assessed in a number of ways; the most straightforward is to generate a matrix of scatter plots between each pair of your variables, separately for our groups (Pallant, 2011). Tabachnick and Fidell (2013), urges that it is certainly not practical to check scatter plots of all variables with all other variables. Tabachnick and Fidell (2013) suggest a 'spot check' of some combination of variables. Linearity is displayed by the data points being arranged in the shape of an oval. A spot check of various combinations of x and y variables of the study data show evidence of linearity.

Residual plots showing the standardized residuals versus the predicted values are very useful in detecting violations in linearity (Stevens, 2015). The residuals magnify the departures from linearity (Keith, 2015). If there is no departure from linearity you would expect to see a random scatter about the horizontal line. Any systematic pattern or clustering of the residuals suggests violation (Stevens, 2015). A plot of residuals versus predicted values, in Appendix 10 shows scatter plots of residuals that indicate a linear relationship since the points are symmetrically distributed around a horizontal line, with a roughly constant variance. In a plot of observed versus predicted values, the points should be symmetrically distributed around a diagonal line in the plot (Stevens, 2015). Appendix 10 shows the points are symmetrically distributed around a diagonal line. The plots do show the evidence of linearity; therefore, our assumption of linearity is satisfied.

4.7.2 Heteroscedasticity

The assumption of homoscedasticity refers to equal variance of the residual at each level of the independent / predictor variables (Field, 2013). When this assumption is violated by the variances being very unequal, the errors are heteroscedastic, a condition known as heteroscedasticity. This means that researchers assume that errors are spread out consistently between the variables (Keith, 2015). This is evident when the variance around the regression line is the same for all values of the predictor variable. According to Tabachnick and Fidell (2013) slight heteroscedasticity has little effect on significance tests; however, when heteroscedasticity is marked it can lead to serious distortion of findings and seriously weaken the analysis thus increasing the possibility of a Type I error. This assumption can be checked by visual examination of a scatter plot of the standardized residuals (the errors) against the regression standardized predicted value (Tabachnick & Fidell, 2013; Keith, 2015). Heteroscedasticity is indicated when the scatter is not even; fan and butterfly shapes are common patterns of violations.

According to Field (2013), the *ZRESID (the standardized residuals, or errors) and *ZPRED (the standardized predicted values of the dependent variable based on the model) should look like a random array of dots evenly dispersed around zero. If this graph funnels out with evidence of residuals that grow larger either as a function of time or as a function of the predicted value, then the chances are that there is heteroscedasticity in the data. When the deviation is substantial more formal tests for heteroscedasticity should be performed, such as collapsing the predictive variables into equal categories and comparing the variance of the residuals (Keith, 2015). A plot of the *ZRESID (the standardized residuals, or errors) against *ZPRED (the standardized predicted values of the dependent variable based on the model) in Appendix 10 shows a random array of dots evenly dispersed throughout the plot. This pattern is indicative of a situation in which the assumptions of linearity and homoscedasticity have been met. Hence the data did not violate the assumption of homoscedasticity.

Residuals can be tested further for homoscedasticity using the Breusch Pagan / Koenker test, which performs an auxiliary regression of the squared residuals on the independent variables (Gujarati et al., 2013; Breusch & Pagan, 1979: Koenker, 1981). The study utilized Breusch Pagan and Koenker test macro available for SPSS. The null hypothesis is stated as Ho: constant variance (Homoscedasticity), which means the data, does not suffer from heteroscedasticity. If the significant value is less than 0.05, reject the null hypothesis. The Breusch-Pagan / Koenker test results in Table 4.31 had a p value of 0.1005. Thus, the null hypothesis of constant variance was not rejected since the reported value was greater than critical p value of 0.05. This implies that the data has constant variance and did not suffer from heteroscedasticity.

Table 4.31: Heteroscedasticity Results

Breusch-Pagan / Koenker test for heteroscedasticity		
Ho: Constant variance (Homoscedasticity)		
CHI-SQUARE df=4	=	9.223
Prob > chi2	=	0.1005

4.7.3 Multicollinearity

Stevens (2015) proposes two methods for diagnosing multicollinearity: The first is to examine the correlations among the predictors from the correlation matrix. These should be observed, and are easy to understand, but they do not always indicate the extent of multicollinearity. The second is to examine the variance inflation factors for the predictors. The variance inflation factor for a predictor indicates whether there is a strong linear association between it and all the remaining predictors Stevens (2015). The study used a correlation matrix to test for multicollinearity. The results indicate Pearson correlation coefficient of between 0.383 and 0.698, indicating that none of the variables were highly correlated. According to Pallant (2011) multicollinearity does not contribute to a good regression model and multicollinearity exists when the independent variables are highly correlated (r = 0.9 and above). An inspection of the results of the correlation matrix in Table 4.28 indicates that the study data did not exhibit multicollinearity.

In this study, tolerance, the Variance Inflation Factor (VIF) and Pearson correlation coefficient (r) were adopted as two collinearity diagnostic factors that could help identify multicollinearity. Related to the VIF is the tolerance statistic, which is its reciprocal (1/VIF). If the tolerance value is very small (less than 0.10) it indicates that the multiple correlations with other variables is high, suggesting the possibility of multicollinearity (Tabachnick & Fidell, 2013) although Menard (1995) suggests that values below 0.2 are worthy of concern. None of the tolerance values in Table 4.32 was less than 0.1 and hence the data set did not violate multicollinearity based on tolerance.

The VIF is an index of the amount that the variance of each regression coefficient is increased over that with uncorrelated independent variables (Keith, 2013). The VIF provides a measure of how much the variance for a given regression coefficient is increased compared to if all predictors were uncorrelated (Denis, 2011). This meant that the extent to which the given predictor is highly correlated with the remaining predictors is the extent to which VIF will be large. When a predictor variable has a strong linear association with other predictor variables, the associated VIF is large and is evidence of multicollinearity (Shieh, 2010). The rule of thumb for a large VIF value is ten (Keith, 2015; Shieh, 2010). Denis (2011) suggest that VIF of 3 shows no multicollinearity, while VIF greater than 10 shows multicollinearity exist. The VIF in this study ranged from 1.136 for service quality to 1.346 for brand image. As shown in Table 4.32, the average VIF in this study was close to 1.228 which is close to 1. This confirms that there was no Multicollinearity.

Table 4.32: Collinearity statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	service quality	.880	1.136
	customer perceived value	.877	1.140
	sales promotion	.831	1.203
	brand image	.743	1.346
	customer satisfaction	.761	1.315

a. Dependent Variable: brand loyalty

4.7.4 Normality

The assumptions of normality were tested by inspection of Q-Q plots and histograms in addition to the Kolmogorov-Smirnov tests as advised by Field (2013). Graphical methods were preferred because they visualize the distributions of random variables and are easy to interpret. The Kolmogorov–Smirnov tests compare the scores in the sample to a normally distributed set of scores with the same mean and standard deviation. If the test is non-significant ($p > 0.05$) it tells us that the distribution of the sample is not significantly different from a normal distribution (Field, 2013). In Table 4.33 the results of the Kolmogorov -Smirnov statistic have p values greater than 0.05 suggesting the assumption of normality.

Table 4.33: Normality Test Using Kolmogorov-Smirnov Statistic

	Kolmogorov-Smirnov[a]			
	Statistic	df	Statistic	Sig.
Service Quality	0.092	315	0.092	0.075
Customer Perceived Value	0.081	315	0.081	0.200
Brand Image	0.111	315	0.111	0.082
Customer Satisfaction	0.109	315	0.109	0.069
Sales Promotions	0.99	315	0.99	0.067

a. Lilliefors Significance Correction

In Q-Q plot, or the normal probability plot, the observed value for each score is plotted against the expected value from the normal distribution, where, a sensibly straight line suggests a normal distribution (Pallant, 2011). The graphical analysis results showed the line representing the actual data distribution closely follow the diagonal in the normal Q-Q plot as shown in Figures 4.2 to 4.5, suggesting normal distribution (Hair et al*.,* 2014).

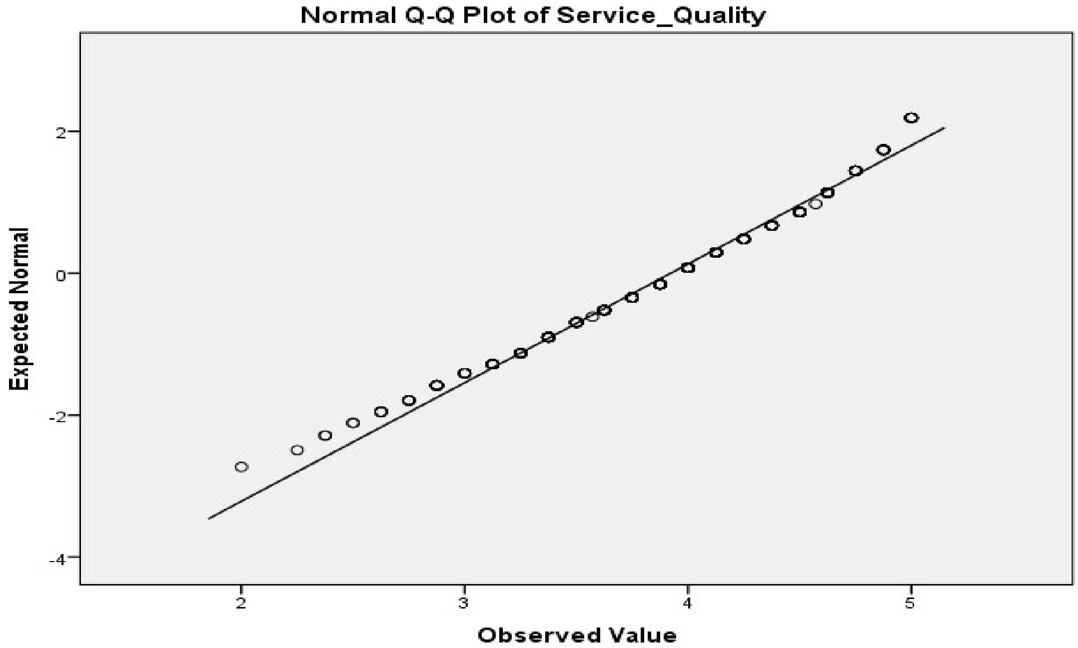

Figure 4.2: Normality Test for Service Quality

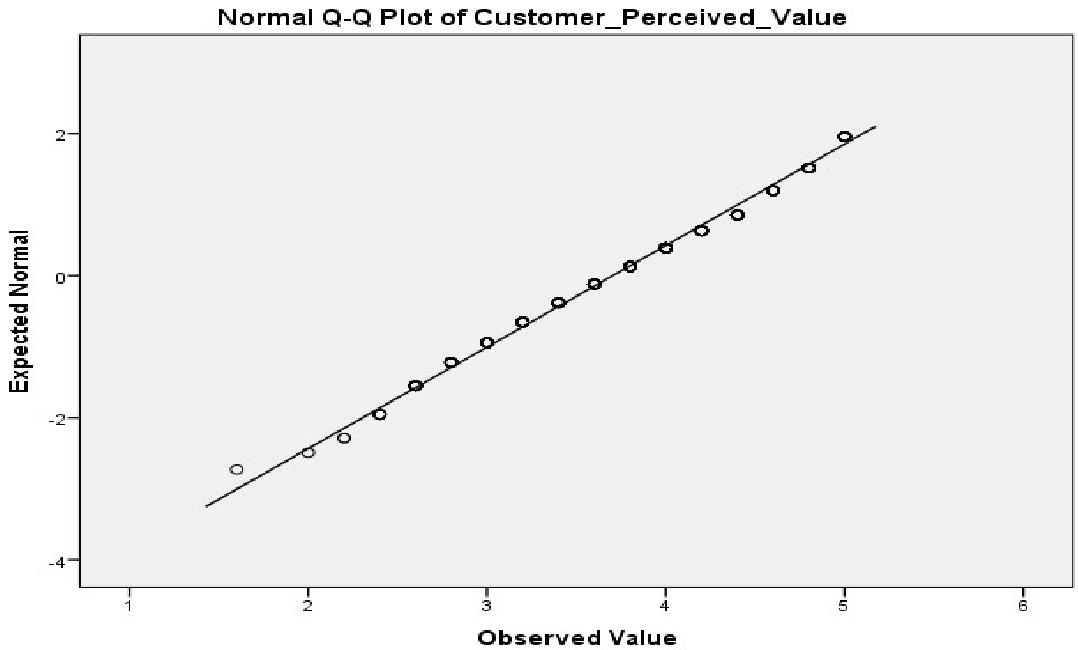

Figure 4.3: Normality Test for Customer Perceived Value

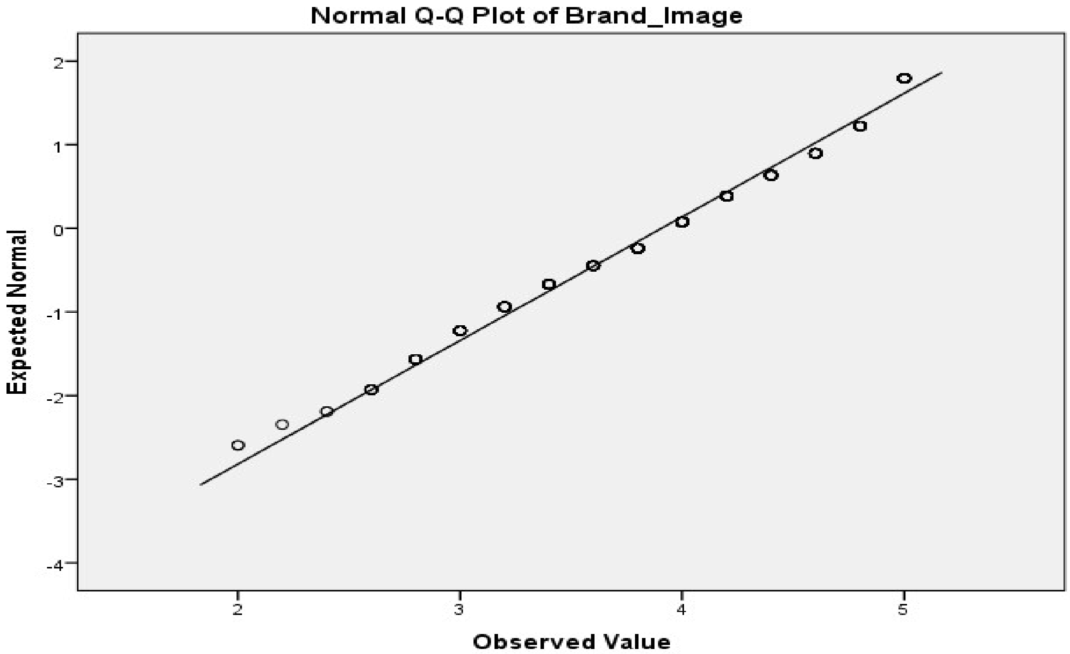

Figure 4.4: Normality Test for Brand Image

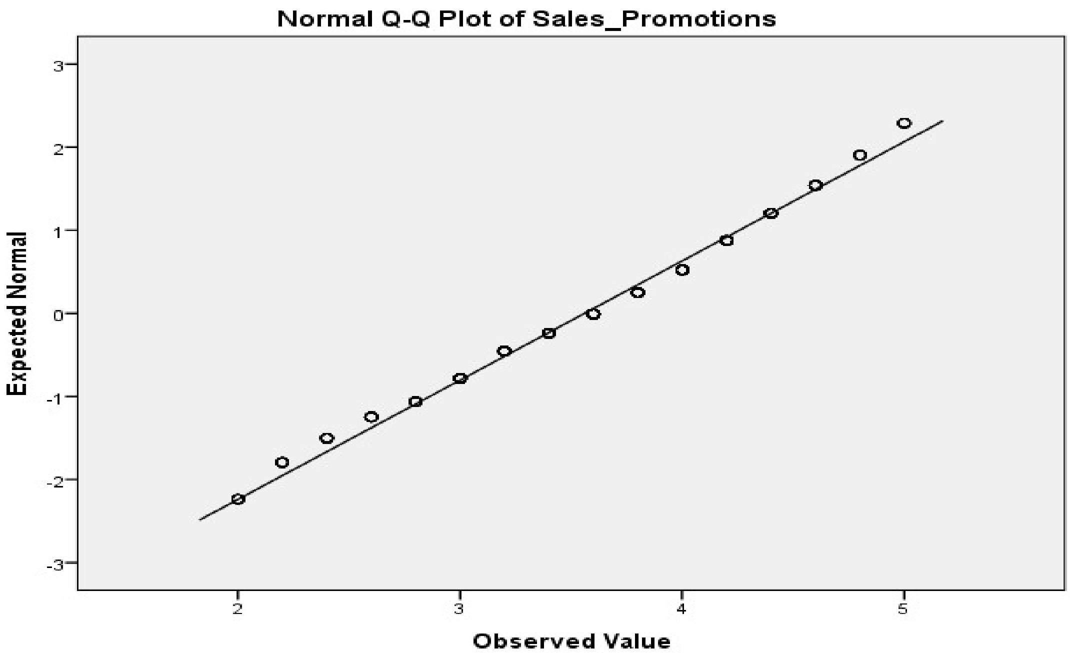

Figure 4.5: Normality Test for Sales Promotions

A further inspection of the study dependent variables histograms in Appendix 7 shows largely symmetrical bell shapes confirming normal distribution. Given these arguments and based on the results of the Normal Q-Q plots and the histograms, it was assumed that the sample data came from a population with normal distribution, thus assumption of normality was met.

According to Field (2013) the assumption of normality of errors is important in research using regression (or general linear models). General linear models, assume that errors in the model are normally distributed. To test the normality of residuals, the histogram of the standardized residuals should be checked (Field, 2013; Stevens, 2015). The results of the normality test are shown in Appendix 9. The histogram has a bell shape, and is symmetric with most of the frequency counts clustered in the middle and with the counts deceasing in the tails. This shape confirms that the data is normally distributed. Because the test did not reject normality, the study proceeded to assume normality of residuals.

4.7.5 Autocorrelation

Autocorrelation is prevalent in times series data such that over time successive observations are likely to exhibit intercorrelations, especially if the time interval between successive observations is short (Gujarati, Porter, & Gunasekar, 2013). Autocorrelation is a lag correlation of a given series with itself, lagged by a number of time units. In statistics, the Durbin–Watson statistic is a test statistic used to detect the presence of autocorrelation (a relationship between values separated from each other by a given time lag) in the residuals (prediction errors) from a regression analysis (Hateka, 2011).

The study used cross sectional data where the information about different individuals was collected at the same time period. The data collected was on the basis of a random sample of cross-sectional units, and thus there is no prior reason to believe that the error term pertaining to one respondent is correlated with the error term of another respondent. Without a time, component the residuals cannot be serially correlated. So, a test for serial correlation in this case is not valid. The most common concerns in cross-section data are heteroskedasticity and not autocorrelation. Thus, the study concluded that there was no autocorrelation in the sample.

4.8 Hypothesis Testing

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 customer perceived value (CPV)

β_3 was the beta value associated with sales promotions (SP)

β_4 was the beta value associated with brand image (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:

H_{01} There is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya.

H_{02} There is no significant effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya.

H_{03} There is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya.

H_{04} There is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya.

Using ordinary least squares (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 in Table 4.34, shows that R Square value was 0.433. This meant that 43.3 % variations in brand loyalty were explained by Service quality, customer perceived value, Sales Promotions and Brand Image. The result leaves 56.7 % of the variations unexplained and was interpreted to mean that the model provided a moderate fit.

Table 4.34: Model Summary for the predictor variables on Brand Loyalty

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.658[a]	.433	.425	.52804	.433	59.117	4	310	.000

a. Predictors: (Constant), Sales Promotions, Service Quality, Brand Image, Customer Perceived Value

b. Dependent Variable: Brand Loyalty

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2013). The resulting ANOVA Table 4.35, for service quality, customer perceived value, sales promotions, brand image with brand loyalty 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, sales promotions, brand image with brand Loyalty.

Table 4.35: ANOVA for the predictor variables on brand loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.933	4	16.483	59.117	.000[b]
	Residual	86.435	310	.279		
	Total	152.367	314			

a. Dependent Variable: Brand Loyalty

b. Predictors: (Constant), Sales Promotions, Service Quality, Brand Image, Customer Perceived Value

After establishing that the model was significant in explaining the relationship between the predictor variables and brand loyalty, the study examined the coefficients of predictor variables and brand loyalty as presented in Table 4.36. The beta coefficients values were highest with brand image followed by customer perceived value, service quality and sales promotions respectively. This meant that brand image had the highest impact on brand loyalty. The Coefficients value for effect of brand Image on brand loyalty was 0.462 and the p value of 0.000 which was significant at $\alpha = 0.05$ level. This implied that brand image significantly affects brand loyalty. The study thus rejected the null hypothesis H_{04} 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 H_{02} 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 implied that service quality significantly affects brand loyalty hence the study rejected the null hypothesis H_{01} that there is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya.

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 H_{03} that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. The result implied that sales promotion does not significantly affect brand loyalty.

Table 4.36: Coefficients of the predictor variables and brand loyalty

Model		Un standardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	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

4.8.1 Effects of Service Quality on Brand Loyalty

The first research objective was to assess the relationship between service quality on brand loyalty in leading supermarket chains in Kenya. The null hypothesis was stated as:

H_{01} There is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya.

The study used multiple linear regression analysis, leading to the outputs in Tables 4.34 to Table 4.36, which established that service quality significantly affects brand loyalty. The results of these findings led to the rejection of the null hypothesis H_{01} that there is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya. Table 4.27 identified the variables that define service quality to a great extent as including: Supermarket provides superior service, sufficient parking facility, clean, attractive and convenient washrooms, error free transactions, well stocked merchandise, employees have knowledge to answer customer questions, employee's gives customers' individual attention and employees are consistently courteous. This result supports Tu, Li, and Chih (2011) who reported in their study that service quality is closely linked to customers' satisfaction, and thus, influences loyalty. The findings also agree with Su (2004) who 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.

Similarly, the results agree with Clottey and Collier (2008) who in their study of 972 retail customers of United States retail industry, found strong statistical evidence that service quality has a great influence where it positively and significantly correlated with brand loyalty. Clottey and Collier (2008) have posited that "perception of service quality had a direct relationship with customer retention leading to brand loyalty. Zetu and Miller (2016) further argue that service quality perception is a key driver of customer repurchases and a crucial driver of brand loyalty. Retail service quality is also highly associated with future buying decisions behaviour in terms of the customers' intention to visit, purchase and recommend the store to family and friends (Nadiri & Tumer, 2009). According to Nadiri and Tumer (2009) it is apparent that retail stores need to gain and maintain a competitive advantage if they are to survive in this highly competitive sector. To do so, management must recognise that retail service quality is a crucial marketing tool. Retailers should frequently assess their customers' perceptions of service quality and develop appropriate policies to meet their customers' expectations. Customers are unlikely to return or recommend a service firm that falls short of their expectations of service quality.

4.8.2 Effects of Customer Perceived Value on Brand Loyalty

The second research objective was to assess the relationship between customers' value perception on brand loyalty in leading supermarket chains in Kenya. The null hypothesis was stated as:

H_{02} There is no significant effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya.

The study used multiple linear regression analysis, leading to the outputs in Tables 4.34 to Table 4.36, which established that customers' value perception significantly affects brand loyalty. The findings led to the rejection of the null hypothesis H_{02} that there is no significant effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya. Table 4.27 identified the variables that define customers' value perception to a great extent as including: comparatively I am charged fairly, comparatively I get more free services, comparatively I get good value for what I pay and comparatively I am charged low prices. This result supports previous research by Chen and Hu (2010) who posit that perceived customer value influences revisit intention and thereby leads to brand loyalty.

Wang, Lo, Chi and Yang (2004) argues that providing customers with value is a strategic tool to attracting and retaining customers, building customer loyalty, thereby contributing significantly to the success of the service providers. Hence, it is expected that by offering greater customer value, service providers can promote trust and commitment that eventually develops more loyal customers (Wang et al., 2004). Moreover, research shows that customer value is an important antecedent to outcome variables such as word-of-mouth and repeated behaviour, all that lead to brand loyalty (Leroi-Werelds, Streukens, Brady, & Swinnen, 2014).

4.8.3 Effects of Sales Promotions on Brand Loyalty

The third research objective was to assess the relationship between sales promotions on brand loyalty in leading supermarket chains in Kenya. The null hypothesis was stated as:

H_{03} There is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya.

The study used multiple linear regression analysis, leading to the outputs in Tables 4.34 to Table 4.36, which established that sales promotions do not significantly affect brand loyalty. Thus, the study failed to reject the null hypothesis H_{03} that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. Table 4.27 identified the variables that define sales promotions to a great extent as including: free gifts/samples, good loyalty programs, promotions make me feel, I am a smart shopper and overall, I like the advertising and the promotions.

The findings agree with Bridges, Briesch and Yin (2006) who 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. This result disagrees with Sirohi, McLaughlin and Wittink (2008) who posits that perceptions of a store's promotions correlate positively with customer perceived value and store brand loyalty.

According to Banerjee (2009), sales promotion is used as a short-term strategy to drive demand and influence sales. It is important for supermarkets to organize attractive sales promotion to help build patronage and store traffic (Ibrahim et al., 2013). A sales promotion consists of techniques that are aimed at increasing sales in the short run, meaning that they are mostly used for a short period of time. The findings disagree with Zubairu, Idaomi, & Azubuike (2014) who posits that the activities involved in sales promotions are controlled and integrated to influence consumers to patronize and become loyal to an organization's offering and specifically designed to boost quick sales and ultimately create loyalty (Banabo & Koroy, 2011). Whereas the intention is to ultimately build brand loyalty the finding shows that sales promotions do not significantly affect brand loyalty.

4.8.4 Effects of Brand Image on Brand Loyalty

The fourth research objective was to assess the relationship between brand image on brand loyalty in leading supermarket chains in Kenya. The null hypothesis was stated as:

H_{04} There is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya.

The study used multiple linear regression analysis, leading to the outputs in Tables 4.34 to Table 4.36, which established that brand image significantly, affects brand loyalty. Thus, the study rejected the null hypothesis H_{04} that there is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya. Table 4.27 identified the variables that define brand image to a great extent as including: the supermarket brand has unique characteristics, brand has good corporate reputation, brand personality distinguishes it from competitors, brand doesn't disappoint, best brand in the sector, brand is very consistent in the market and brand has visually appealing physical facilities. The findings support the assertion that brand image plays a critical role in helping customers to decide whether or not to buy the brand and thereby influencing their repurchase behaviour (Bian & Moutinho, 2011). The findings further support Sweeney and Swait (2008) who posits that 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.

Similarly, the findings agree with Kuusik (2007) who concludes that brand image is the most significant variable that increases the brand loyalty of the product or service. Lazarevic (2011) states that brand image is an impressive measure in enhancing the goal of brand loyalty. Therefore, a positive brand image leads firms to deliver brand value to their customers hence reinforcing brand loyalty. Hyun & Kim (2011) stated that a favourable brand image would have a positive influence on consumer behavior towards the brand in terms of increasing loyalty, commanding a price premium and generating positive word-of-mouth. Acquiring a similar position, Beristain and Zorilla (2011) posits that the elements of store image include the quality of products and services, the product assortment and portfolio, the product pricing, the facilities of the store and the customers' service offered by the store's clerk. In the marketing and retailing field of research, the term image is of paramount importance (Burt, Johansson & Thelander, 2010; Kapferer, 2012) and global retail companies usually adopts a standard way of presenting their brand and retail image to consumers (Burt et al., 2010). Many firms acknowledge their brand image as their main competitive advantage (Burt & Mavrommatis, 2006).

4.9 Mediating Effect of Customer Satisfaction

The study sought to determine the mediation effect of customer satisfaction. The study Hypothesis tested was;

H_{05} There is no significant mediation effect of customer satisfaction on the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

A composite index for service quality, customer perceived value and Brand image was computed. These three predictors were those found to significantly influence brand loyalty. The procedure proposed by Baron and Kenny (1986) to test for mediation was used. The mediating role was examined using a four-step process. The first test was to determine if composite predictor index has a relationship with brand loyalty by use of regression. The second step examined the existence of a significant relationship between the composite predictor variable and the mediating variable (Customer satisfaction). The third step examined the existence of a significant relationship between the mediating variable (Customer satisfaction) and the dependent variable (Brand loyalty). If it does, the last step would be to examine the relationship between the composite predictor variable and brand loyalty and determine whether the relationship still exist even after introduction of customer satisfaction in the regression model.

4.9.1 Relationship between Predictor Variables on Brand Loyalty

The first test was to determine if composite predictor index has a relationship with brand loyalty by use of regression. The composite construct of the independent variables (made up of Service Quality, Customer perceived value and brand image) was regressed against customer satisfaction. The R Squared value was 0.403 implying that 40.3 % of the variations in brand loyalty are explained by the composite index of service quality, customer perceived value and brand image. The result leaves 59.7 % of the variations unexplained and was interpreted to mean that the model provided a moderate good fit. This result is displayed in Table 4.37.

Table 4.37: Model Summary for composite predictor variable on brand loyalty

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.635[a]	.403	.401	.53926	.403	210.954	1	313	.000

a. Predictors: (Constant), Composite SQCPVBI

b. Dependent Variable: Brand Loyalty

The resulting ANOVA for the composite index of (service quality, customer perceived value and brand image) presented in Table 4.38, had an F statistic value (1, 313) of 210.954 and had p value of 0.000. The model was therefore significant at α = 0.05 level in explaining the linear relationship between composite index (service quality, customer perceived value, brand image) with brand Loyalty.

Table 4.38: ANOVA for composite predictor variable and brand loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.346	1	61.346	210.954	.000[b]
	Residual	91.021	313	.291		
	Total	152.367	314			

a. Dependent Variable: Brand Loyalty
b. Predictors: (Constant), Composite SQCPVBI

After establishing that the model was significant in explaining the relationship between the composite predictor variable (service quality, customer perceived value, brand image) in the relationship with brand loyalty, the coefficient of the model was examined in Table 4.39. The p-value = 0.000 which meant that service quality, customer perceived value and brand image was significant in predicting changes in brand loyalty. This meant that at α = 0.05 level, there is a significant relationship between service quality, customer perceived value and brand image with brand loyalty and the test for the mediated relationship could be done.

Table 4.39: Coefficients for composite predictor variable and brand loyalty

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.794	.225		3.520	.000	.350	1.237
	Composite SQCPVBI	.844	.058	.635	14.524	.000	.730	.958

a. Dependent Variable: Brand Loyalty

4.9.2 Relationship between Predictor Variables on Customer Satisfaction

The second step in the test of mediation was to examine the existence of a significant relationship between the composite predictor variable and the mediating variable (Customer satisfaction) by use of regression. The model summary relating the composite predictor variable and the mediating variable (Customer satisfaction) was presented in Table 4.40 and it shows the model had R Squared of 0.489. This meant 48.9 % of the variations in customer satisfaction were explained by composite predictor variable. The result leaves 51.17 % of the variations unexplained and was interpreted to mean that the model provided a moderate good fit.

Table 4.40: Model Summary for predictor variable on Customer Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.699[a]	.489	.487	.42135	.489	299.423	1	313	.000

a. Predictors: (Constant), Composite SQCPVBI

The results for ANOVA for composite index of (service quality, customer perceived value, brand image) and customer satisfaction had an F statistic value (1, 313) of 299.423 and had p value of 0.000. The model was therefore significant at $\alpha = 0.05$ level of significance in explaining the linear relationship between composite index (service quality, customer perceived value, brand image) with customer satisfaction. Table 4.41 summarizes this finding.

Table 4.41: ANOVA for predictor variable and Customer Satisfaction

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	53.157	1	53.157	299.423	.000[b]
	Residual	55.567	313	.178		
	Total	108.725	314			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Composite SQCPVBI

The coefficients of the composite variable (service quality, customer perceived value, brand image) in the relationship with customer satisfaction were presented in Table 4.42. The p-value = 0.000 which meant that service quality, customer perceived value and brand image was significant in predicting changes in customer satisfaction. This meant that at $\alpha = 0.05$ level there is a significant relationship between service quality, customer perceived value and brand image with customer satisfaction and the test for the mediated relationship could proceed to the next step.

Table 4.42: Coefficients of predictor variable and Customer Satisfaction

Model		Un standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.086	.176		6.166	.000	.740	1.433
	Composite SQCPVBI	.786	.045	.699	17.304	.000	.696	.875

a. Dependent Variable: Customer Satisfaction

4.9.3 Relationship between Customer Satisfaction and Brand Loyalty

The third test was to determine if the mediator customer satisfaction has a relationship with brand loyalty by use of regression. Customer satisfaction was regressed against brand loyalty. The R Squared value was 0.487 implying that 48.7 % of the variations in brand loyalty are explained by customer satisfaction. The result leaves 51.3 % of the variations unexplained and was interpreted to mean that the model provided a moderate good fit. This result is displayed in Table 4.43.

Table 4.43: Model Summary of customer satisfaction and brand loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.698[a]	.487	.485	.49997	.487	296.550	1	313	.000

a. Predictors: (Constant), Customer Satisfaction

The resulting ANOVA as presented in Table 4.44, had an F statistic value (1, 313) of 296.550 and had p value of 0.000. The model was therefore significant at $\alpha = 0.05$ level in explaining the linear relationship between customer satisfaction and brand Loyalty.

Table 4.44: ANOVA for customer satisfaction and brand loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74.128	1	74.128	296.550	.000[b]
	Residual	78.240	313	.250		
	Total	152.367	314			

a. Dependent Variable: Brand Loyalty

b. Predictors: (Constant), Customer Satisfaction

After establishing that the model was significant in explaining the relationship between the customer satisfaction in the relationship with brand loyalty, the coefficient of the model was examined in Table 4.45. The p-value = 0.000 which meant that customer satisfaction was significant in predicting changes in brand loyalty. Therefore, the null hypothesis H_{05} was rejected at $\alpha = 0.05$ meaning that there was a significant relationship between customer satisfaction with brand loyalty.

Table 4.45: Coefficients for Customer Satisfaction 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)	.648	.199		3.255	.001	.256	1.039
	Customer Satisfaction	.826	.048	.698	17.221	.000	.731	.920

a. Dependent Variable: Brand Loyalty

4.9.4 Relationship between Predictor Variables and Customer Satisfaction on Brand Loyalty

The last step in the mediation test examined if the relationship between the composite predictor variable and brand loyalty would still exist even after introduction of customer satisfaction in the regression model. The model summary relating the composite predictor variable, the mediating variable (Customer satisfaction) and brand loyalty was presented in Table 4.46 and it shows the model had R Squared of 0.529. This meant 52.9 % of the variations in brand loyalty were explained by composite predictor variable and customer satisfaction. The result leaves 47.1 % of the variations unexplained and was interpreted to mean that the model provided a moderate good fit.

Table 4.46: Model Summary for predictor variable, Customer Satisfaction and Brand Loyalty

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.727[a]	.529	.526	.47976	.529	174.985	2	312	.000

a. Predictors: (Constant), Customer Satisfaction, Composite SQCPVBI

The results for ANOVA for composite index of (service quality, customer perceived value, brand image), customer satisfaction and brand loyalty had an F statistic value (2, 312) of 174.985 and had p value of 0.000. The model was therefore significant at $\alpha = 0.05$ level in explaining the linear relationship between composite index (service quality, customer perceived value, brand image), customer satisfaction and brand loyalty. Table 4.47 summarizes this finding.

Table 4.47: ANOVA for predictor variable, Customer Satisfaction and Brand Loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.554	2	40.277	174.985	.000[b]
	Residual	71.814	312	.230		
	Total	152.367	314			

a. Dependent Variable: Brand Loyalty

b. Predictors: (Constant), Customer Satisfaction, Composite SQCPVBI

The coefficients of the composite variable (service quality, customer perceived value, brand image) and customer satisfaction in the relationship with brand loyalty were presented in Table 4.48. The p-value = 0.000 which meant that service quality, customer perceived value and brand image and customer satisfaction was significant in predicting changes in brand loyalty. Therefore, at $\alpha = 0.05$ there was a significant relationship between service quality, customer perceived value, brand image and customer satisfaction with brand loyalty. A significant result supports partial mediation while a non-significant result supports full mediation (Baron & Kenny, 1986).

Mediation is said to be present when the direct path coefficient between the independent variable (composite Predictor Variable) and the dependent variable (Brand Loyalty) declines when the indirect path through the mediator (Customer Satisfaction) is introduced in the model. The direct path un-standardized beta coefficient was 0.844 as shown on table 4.39 and reduced to 0.588 as shown on table 4.48 after the introduction of customer satisfaction as a mediator. This confirmed the presence of mediating effect of customer satisfaction in the relationship of service quality, customer perceived value, brand image with brand loyalty. Maximum evidence for mediation, also called full mediation, would occur if inclusion of the mediation variable drops the relationship between the independent variable and dependent variable to zero. This rarely, if ever, occurs. Partial mediation maintains that the mediating variable accounts for some, but not all, of the relationship between the independent variable and dependent variable (Hayes, 2009). Thus, the study significant result meant that customer satisfaction has a partial mediation effect on the relationship between service quality, customer perceived value, brand image with brand loyalty.

Table 4.48: Coefficients for predictor variable, Customer Satisfaction and Brand Loyalty

		Un standardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
Model		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.155	.212		.730	.466	-.263	.573
	Composite SQCPVBI	.382	.072	.287	5.284	.000	.240	.524
	Customer Satisfaction	.588	.064	.497	9.135	.000	.461	.715

a. Dependent Variable: Brand Loyalty

4.9.5 Sobel test for mediation

In order for mediation to be established, the reduction in variance explained by the independent variable must be significant as determined by one of several tests, such as the Sobel test. The Sobel test is performed to establish if the relationship between the independent variable and dependent variable has been significantly reduced after inclusion of the mediator variable (Sobel, 1982). According to Hayes (2009), the effect of an independent variable on the dependent variable can become non-significant when the mediator is introduced simply because a trivial amount of variance is explained (That is, not true mediation). Thus, it is imperative to show a significant reduction in variance explained by the independent variable before asserting either full or partial mediation. The test for mediation proposed by Sobel

(1982 and Greene (2012) further supports the stepwise mediation tests proposed by Baron and Kenny (1986). The result is shown on Table 4.49.

Table 4.49: Sobel test for mediation of customer satisfaction

	Coefficient	Standard error	Sobel test	Standard error	p-value
A	0.786	0.045	8.1312	0.05683	0.000
B	0.588	0.064			
C	0.844	.058			

Where

A `is the coefficients and standard errors for Baron and Kenny step two of examining the existence of a significant relationship between the composite predictor variable and the mediating variable (Customer satisfaction).

B is the coefficients and standard errors for Baron and Kenny step three of examining if the relationship between the composite predictor variable and brand loyalty and determine whether the relationship still exist even after introduction of customer satisfaction in the regression model.

C is the coefficients and standard errors for Baron and Kenny step one of determining if composite predictor index has a relationship with brand loyalty by use of regression.

These values are input into a Sobel test calculator to compute the Sobel test statistics. The value of Sobel test for mediation of customer satisfaction on the effect of service quality on brand loyalty was 8.1312 and the p value was significant at 0.000. This finding confirms that customer satisfaction partially mediates on the combined effect of service quality, customer perceived value and brand image on brand loyalty. Partial mediation implies that there is not only a significant relationship between the mediator and the dependent variable, but also some direct relationship between the independent and dependent variable. The study therefore rejected the null hypothesis H_{05} that there is no significant mediation effect of customer satisfaction on the relationship between the independent variables with brand loyalty in leading supermarket chains in Kenya.

4.9.6 Mediating role of Customer Satisfaction

The fifth research objective was to assess the mediation effect of customer satisfaction on the relationship between the predictor variables and brand loyalty in leading supermarket chains in Kenya. The null hypothesis was stated as:

H_{05} There is no significant mediation effect of customer satisfaction on the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

The study used multiple linear regression analysis in a four-step process proposed by Baron and Kenny (1986) and Sobel (1982), leading to the outputs in Tables 4.37 to Table 4.49, which established that customer satisfaction significantly affects brand loyalty. The findings led to the rejection of the null hypothesis H_{05} that there is no significant mediation effect of customer satisfaction on the relationship between the predictor variables and brand loyalty in leading supermarket chains in Kenya. Table 4.27 identified the variables that define customer satisfaction to a great extent as including: positive experience with the supermarket, supermarket does a good job in satisfying my needs, my past experience is excellent, I made the right decision in buying from this supermarket and overall, I am satisfied shopping with the supermarket. The study results confirmed customer satisfaction partially mediates the relationship between the predictor variables and brand loyalty in leading supermarket chains in Kenya. This meant that improving customer satisfaction can result in enhanced brand loyalty. These findings support a number of researchers who posits that customer satisfaction has a mediating influence on the relationship between service quality and store brand loyalty (Bedi, 2010; Kumar, Kee, & Charles, 2010). Customer satisfaction is an important precursor to loyalty in the context of supermarkets. Brand loyalty can be reasonably enhanced through the development of customer satisfaction. The result of the study further agrees with Abdullah, Ismail, Rahman, Suhaimin, and Safie (2012) who indicated that customer satisfaction plays a mediation role with strong relationship with loyalty.

Looking at individual variables, these findings support Hu, Kandampully and Juwaheet (2009) who indicated that customer perceived value significantly affects customer satisfaction and the higher the perceived value the higher the client overall satisfaction with the service provider. This result further supports Tams (2010) who indicated that service quality and perceived value are antecedents of customer satisfaction and brand loyalty is a consequence of customer satisfaction. Lai et al. 2009 posits that customer satisfaction has the greatest influence on loyalty when considered along with customer value and brand image. The loyalty to the brand and positive attitude is determined by the satisfied customers who repeatedly repurchase of the brand or product (Youl & John, 2010). Further empirical studies on products showed that satisfaction leads towards positive loyalty. Satisfaction is the determining factor for brand loyalty, but in some condition, a satisfied customer might turn towards other similar products (Youl & John, 2010). To ensure repurchasing behaviour, a satisfied customer should also possess a positive attitude towards the brand.

4.10 Summary of Hypothesis Testing

The summary of the hypothesis testing is given in Table 4:50. The summary of the results of the hypotheses tested, presents the coefficient of determination associated with each analytical model the p-values and the decision made. The results show that four research hypotheses were rejected and hence there was a significant relationship between the study variables. The study failed to reject one hypothesis; H_{04} There is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. The result also shows that customer satisfaction had a partial mediating influence between the predictor variables and brand loyalty.

Table 4.50: Summary of Results of Hypotheses Testing

	Hypothesis	R-Square Value	ANOVA (p –value)	β value	Coefficient (p –value)	Decision
H_{01}:	There is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya	0.170	.000	0. 133	. 023	Reject H_{01}
H_{02}:	There is no significant effect of customers' value perception and brand loyalty in leading supermarket chains in Kenya	0.229	.000	0.194	.000	Reject H_{02}
H_{03}:	There is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya	0.171	.000	0. 041	. 454	Fail to reject H_{03}
H_{04}:	There is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya	0.377	.000	0.462	.000	Reject H_{04}
H_{05}:	There is no significant mediation effect of customer satisfaction on the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.	0.487	.000	0.588	.000	Reject H_{05}

4.10.1 The Overall Model

The study analyzed the relationship between service quality, customer perceived value, sales promotions, brand image and brand loyalty using multiple linear regression. After dropping sales promotion which was found to not significantly affect brand loyalty, the final model was presented in equation 4.1 as:

$$BL = \beta_0 + \beta_1 SQ + \beta_2 CPV + \beta_3 BI + \varepsilon_0 \quad \text{...... ... ... 4.1}$$

The final model relating the variables beta coefficients was expressed in equation 4.2 as:

$$BL = 0.848 + 0.133 SQ + 0.194 CPV + 0.462 BI \quad \text{... ... ... 4.2}$$

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 customer perceived value (CPV)

β_3 was the beta value associated with Brand Image (BI)

ε_0 was the associated regression error term.

BL stood for brand loyalty.

The revised conceptual framework presented in Figure 4.6 was arrived at by dropping irrelevant indicators and retaining those which were significant. The independent variables were rearranged depending on their influence on the dependent variable. The model drops sales promotion as the study failed to reject the null hypothesis that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. Brand image had the largest effect on brand loyalty with the largest beta coefficient followed by customer perceived value and lastly service quality. Customer satisfaction had a significant partial mediating role on the relationship between brand image, customer perceived value, service quality with brand loyalty

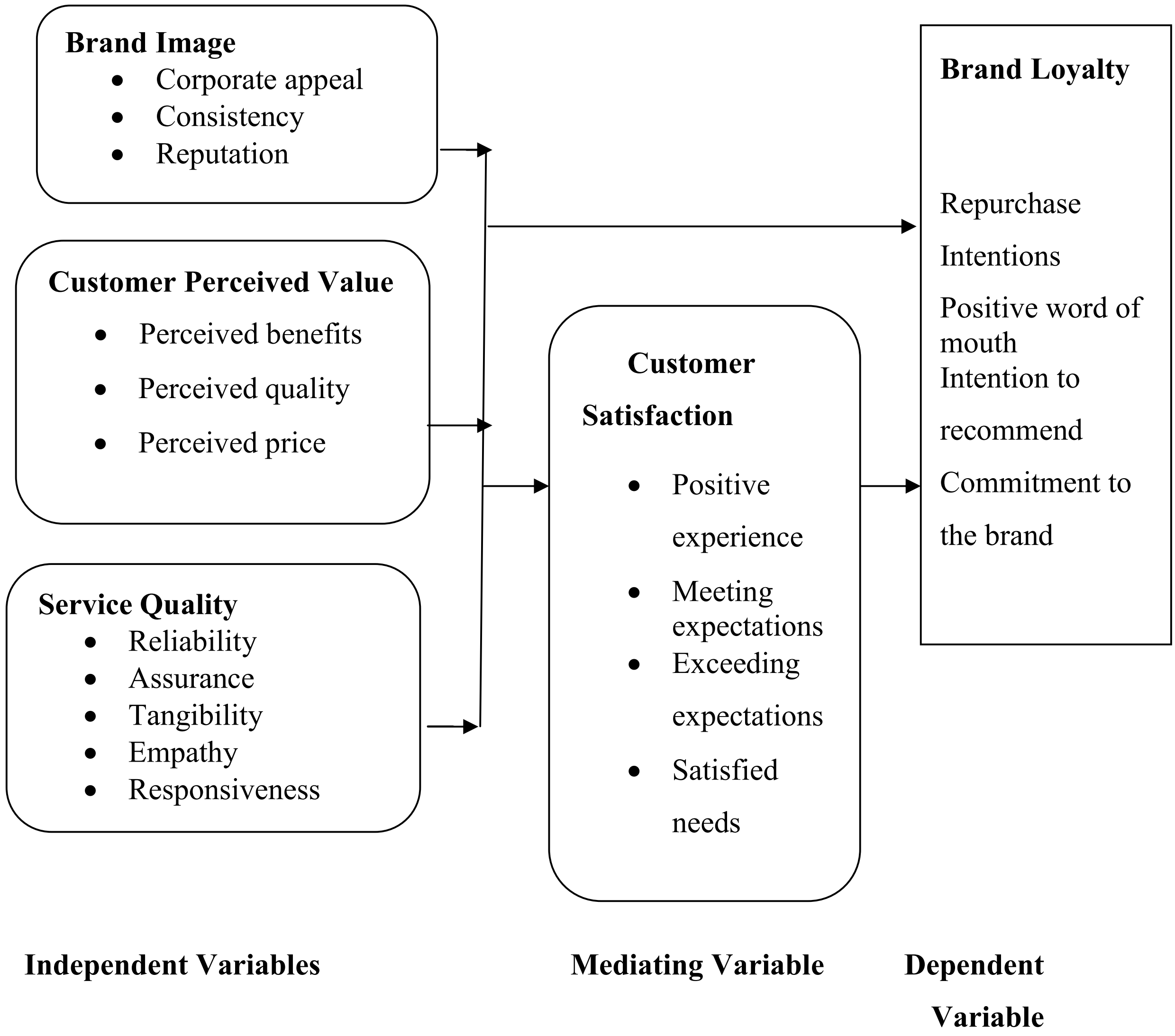

Figure 4.6: Revised Conceptual Framework

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents a summary of findings, conclusions, recommendations and areas of further research. For each of the research hypothesis a summary of the key findings of the study are presented. The conclusions were guided by the research objectives and informed by the analysis of findings, and discussions in the study. Based on the conclusions made, the contribution of the study to knowledge was examined. The recommendations are based on the conclusions and draw managerial implications and identify policy recommendations based on the study findings. Areas of further studies were identified.

5.2 Summary of Major Findings

The general objective of this study was to establish the determinants of brand loyalty in leading supermarket chains in Kenya. The objectives were; to determine the influence of service quality on brand loyalty in leading supermarket chains in Kenya, to establish the effect of customer value perception on brand loyalty in leading supermarket chains in Kenya, to evaluate the effect of sales promotions on brand loyalty in leading supermarket chains in Kenya, to determine the effect of brand image on brand loyalty in leading supermarket chains in Kenya and to assess the extent to which customer satisfaction mediates the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

From the demographic results presented in chapter four, it should be noted that Tuskys supermarket was the most preferred supermarket with a preference of 34.9% followed by Naivas with 31.7%. Nakumatt had 17.5% while Uchumi supermarket had the least with a preference of 1.6%. Whereas one would have expected Nakumatt to have the highest preference, the results are indicative of the stocking difficulties that Nakumatt was experiencing at the time of this study. Naivas supermarket had the highest percentage 29.8% of respondents who expressed loyalty. Tuskys followed with 28.9%, Nakumatt had 17.8%. This meant that Tuskys was the market leader followed closely by Naivas and both had the largest number of loyal customers. The chi square test of association results showed that customers often shopped from supermarkets where they have loyalty cards. It was however noted that 90.2% of customers also occasionally shopped from other supermarkets apart from their regular supermarket brand. This meant that having a supermarket loyalty card did not necessarily make a customer loyal to that particular supermarket. Descriptive statistics showed that the aspects of price, quality of service, store image, product availability, store layout and corporate reputation were most important in determining where the customer would shop. The MANOVA results showed that Nakumatt had the highest mean on service quality which was in line with their leadership in serving customers; whereas Naivas had the highest mean on customer perceived value which was in line with customer belief in the Naivas tagline that 'Naivas saves you money'; Uchumi had the highest mean on brand loyalty and customer satisfaction possibly because the few customers who often shop from Uchumi are strongly loyal. This section contains the summary of the findings which was done per objective.

5.2.1 Service quality and brand loyalty

The first objective of the study was to determine the influence of service quality on brand loyalty in leading supermarket chains in Kenya. The study hypothesised that there is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya. The study used multiple linear regression analysis, which established that service quality significantly affects brand loyalty. The results of this findings led to the rejecting the null hypothesis H_{01} that there is no significant effect of service quality on brand loyalty in leading supermarket chains in Kenya. Service quality had the third highest effect on brand loyalty with a beta coefficient of 0.133.

5.2.2 Customers' value perception and brand loyalty

The second objective of the study was to establish the effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya. The study hypothesized that there is no significant effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya. The study used multiple linear regression analysis, which established that customers' value perception significantly affects brand loyalty. The findings led to the rejection of the null hypothesis H_{02} that there is no significant effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya. Customer value perception had the second highest effect on brand loyalty with a beta coefficient of 0.194.

5.2.3 Sales promotions and brand loyalty

The third objective of the study was to evaluate the effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. The study hypothesised that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya. The study used multiple linear regression analysis, which established that sales promotions do not significantly affect brand loyalty. Thus, the study failed to reject the null hypothesis H_{03} that there is no significant effect of sales promotions on brand loyalty in leading supermarket chains in Kenya.

5.2.4 Brand image and brand loyalty

The fourth objective of the study was to determine the effect of brand image on brand loyalty in leading supermarket chains in Kenya. The study hypothesised that there is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya. The study used multiple linear regression analysis, which established that brand image significantly, affects brand loyalty. Thus, the study rejected the null hypothesis H_{04} that there is no significant effect of brand image on brand loyalty in leading supermarket chains in Kenya. Brand image had the greatest effect on brand loyalty with a beta coefficient of 0.462.

5.2.5 Mediation of customer satisfaction

The fifth objective of the study was to assess the extent to which customer satisfaction mediates the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya. The study hypothesised that there is no significant mediation effect of customer satisfaction on the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

The study used multiple linear regression analysis in a four-step process proposed by Baron and Kenny (1986), which established that customer satisfaction significantly affects brand loyalty. The findings thus rejected the null hypothesis H_{05} that there is no significant mediation effect of customer satisfaction on the relationship between the predictor variables and brand loyalty in leading supermarket chains in Kenya. Customer satisfaction was shown to have a partial mediation effect on the relationship between brand image, Customer perceived value, service quality with brand loyalty. Partial mediation implies that there is not only a significant relationship between the mediator and the dependent variable, but also some direct relationship between the independent and dependent variable.

5.3 Conclusion

The study concluded that service quality, customer perceived value and brand image are antecedents to brand loyalty. These three determinants were shown to have a significant influence on brand loyalty in leading supermarket chains in Kenya. The study also concluded that customer satisfaction has a significant partial mediating effect on the relationship between brand image, customer perceived value, service quality with brand loyalty.

Based on the findings, the study established that brand loyalty was influenced positively to a greater extent by brand image followed by customer perceived value and service quality. Thus, brand image had the greatest predictive power on brand loyalty. 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 aspects of price, quality of service, store image, product availability, store layout and corporate reputation were most important in determining where the customer would shop.

A large proportion of customers clearly have strong perceptions about the supermarkets they patronize. In an industry with numerous supermarkets to choose from, these perceptions can translate into shopping loyalty, higher levels of spending, and intentions to recommend the supermarket brand to others. Customer expectations can be exceeded through the enhancement of customer satisfaction leading to improved brand loyalty.

5.4 Recommendations

Based on the findings of the study and the ensuing conclusions, the recommendations are made. This study offered an insight into supermarkets brand loyalty from a Kenyan customer perspective which has previously been scarcely evaluated. This study has contributed to emerging body of research in consumer behaviour and brand management in Kenya. The study also provided empirical evidence of how retail service quality, customer perceived value, sales promotions, brand image and customer satisfaction dimensions influence the behavioural intentions of brand loyalty. Whereas sales promotions are an important tool to motivate shoppers to patronise the stores, supermarket managers should focus more on brand image, service quality and customer perceived value to increase brand loyalty with a view to retain customers and gain a competitive edge. Therefore, the study seeks to inform managers regarding what factors to prioritize to generate higher levels of loyalty.

Secondly, on brand image, the study recommends that supermarkets that seek to retain loyal customers must invest heavily on brand image building. Brand image distinguishes the supermarket from its competitors. Managers should cultivate a good corporate reputation by carefully considering the supermarket marketing communications. Supermarkets should also ensure they have visually appealing physical facilities.

Thirdly, on customer perceived value, the study recommends that management of supermarkets should create a perception that they offer comparatively higher value to customers. Customers compare products and services and gravitate where they feel they are getting good value. This can be achieved through competitive pricing, strong positioning statements, value added services and well targeted promotion effects.

Fourthly, on service quality, the study recommends that supermarket management should pay attention to the quality of service given to customers as this leads to loyalty. The management of supermarkets must invest in training and motivating their front office staff on effective customer service to win and retain more customers. The supermarket employees should be consistently courteous and helpful to customers. The supermarkets should ensure product availability and also consider store layouts that make it easy for customers to find what they need.

Fifthly, on customer satisfaction, the study recommends that managers of supermarkets should go out of their way to get customers from the level of just satisfied to being highly satisfied. Managers should exceed customer expectations to achieve highly satisfied customers who are also delighted customers. To aid this quest for highly satisfied customers, the managers should constantly use customer satisfaction and loyalty surveys as tools to measure customer perceptions. These surveys should be used to improve on areas that affect brand loyalty. The feedback from these surveys are a significant marketing tool for retail stores that wish to develop a competitive advantage and enhance the customers repurchase intention and intention to recommend. In today's highly competitive markets, businesses are more challenged to defend and increase their market share. The competitiveness of the retail sector in Kenya calls for customer retention and market share defence strategies. With globalization, continual technology innovations and entrants of new retailers, consumers have greater access to more purchase alternatives, and have opportunities to be less store and brand loyal. As a result, finding out the satisfaction and loyalty levels of customers will assist managers in continually improving their stores, being competitive in the marketplace, retaining their customers, exceeding customer expectations and enhancing brand loyalty.

Lastly, on government policy, the study recommends that government should also look into issues that affect product availability in supermarkets. It has been noted that these issues revolve around how supermarkets treat their suppliers especially on credit matters.

5.5 Areas for Further Research

The study concentrated on four variables namely service quality, customer perceived value, sales promotions and brand image. Further research may be needed to study other variable namely brand trust and brand Commitment to get more comprehensive indicators of brand loyalty. Future studies should further discuss the interrelationships and identify more comprehensive indicators for brand loyalty. The study findings were based on evidence gathered from the main supermarket chains in the retail industry. Future research may be extended to include smaller to medium enterprise supermarkets. This study was a cross sectional survey. It is hoped that a longitudinal survey would provide a basis for more informed interpretations in future studies. A study can be carried out to establish whether these findings hold in other service organizations like hospitality.

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APPENDICES

Appendix 1: Letter of Introduction

15th February, 2017

Jomo Kenyatta University of Agriculture and Technology
Nairobi.

Dear Respondent,

RE: A STUDY ON DETERMINANTS OF BRAND LOYALTY IN LEADING SUPERMARKET CHAINS IN KENYA.

This questionnaire is designed to study the determinants of brand loyalty in the leading supermarkets in Kenya. This study has the following objectives:

1. To determine the influence of service quality on brand loyalty in leading supermarket chains in Kenya.
2. To establish the effect of customers' value perception on brand loyalty in leading supermarket chains in Kenya.
3. To evaluate the effect of sales promotions on brand loyalty in leading supermarket chains in Kenya.
4. To determine the effect of brand image on brand loyalty in leading supermarket chains in Kenya.
5. To assess the extent to which customer satisfaction mediates the relationship between the independent variables and brand loyalty in leading supermarket chains in Kenya.

It is to this end that we believe your input to this research is crucial. The study is conducted as academic research and the information you provide will be treated in the strictest confidence. Strict ethical principles will be observed to ensure confidentiality. The questionnaire has an identification number for mailing and follow-up purposes only. The study outcomes and report will not include reference to any individuals.

To facilitate the completion of the study, could you kindly please take a few minutes to complete the attached questionnaire and return it to the administrator.

In case of any questions, please do not hesitate to contact the undersigned on

Tel: 0722 527957 Email: francismungai@yahoo.com

Thank you very much for your invaluable contribution and we appreciate the time you have spared to answer the questions.

Sincerely,

Francis Mungai

Appendix 2: Letter of Authorization

NATIONAL COMMISSION FORSCIENCE, TECHNOLOGY ANDINNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/17/30637/18857**

Date: **6th September, 2017**

Francis Mungai Muturi
Jomo Kenyatta University of
Agriculture & Technology
P.O. Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Determinants of brand loyalty in leading supermarket chains in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **selected Counties** for the period ending **5th September, 2018.**

You are advised to report to **the County Commissioners and the County Directors of Education, selected Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners
Selected Counties.

The County Directors Of Education
Selected Counties.

Appendix 3: Questionnaire

This study is a requirement for the partial fulfillment of the Doctor of Philosophy in Business Administration at JKUAT. This is an academic research and all information collected from respondents will be treated with strict confidentiality.

PART A: GENERAL INFORMATION

Kindly respond to all the questions either by ticking in the boxes or writing in the spaces provided.

1. Your gender: Female ☐ Male ☐
2. Age: Below 18 years ☐ 18-27 years ☐ 28-37 years ☐
   38 -57 years ☐ over 58 years ☐
3. What is your highest level of education?
   Undergraduate ☐ Graduate ☐ Postgraduate ☐
4. Which Supermarket do you most often shop from?
   Nakumatt ☐ Uchumi ☐ Tuskys ☐ Naivas ☐ Others ☐
5. Which Supermarket are you ***loyal*** to?
   Nakumatt ☐ Uchumi ☐ Tuskys ☐ Naivas ☐ Others ☐
   None ☐
6. How long have you been shopping at the current Supermarket?
   Less than 2 years ☐ 3-5 years ☐ 6-10 years ☐ 10-15 years ☐ over 15 years ☐
7. Where is your current Supermarket located?
   Shopping mall ☐ Near the Estate ☐ Near the bus stop ☐ Others ☐
8. Do you have a supermarket loyalty card?
   Yes ☐ No ☐
9. Do you shop in another Supermarket?
   Yes ☐ No ☐
10. Which other supermarket do you frequently shop from?
   ………………………………………………………………………………………
   ……………….………………………………………………………………………

PART B: CUSTOMER EXPECTATIONS

Please tick the numeric value that most corresponds to your personal opinion towards the questions asked.

	What would you consider most important when choosing a Supermarket to shop in?	Strongly agree	Agree	Neutral	disagree	Strongly Disagree
11	Reasonability of price	5	4	3	2	1
12	Possibility of promotions	5	4	3	2	1
13	Adequate branch network coverage.	5	4	3	2	1
14	Quality of service.	5	4	3	2	1
15	Value-Added services	5	4	3	2	1

16	Stores are well stocked	5	4	3	2	1
17	Stores are conveniently positioned.	5	4	3	2	1
18	Convenience (Ease of shopping)	5	4	3	2	1
19	Customer support (Speed of complaint processing)	5	4	3	2	1
20	Store image and appeal	5	4	3	2	1
21	Customer support (Friendliness)	5	4	3	2	1

PART C: SERVICE QUALITY

	Based on your current experience, how would you judge the service quality of your current Supermarket brand?	Strongly agree	Agree	Neutral	disagree	Strongly Disagree
22	This supermarket brand provides superior service	5	4	3	2	1
23	There is sufficient parking at this Supermarket	5	4	3	2	1
24	The supermarket has clean, attractive and convenient public area (Washrooms, fitting rooms)	5	4	3	2	1
25	This Supermarket has a layout that makes it easy for customers to find what they need	5	4	3	2	1
26	This supermarket has error free transactions	5	4	3	2	1
27	This supermarket has merchandise available when the customers want it	5	4	3	2	1
28	The employees of this Supermarket have knowledge to answer customers questions	5	4	3	2	1
29	The Supermarket employees gives customers individual attention	5	4	3	2	1
30	Employees of this supermarket are consistently courteous with customers	5	4	3	2	1

PART D: CUSTOMER PERCEIVED VALUE

	How would you judge the perceptions of value that you get from your current Supermarket brand?	Strongly agree	Agree	Neutral	disagree	Strongly Disagree
31	Compared to alternative supermarkets brands, the current supermarket offers attractive products/services of high quality.	5	4	3	2	1
32	Compared to alternative supermarket brands, the current supermarket charges me fairly for similar products/ services.	5	4	3	2	1
33	Compared to alternative supermarket brands, the current supermarket provides me with more free services.	5	4	3	2	1
34	Comparing what I pay to what I might get from other supermarkets, I think my current supermarket provides me with good value.	5	4	3	2	1
35	Compared to other competitive supermarket brands, I think my	5	4	3	2	1

	current supermarket, charges me low price.					

PART E: SALES PROMOTIONS

	How would you judge the sales promotions that you get from your current Supermarket brand?	Strongly agree	Agree	Neutral	disagree	Strongly disagree
36	This Supermarket gives good discounts	5	4	3	2	1
37	This supermarket often has free gifts/samples	5	4	3	2	1
38	This supermarket has a good loyalty program	5	4	3	2	1
39	The promotions make me feel like I am a smart shopper	5	4	3	2	1
40	Overall, i like the advertising and promotions of this supermarket	5	4	3	2	1

PART F: BRAND IMAGE

	Based on your current experience, how would you judge the image of your current supermarket brand?	Strongly agree	Agree	Neutral	disagree	Strongly Disagree
41	The supermarket has good characteristics that other brands don't	5	4	3	2	1
42	The supermarket has a good corporate reputation	5	4	3	2	1
43	The brand has a personality that distinguish itself from competitor’s brands	5	4	3	2	1
44	It’s a brand that doesn’t disappoint its customers	5	4	3	2	1
45	It’s one of the best brands in the sector	5	4	3	2	1
46	The supermarket brand is very consistent in the market	5	4	3	2	1
47	This Supermarket brand has physical facilities that are visually appealing	5	4	3	2	1

PART G: CUSTOMER SATISFACTION

	Based on your current experience, how would you judge satisfaction with your current supermarket brand?	Strongly agree	Agree	Neutral	disagree	Strongly Disagree
48	I have a positive experience with the supermarket	5	4	3	2	1
49	This supermarket does a good job of satisfying my needs.	5	4	3	2	1
50	My experience with the supermarket staff is excellent	5	4	3	2	1
51	I made the right decision when I decided to buy from this supermarket	5	4	3	2	1
52	Overall, I am satisfied shopping at the supermarket	5	4	3	2	1

PART H: BRAND LOYALTY

	Based on your current experience, how would you judge loyalty to your current Supermarket brand?	Strongly agree	Agree	Neutral	disagree	Strongly Disagree
53	I will recommend this supermarket brand to other people	5	4	3	2	1
54	I say positive things about this supermarket brand	5	4	3	2	1
55	I will continue to be a loyal customer for this supermarket brand	5	4	3	2	1
56	I am very committed to this Supermarket brand	5	4	3	2	1
57	I will continue to choose this supermarket brand before other brands.	5	4	3	2	1

THANK YOU FOR TAKING TIME TO COMPLETE THE QUESTIONNAIRE

Appendix 4: List of Supermarket Branches

	NAKUMAT		UCHUMIS		NAIVAS		TUSKYS
1	Nakumatt Thika	1	Uchumi Buruburu	1	Naivas Makongeni	1	Tuskys Kakamega
2	Nakumatt Wendani	2	Uchumi Juja	2	Naivas Thika	2	Tuskys United Kisumu
3	Nakumatt TRM	3	Uchumi Stadium	3	Naivas Githurai	3	Tuskys Kericho
4	Nakumatt Garden City	4	Uchumi Agahakan walk	4	Naivas Kasarani	4	Tuskys Kitale
5	Nakumatt Kiambu	5	Uchumi City Squre	5	Naivas Ronald Ngala 1	5	Tuskys Kisii
6	Nakumatt Ronald Ngala	6	Uchumi Kisumu	6	Naivas Ronald Ngala 2	6	Tuskys Juja
7	Nakumatt Lifestyle	7	Uchumi Kericho	7	Naivas Eastgate	7	Tuskys K Mall
8	Nakumatt Cityhall	8	Uchumi Mombasa	8	Naivas Buruburu	8	Tuskys Stadium
9	Nakumatt Moi Avenue	9	Uchumi Meru	9	Nivas Umoja	9	Tuskys Road A
10	Nakumatt Haile Sallasie	10	Uchumi Karatina	10	Naivas Komarocks	10	Tuskys Lunga Lunga
11	Nakumatt Shujaa	11	Uchumi Eldorate	11	Naivas Kisumu	11	Tuskys Embakasi
12	Nakumatt Mega	12	Uchumi Rongai	12	Naivas Bungoma	12	Tuskys Jirani
13	Nakumatt Junction	13	Uchumi Langata	13	Naivas Kisii	13	Tuskys Chania
14	Nakumatt Karen	14	Uchumi Ngong Hyper	14	Naivas Nyali	14	Tuskys Chapchap
15	Nakumatt Prestige	15	Uchumi Adams	15	Naivas Ukunda	15	Tuskys Ananas Mall
16	Nakumatt Westgate	16	Uchumi Sarit	16	Naivas Bamburi	16	Tuskys Pioneer
17	Nakumaa Ukay	17	Uchumi Westlands	17	Naivas Embu	17	Tuskys Beba
18	Nakumatt Village Market	18	Uchumi Captal Center	18	Naivas Nyeri	18	Tuskys Hakati
19	Nakumatt South C			19	Naivas Mid town	19	Tuskys OTC
20	Nakumatt Galleria			20	Naivas Super Center	20	Tuskys Imara
21	Nakumatt Nextgen			21	Naivas Ndogo	21	Tuskys Magic
22	Nakumatt Mega Kisumu			22	Naivas Kubwa	22	Tuskys Kilifi
23	Nakumatt Nyanza Kisumu			23	Naivas Sokoni	23	Tuskys Digo
24	Nakumatt Ktale			24	Naivas Referral	24	Tuskys Bandari
25	Nakumatt Bungoma			25	Naivas Ngong	25	Tuskys mtwapa
26	Nakumatt Kakamega			26	Naivas Home ground	26	Tuskys Mall
27	Nakumatt Midtown Kakamega			27	Naivas Karen	27	Tuskys Magic
28	Nakumatt Kisii			28	Naivas Green House	28	Tuskys Hyrax
29	Nakumat Nyali			29	Naivas Westlands	29	Tuskys Midtown
30	Nakumatt Bamburi			30	Naivas Limuru	30	Tuskys Wareng
31	Nakumatt Cinemax			31	Naivas Kawangware	31	Tuskys Zion Mall
32	Nakumatt Diani			32	Naivas Hazina	32	Tuskys Rongai
33	Nakumatt Malindi			33	Naivas Supercenter Machakos	33	Tuskys Ruaka
34	Nakumatt Likoni			34	Naivas old Machakos	34	Tuskys Adams
35	Nakumatt Meru			35	Naivas Kitengela	35	Tuskys Athi river
36	Nakumattt Nyanyuki			36	Naivas Kitale	36	Tuskys Milele
37	Nakumatt Nakuru			37	Naivas Narok	37	Tuskys Matasia
38	Nakumatt House Hold			38	Naivas Thika town branch	38	Tuskys Chapchap
39	Nakumaa Eldo Center					39	Tuskys Uthiru
41	Nakumatt Mobil					40	Tuskys Greenspan
42	Nakumatt Kericho					41	Tuskys T-mall
43	Nakumatt kitsuru					42	Tuskys Buruburu
44	Nakumatt Embakasi					43	Tuskys Mountain view
45	Nakumatt Emali					44	Tuskys Buffalo Mall
						45	Tuskys shell CBD

Appendix 5: Supermarket Stores Sampling Frame

	Supermarket Name	Town		Supermarket Name	Town
1	Nakumatt Wendani	Nairobi	16	Tuskys Magic	Nakuru
2	Nakumatt Prestige Ngong Road	Nairobi	17	Tuskys Midtown	Nakuru
3	Nakumatt Ridgeways	Nairobi	18	Tuskys Hydrax	Nakuru
4	Nakumatt City Hall	Nairobi	19	Naivas Kasarani	Nairobi
5	Nakumatt Moi Avenue	Nairobi	20	Naivas Mountain Mall	Nairobi
6	Nakumatt Ukay	Nairobi	21	Naivas Ronald Ngara	Nairobi
7	Nakumatt Mega	Nairobi	22	Naivas Komarock	Nairobi
8	Nakumatt Galleria	Nairobi	23	Naivas Buruburu	Nairobi
9	Nakumatt Nakuru	Nakuru	24	Naivas Supercentre	Nakuru
10	Tuskys Greenspan	Nairobi	25	Naivas Kubwa	Nakuru
11	Tuskys T-Mall Mbagathi	Nairobi	26	Naivas Ndogo	Nakuru
12	Tuskys Stadium	Nairobi	27	Uchumi Capital Centre	Nairobi
13	Tuskys Embakasi	Nairobi	28	Uchumi Sarit Westlands	Nairobi
14	Tuskys Beba Beba	Nairobi	29	Uchumi Ngong Hyper	Nairobi
15	Tuskys Adams	Nairobi	30	Uchumi Jipange	Nairobi

Appendix 6: Supermarket Sampling

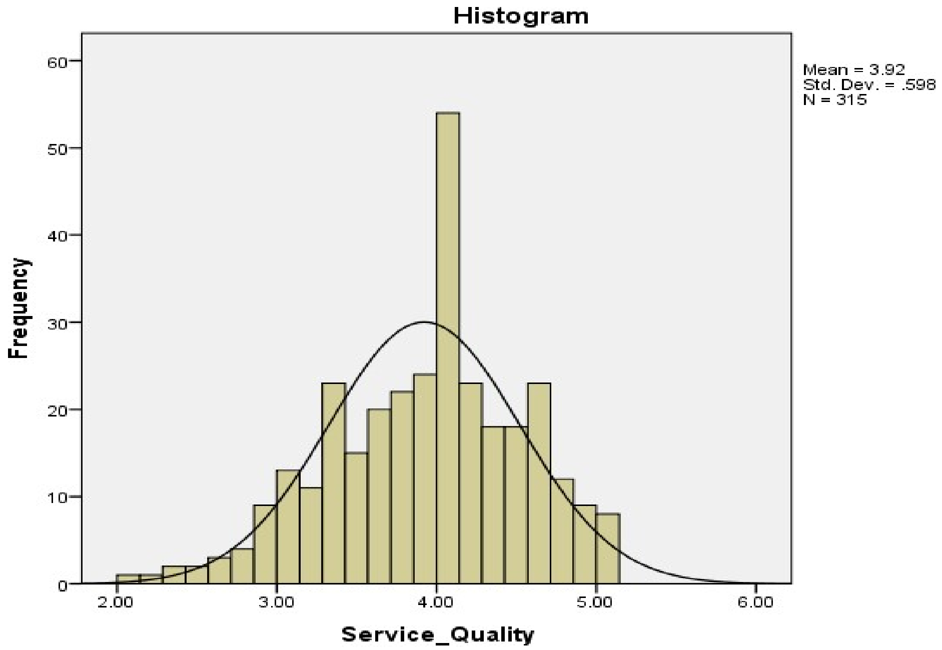
Customer response rate per supermarket

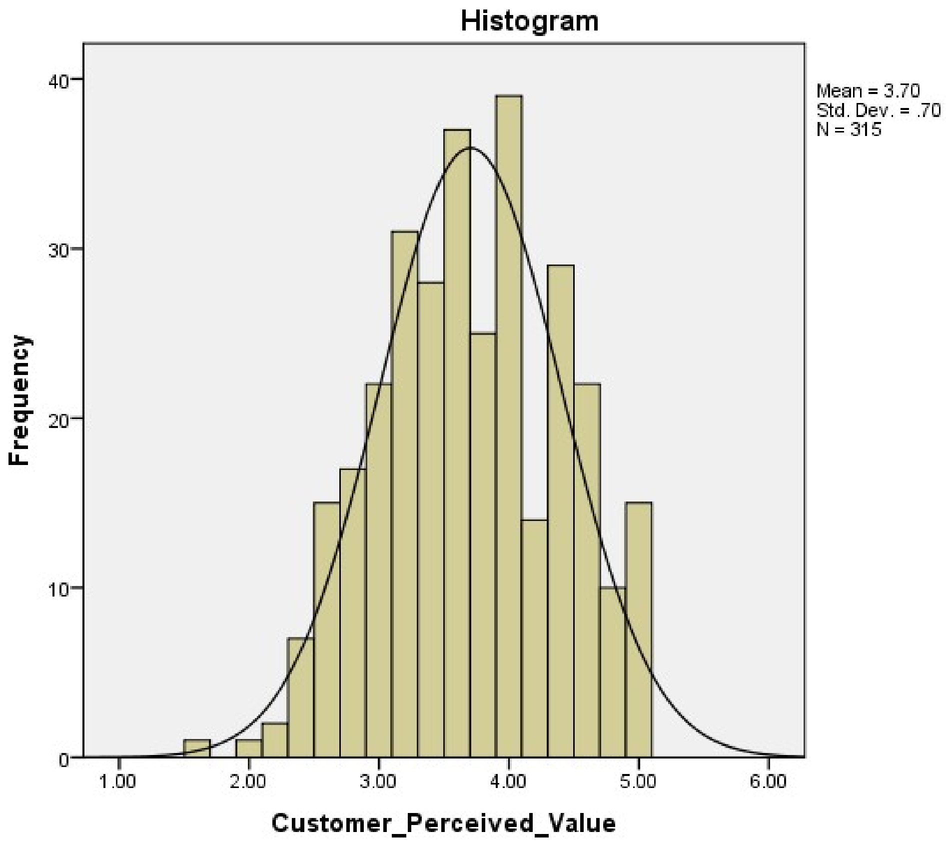
	Loyalty Card customers population	Sample Size	Percentage	Received Questionnaires	% Response rate
Naivas	440,694	102	0.023%	98	96%
Uchumi	265,142	61	0.023%	47	77%
Tusky's	308,510	71	0.023%	59	83%
Nakumatt	650,000	150	0.023%	132	88%
	N = 1,664,346	S = 384	0.023%	336	87.5%

Randomly sampled supermarkets

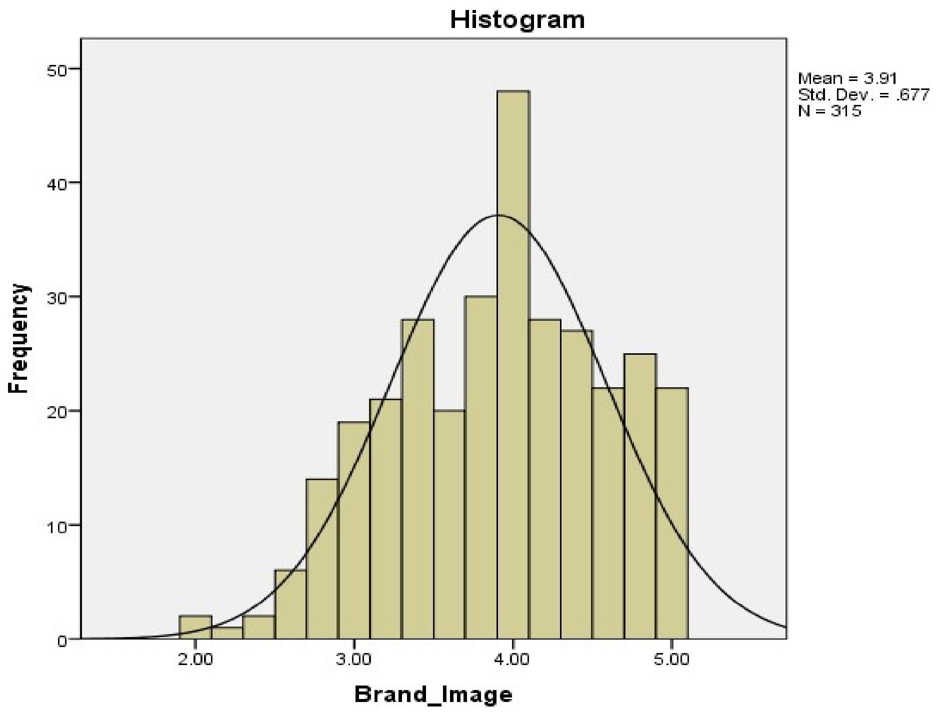
	Total number of Stores in Kenya	Number of Stores in Nairobi & Nakuru	Store Sample Size (Randomly selected)	Percentage
Nakumatt	45	22	9	20%
Tusky's	45	27	9	20%
Naivas	38	17	8	20%
Uchumi	18	10	4	20%
	N = 146	N = 76	S =30	20%

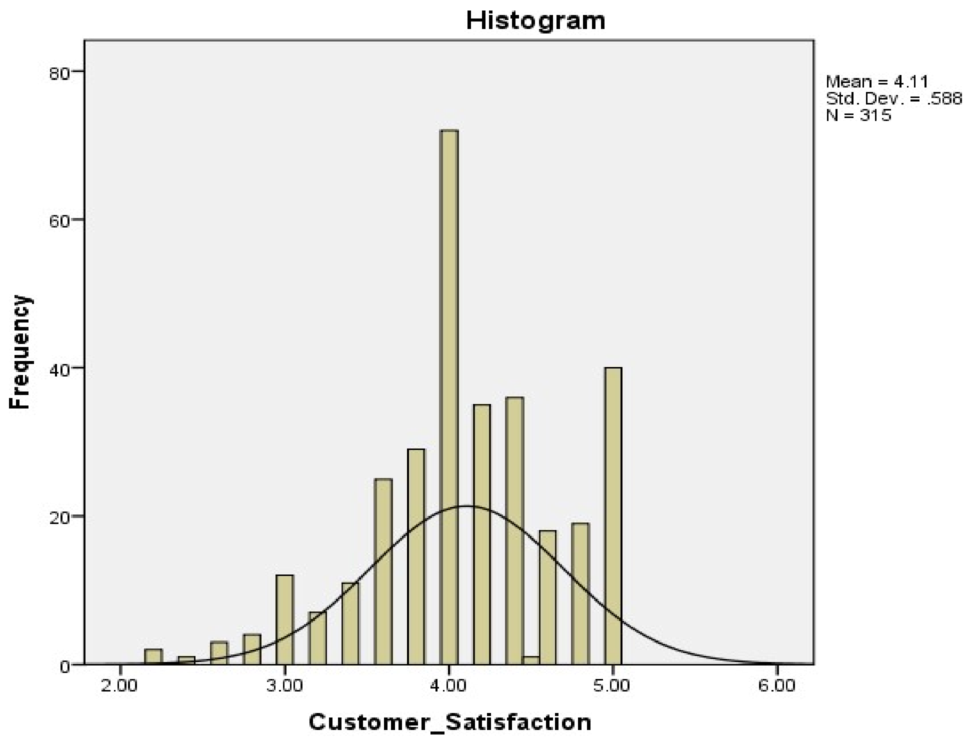
Appendix 7: Normality Test Using Histograms



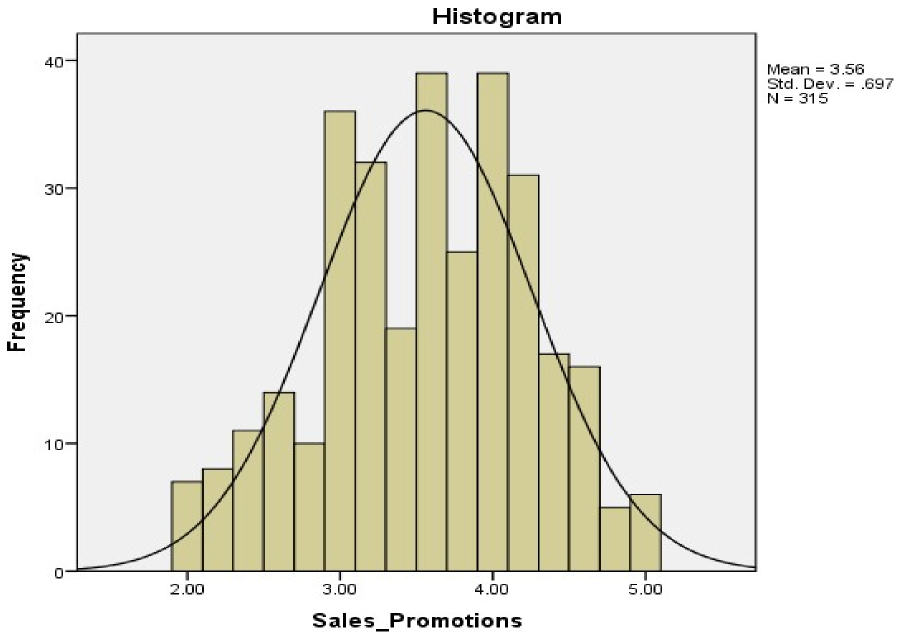


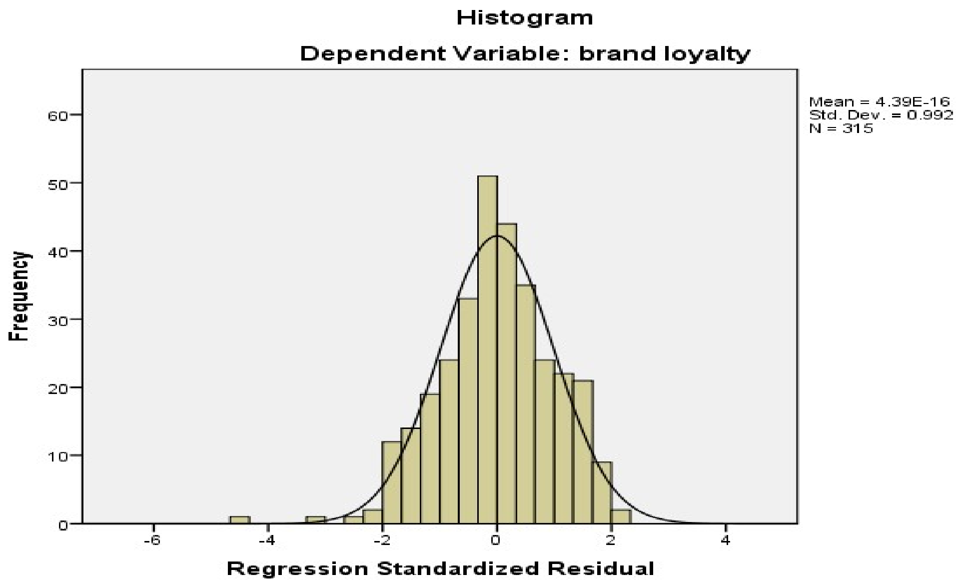
Appendix 8: Normality Test Using Histograms





Appendix 9: Normality Test Using Histograms





Appendix 10: Tests for Heteroscedasticity and Linearity