Effects of Customer Loyalty Schemes on Consumer Behavior in Supermarkets in Nairobi

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Abstract

Purpose: This study sought to examine the effects of consumer behavior on customer loyalty schemes in selected supermarkets in Nairobi. The study also sought to find out how customer loyalty schemes affect consumers' ability to purchase in Kenyan supermarkets, to establish how customer loyalty schemes affect consumer's quality perception in Kenyan supermarkets, and also to examine how customer loyalty schemes influence product demand in Kenyan supermarkets. The study was guided by the following specific objectives: To examine the extent to which consumers' ability to purchase affects customer loyalty schemes in Kenyan supermarkets; To assess the extent to which consumers' quality perception affects customer loyalty schemes in Kenyan supermarkets; and To investigate the extent to which product demand affects customer loyalty schemes in Kenyan supermarkets.**Methodology:** The study was carried out in the city of Nairobi over a period of four months. A census survey was employed and primary data was collected using Semi structured questionnaires. The Data was analyzed by simple descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 18.0 software so as to enable meaningful description of distribution of scores or measurements using statistics. Measures of central tendency specifically the mean and percentile were used to determine the summary of the statistics of variables studied. The measures of variability were also used in the analysis of the data. These measures included the standard deviation, and frequency distribution tables.**Findings:** Although customer ability to decide, quality perception, and product quality and demand affect customer loyalty schemes, negligence of any of them can cause a very diverse damage to the overall customer loyalty satisfaction in the organization. The findings showed that each of the variables is the core pillar in the efforts of promoting customer loyalty among respondents in the organization and thus solves the problem of promoting loyal supermarket customers. Despite the efforts to analyze the effects of consumer behavior on customer loyalty schemes, Kenyan supermarkets have not yet maximized the consideration of these variables at an extensive state to attain a distinct solution to the long time communicated consumer behavior problem on customer loyalty among supermarkets in Kenya.

Keywrds: Demand; Quality Perception; Ability to Decide; Reward; Loyalty Schemes; Customer; Loyalty; Customers

1.0. INTRODUCTION

1.1 Background of the Study

A customer (also known as a client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration. A customer is also a current or potential buyer or user of the product of an individual or organization, mostly called the supplier or seller (Blythe, Jim, 2008). According to Sharp & Anne (1997), the term 'customer loyalty' is used to refer to the behavior of repeat customers, as well as those that offer good ratings, review or testimonials. Customer loyalty schemes also known as loyalty programs are structured marketing efforts that reward, and therefore encourage, loyal buying behavior which is potentially of benefit to the firm.

Consumer behavior (in consumer business context) refers to the study of when, why, how, where and what people do or do not buy products. It blends elements from psychology, sociology, socio-culture and economics. It attempts to understand the buyer decision making process, both individually and in groups (Blackwell *et al.*, 2006). Buchanan & Gilles (1990) noted that Loyalty cards are a system of the loyalty business model. This is a business model used in strategic management in which a company's resources are employed so as to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be met or surpassed .An example would be in retailing more where a loyalty card, rewards card, points cards advantage card or club card is a plastic or paper card, usually similar to a credit card or debit card which identifies the card holders as member in a loyalty program.

In the United Kingdom it is typically called a loyalty card, in Canada a rewards card or a point's card, and in the United states a discount card, a club card or a rewards card. Cards typically have a barcode or mag stripe that can be easily scanned and some are even chip cards. Small key ring cards (also known as keytags) which serve as key fobs are often used for convenience in carrying and ease of access (Buchanan & Gilles, 1990).According to Buckinx *et al.,* (2007) so many top brands spend huge proportions of their budgets these days on ill-devised loyalty schemes, most of which are challenged to really deliver the goods in terms of

contribution to the bottom line. High street loyalty schemes, particularly those devised by supermarkets, are not always smart. What do they actually do to build loyalty? Most of the bog layers have their loyalty schemes already, and in essence, the loyalty card has become a commodity. The playing field is once again level. Misunderstanding the principles of loyalty or setting vague objectives creates an opportunity for imprecise, ineffective marketing and leads to monolithic loyalty programs.

The company should therefore define its objectives at the outset and judge the developing program against the loyalty scheme frequently. These objectives should be defined as "maximizing retention of the most profitable customers and maximizing profit per customer" (Buckinx *et al.,* (2007). Brian (2002) observed that the "one size fits all" approach does not work-it has been said hundreds of times by marketing experts around the world, yet many retailers still seem to try it, possibly for experience. But it does not recognize the differences among customers. Many programs assume that price is the key driver and common denominator. Consequently, those loyalty schemes become little more than discount programs. With a broad spread of customers, individual's motivations will vary hugely. Loyalty scheme need to concentrate on relevance to the people they are trying to influence. For some customer segments, particularly the high-value ones, it is all about services, convenience and added value. Special deals, special treatment at point of sale and recognition of customer value should all be considered when developing an effective loyalty program.

Most loyalty schemes have at their disposal huge amount of transactional data that could, with relatively little effort and cost, provide invaluable insights into customers buying patterns in-store. Supplementing this wealth of data with some quantitative research insights could fuel a whole new type of loyalty scheme that actively changes behavior delivers more profit and builds greater active loyalty to the brand. The act of encouraging dialogue and feedback from customers (e.g. through the online channel for busy, high value segments) is even likely to drive loyalty in its own right. Linking behavior at household level could save fortune on the programs communication budget and provide marketers with a clearer view of household spend and potential. Many hotels are running very successful loyalty programs by encouraging guests to tell the hotel about themselves. Arriving at your destination and having the pillows you like, your favorite newspaper delivered and a bottle of your preferred wine or mineral water waiting for you appears to build genuine loyalty. (Brian, 2002)

1.2 Statement of the Problem
Karemu (2003) asserted that there has been a big problem on the customer loyalty schemes in Kenyan supermarkets and also other businesses dealing with customer goods. Lars Meyer-Waarden (2009), a Professor at EM Strasbourg Business School conducted a study in the US retailing sector. His studies showed that consumers typically patronize multiple outlets, which means these outlets confront an important issue: how to gain a greater share of consumer expenditures. One potential method increases repeat purchases through loyalty schemes. His studies also noted that very small changes in buying behavior occur after buyers have joined the program; and the small changes in loyalty appear to erode six to nine months after buyers join.

Grewal *et al.,* (2004) asserted that the industry thus desperately needs rigorous empirical evidence of the effectiveness of loyalty programs, as crucial questions-does former purchase behavior drive loyalty program adoption, and once members are enrolled in them, do schemes really affect buying behavior? - remain unanswered. According to Rothschild and Gaidis (1981) after a customer has enrolled in a loyalty program, that adoption should favor repeat purchase behavior if the program provides an adequate level of usefulness. The behavioral conceptualization of loyalty further suggests that loyalty schemes should create behavioral reinforcement) rather than influence persuasion or long-term changes in attitudes and commitment.

Cases have been reported by customers on the type of schemes they are given by some of the stalls, some wondering whether really the so called customers loyalty schemes are meant to recognize the most frequent customers, to award them, to motivate them to make some more purchases or are just the techniques to attract more customers and thus take advantage to manipulate their readiness to not understand the importance and goal of such loyalty schemes (Frain, 1999). However, customer loyalty schemes have a great influence of the customer behavior. This owes to the fact that customers feel recognized, and with the identity of the shop of choice when given the customer loyalty card or other loyalty symbols they are bound to make repeat purchases. The loyalty schemes are however very important in influencing the consumer behavior since they motivate the customer to make more purchase to either win the target gift or accumulate the pints to be redeemed when not financially stable or en to hit target of the loyalty schemes agreement. Due to this reason the consumer behavior is so much affected (Frain, 1999).

The customer loyalty schemes are however not an assurance that customers will feel indebted to only purchase in the shop. This means that there is more than giving the customers the loyalty schemes cards or identification symbols when intending to influence their behavior. Furthermore these studies have not been conducted conclusively in Kenya yet, and if so they are yet to be published. This study sought to analyze the effects of customer loyalty schemes on consumer behavior in supermarkets in Nairobi.

1.3 Objectives of the Study

The study intended to determine the effects of consumer behavior, customers' ability to decide, quality perception, as well as product demand on the customer loyalty schemes in Kenyan supermarkets.

1.3.1 General Objective

The purpose of the study was to analyze the effects of consumer behavior on customer loyalty schemes in Kenyan supermarkets.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

i.   To examine the extent to which consumers' ability to purchase affects customer loyalty schemes in Kenyan supermarkets.

ii. To assess the extent to which consumers' quality perception affects customer loyalty schemes in Kenyan supermarkets.

iii. To investigate the extent to which product demand affects customer loyalty schemes in Kenyan supermarkets.

1.4 Significance of the Study

Producers and Retailers: The study may avail key information to the producers and retailers that customer loyalty is of great influence to their sales and other operations. The goal here shall be to inform the producers the key areas that mostly influence the loyalty of the consumer. This has to be considered if good sales revenue is to be maintained.

Consumers: The study could help notify the consumers of their value in the market and knows that every producer has to work with them in mind. This will show that no industry or field can work without the consumer in mind.

Marketers: Marketers on the other side will gain the best messages through this study and relevant data to pass to producers in order to maintain the level of utility that actually puts the consumers at their comfort zone. Since marketers people who actually promote and set strategies to ensure real sales, knowing the effects of these schemes on the consumers behavior is very important since certain strategies can lead to response of the consumer making him dislike the products. Through this study, both producers and marketers will be alerted on the quality policies and competition schemes that do not portray the organization as inefficient and unfriendly. This is because most customers will always be associated with those companies which efficiently employ favorable competition strategies.

Supermarkets: Supermarkets will also gain a lot from this study since they actually know the products that are preferable to the consumers and stock them in good numbers compared to the less preferred thus minimizing dead stock. Thus, most supermarkets will try to associate with those producers whose products have a greater percentage of loyalty.

1.5 Delimitation of the Study

The study concentrated on four supermarkets in Nairobi which were used to investigate the effects of customer behavior on customer loyalty schemes as reflected in Kenyan supermarkets. These supermarkets are namely: Uchumi supermarket; Nakumatt supermarket; Tusky's supermarket; Naivas supermarket. This is because these are the supermarkets in Kenya which had well established loyalty schemes. (Karemu, 2003). Therefore, the findings were found to be resourceful in that they could be inferred to represent a Kenyan case.

2.0   METHODS

2.1 Introduction

This chapter describes the research methodology that was adopted so as to enable the researcher to achieve the research objectives. The research design, the target population, the sample size and sampling methods design, data collection methods, and data analysis techniques are also defined broadly.

2.2 Research Design

A descriptive research was used in this study. According to Emory & Cooper (1991), a descriptive study is used to determine who, what, when and how of a research topic which is a concern for this study. The objectives of this study were to determine how consumer behavior affects loyalty schemes in Kenyan supermarkets, to determine how consumers' ability to purchase affects customer loyalty schemes, to find out how quality perception affects customer loyalty schemes, and to establish how product demand affects customer loyalty schemes in Nairobi supermarkets. Secondary data was obtained from the various supermarkets' websites, especially those touching on customers; while primary data was obtained from the actual research process. The pilot study was conducted during the first week of study where errors in research instruments were rectified before proceeding with the study. The researcher will carry out a 1-month field work in May 2012. The study was done in Nairobi city using census survey.

2.3 Population of Study

The target population of this study comprised of the four major supermarkets in Nairobi namely: Nakumatt supermarket (Prestige Plaza); Uchumi supermarket (Lang'ata Hypermat); Tusky's (Moi Avenue); and Naivas supermarket (Ronald Ngala street).

2.4 Sampling Procedure

The researcher conducted a census on the supermarkets. This is because the population of study was small and known.

2.5 Methods of Data Collection

The research instrument employed in this study for collection of data was:

Questionnaires: They were issued to various respondents in this study since they are cost effective. They also served to assure the respondents that their answers would be highly confidential and known only to the researcher. To facilitate confidentiality, respondents were not required to indicate their details on the questionnaires. This was the most appropriate method since the research was based more on qualitative and judgmental information such as managerial opinions, attitudes, and experiences, as well as those of customers.

2.6 Validity and Reliability

Reliability measures the stability and consistency with which the data collection instrument examines the problem of the study. Two common tests are test-retest and split-half reliability. Validity test of a data collection instrument will enable the researcher to ascertain that he is measuring the correct concept. The researcher will ensure that all three types are attained; that is content validity, criterion validity, and constructs validity.

2.6.1 Validity

To achieve construct validity, the researcher ensured that the findings of the actual study were similar to the findings of the pilot study that had been carried out before the actual study. To achieve criterion validity, the researcher stuck to the same sampling technique, that is; census. To achieve content validity, the researcher ensured that all the selected sample of respondents participated in the study.

2.6.2 Reliability

To achieve reliability, the questionnaire was pre-tested with one branch of either supermarket say Uchumi Ngong road to authenticate reliability. The pre-testing was done using a different supermarket other than those selected for the study so as to avoid any possible influence on actual respondents before the actual study was conducted. The researcher also ensured reliability by seeking permission through writing a letter to the supermarkets' management in order to get authorization since various managers were interviewed. The researcher also assured respondents that any comments, opinions, or other information given will be at their sole decision and would be treated confidentially. Since timing was another critical issue, the researcher also established the most appropriate time for interviews, such that any organization's business was not disrupted.

2.7 Operational Definition of Variables

The researcher adopted both objective and subjective measures to analyze the variables of the study. Subjective measures were based on individual respondents' opinions. This was especially the case where for example the researcher was trying to question why a customer would be loyal to one supermarket as opposed to another. An objective measure such as frequency of shopping for the last two years was also adopted.

2.8 Methods of Data Analysis

According to Adèr (2008), data analysis is a process of inspecting, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Thus, from Adèr's definition data analysis is the process of manipulating information for final decision making. The purpose of data analysis is to prepare crude data into interpretable designs. Completed questionnaires were edited for completeness and consistency across respondents. Data was analyzed using statistical methods by use of frequency tables, pie charts, and percentages. Data was entered and analyzed by simple descriptive statistics with the help of Statistical Package for Social Scientists (SPSS) version 19.0 software. Percentages, frequency tables, and pie charts will be used to present the data.

3.0   RESULTS AND ANALYSIS

3.1 Introduction

This chapter sets out to present in summary the analysis of the primary data that was gathered from 4 supermarkets respondents of this study operating in Nairobi. Data was analyzed mainly through qualitative techniques which is a systematic collection analysis and interpretation of data in order to provide a description and an account of social events. This method allows for fine distinctions to be drawn since it is not necessary to put the number to finite number of classifications. (Scheimeid, 1993). The objectives, analysis and findings of the research objectives of the study were as follows;

Response rate: *A total number of 4 questionnaires were issued to the supermarket respondents and all 4 of them were returned as fully completed; an equivalent 100% response rate. Figure 4.1 shows the response rate.*

Period worked with the company: *The researcher found that almost all the respondents were experienced with*

a mean of 5years experience. This implies that there was no problem in self administration of the questionnaires. This is illustrated in the table 3.1 below.

Table 3.1: How long have you worked in this company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	1	25.0	25.0	25.0
	4	1	25.0	25.0	50.0
	6	1	25.0	25.0	75.0
	7	1	25.0	25.0	100.0
	Total	4	100.0	100.0	

3.1.3 Approximation of the total Number of employees in each organization
The researcher found that almost all the respondents were in organization which had a mean 330 employees and mode of 350.This implies the employees worked in large organizations with a range of personnel and staff. The diverse range of personnel gave the researcher an array of respondents to provide feedback for the research purposes. This information is represented by table 3.2 below.

Table 3.2: What is the approximate number of employees in your organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	250.00	1	25.0	25.0	25.0
	350.00	2	50.0	50.0	75.0
	370.00	1	25.0	25.0	100.0
	Total	4	100.0	100.0	

3.1.4 Terms of employment
The researcher found that all 4 the respondents were employed on a permanent basis. This implies that there was no information asymmetry prevalent in casual and contract-based workers due to the temporary nature of their work contracts. Table 3.3 below represents this information.

Table 3.3: Terms of employment of most of the company's employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Permanent Term Employees	4	100.0	100.0	100.0

3.1.5 Level of education of the respondents
The findings of this study indicate that almost all the respondents were literate, such that that 75.0 % of them had attained post college level education. This implies that there was no problem in self administration of the questionnaires. The literacy levels of the respondents was also important factor in the research as most of the respondents understood the content of the questionnaire and only minimal clarification requested. Table 3.4 depicts this information.

Table 3.4: Highest level of Education attained

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	College Level Education	1	25.0	25.0	25.0
	University Level Education	3	75.0	75.0	100.0
	Total	4	100.0	100.0	

3.1.6 Relationship between consumer sovereignty and product loyalty
The table below shows the response given by respondents on how consumer sovereignty is hindered by the behavior of consumers to stick to certain products regardless of the benefits associated with it. All of the 4 respondents agreed with the premise representing 100% response rate. Table 3.5 below shows the relationship

between consumer sovereignty and product loyalty.

Table 3.5: Is consumer sovereignty hindered by the fact that most consumers get used to some products and are thus reluctant to change regardless of the benefits associated with it?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	4	100.0	100.0	100.0

3.1.7 Analysis of various variables as they affect consumers' ability to purchase

The tables below show the summary of response given by respondents on how various variables that affect consumers' ability to purchase. The respondents categorized the variables on a scale of "high", "slightly high", "slightly low", "low" parameters. From the results, dominance as the most important variable with a tally of 4 representing 100% response rate. Scheme Design was listed as the second most important variable by the respondents with a tally of 2 respondents categorizing it on a scale of "slightly high" and the other tally of 2 respondents categorizing it on a scale of "slightly low". Transitivity was the third most important variable by the respondents with a tally of 2 respondent indicating "Slightly low" representing 50% , a tally of 1 " Slightly high" and a tally of 1 representing " low". Completeness was the fourth most important variable by the respondents with a tally of 1 respondent indicating "Slightly low" representing 25% and a tally of 3 " low" representing 75% of the respondents. The findings are summarized and presented in table 3.6 below.

Question		Responses		
		#	%	Valid Percent
How would you rate the following variables as they affect consumers' ability to purchase Variable: DOMINANCE		4	100.0	100.0
How would you rate the following variables as they affect consumers' ability to purchase Variable: SCHEME DESIGN	Slightly High	2	50.0	50.0
	Slightly Low	2	50.0	50.0
	Total	4	100.0	100.0
How would you rate the following variables as they affect consumers' ability to purchase Variable :COMPLETENESS	slightly low	1	25.0	25.0
	Low	3	75.0	75.0
	Total	4	100.0	100.0
How would you rate the following variables as they affect consumers' ability to purchase Variable: TRANSITIVITY	Slightly high	1	25.0	25.0
	slightly low	2	50.0	50.0
	Low	1	25.0	25.0
	Total	4	100.0	100.0

3.1.8 Evaluation of whether the Training of employees in an organization contributes to increased customer purchases

The table 3.7 below shows the summary of response given by respondents on how employee training contributes to increased customer purchases.

Table 3.7: Whether training of employees in an organization contributes to increased customer purchases

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	3	75.0	75.0	75.0
	No	1	25.0	25.0	100.0
	Total	4	100.0	100.0	

The results from the analysis showed that 75% of the respondents agree that employee training contributes to increased customer purchases. Reasons cited were that service delivery by trained and competent employees play a big part in the loyalty scheme design. However one of the respondents cited that most non-routine or habitual purchases do not involve intense decision making. Hence the link between employee training and increased customer purchases is minimal.
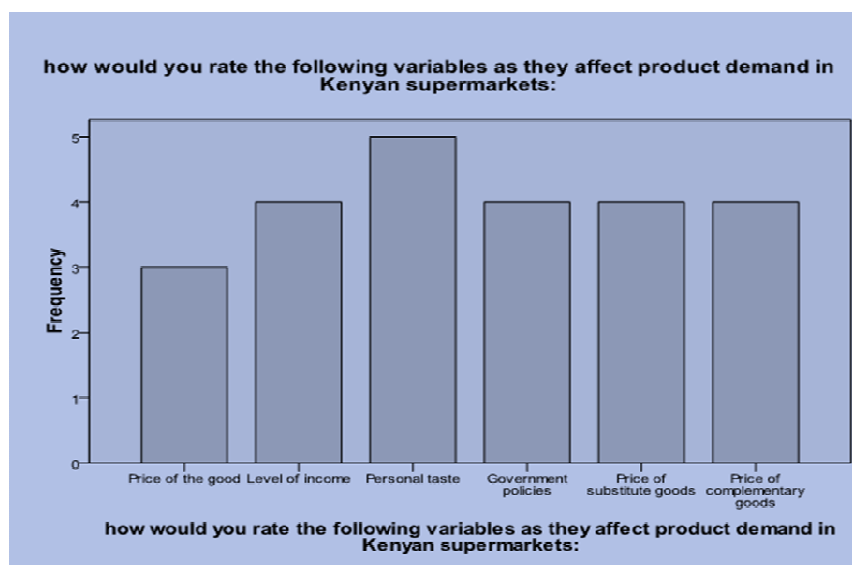
3.1.9 Effect of management of organizational resources such as finances and human capital to consumers' ability to purchase

From the table 3.8 below, 75% of the respondents tend to agree that proper management of financial and human capital greatly contribute to consumers' ability to purchase. On the other hand 25% of the respondents remained neutral.

Table 3.8: Extent to which proper management of organizational resources such as finances and human capital contribute to consumers' ability to purchase?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	3	75.0	75.0	75.0
	Neutral	1	25.0	25.0	100.0
	Total	4	100.0	100.0	

Effect of various variables as they affect product demand in Kenyan supermarkets: *The table below shows the response given by respondents of various variables as they affect product demand in Kenyan supermarkets. The highest variable from the respondents was personal taste with a frequency of 5, with government policies, Price of substitute goods, Price of complementary goods with equal weights of 4, and with prices of the goods as the least variable represented by a frequency of 3. This information is represented by figure 3.2 below.*

Figure 3.2: Effect o Various Variables on Product Demand

Main drivers to product demand in Kenyan supermarkets: *The respondents also gave additional information on what they thought were the main influences to product demand. They argued that the spacious nature of the supermarkets, product layout, serenity of the supermarkets, prices of various commodities and adequate catering to customer needs were vital elements that influenced product demand.*

What more could be done to increase the levels of product demand in Kenyan supermarkets: *The respondents also recommended that continuous advertising; active participation in sales promotions, and proper display of goods could increase the levels of product demand in Kenyan supermarkets.*

General attitude toward the rise and adoption of customer loyalty schemes in Kenyan supermarkets: *There was a general feeling by the respondents that loyalty schemes have transformed the manner in which supermarkets conduct their business. The respondents noted that in modern business society, competition is high. Consumer needs are also highly dynamic, constantly changing from time to time. The respondents were of the opinion that those supermarkets that carefully identify customer needs and satisfy them through proper loyalty scheme design always carry the day. This is exemplified by "A Share of the mind is a Share of the Heart".*

4.0   CONCLUSION

Although customer ability to decide, quality perception, and product quality and demand affect customer loyalty schemes, negligence of any of them can cause a very diverse damage to the overall customer loyalty satisfaction in the organization. The findings showed that each of the variables is the core pillar in the efforts of promoting customer loyalty among respondents in the organization and thus solves the problem of promoting loyal supermarket customers. Despite the efforts to analyze the effects of consumer behavior on customer loyalty schemes, Kenyan supermarkets have not yet maximized the consideration of these variables at an extensive state to attain a distinct solution to the long time communicated consumer behavior problem on customer loyalty among supermarkets in Kenya. The recommendations were made entirely based on findings and include the following:

Customer ability to decide: Respondent recommended that the loyalty schemes be made in a way that the

customers can be able to able decide on the best products to buy in the markets. Loyalty schemes should also indicated the variety of products and what each product can do to ease the customers' ability to decide. Respondents also recommend that the organizations offering the customer loyalty schemes ought to offer training to customers to ensure that they are satisfied and know what to buy or not. The fact that the customer might be having their own decision should also assist the organization to direct the customer on what they might want to purchase.

Customers' quality perception: *The respondents recommended that the supermarkets should devise competitive strategies on how to brand themselves competitively in the minds of customers. They also recommended that effective positioning was critical to enhance branding since positioning presents an organization as producing superior quality compared to competitors. The respondents also affirmed that all organizational resources whether financial, material, or human should be geared towards branding the organization.*

Product demand: *The respondents also recommended on what they thought were the main influences to product demand. They argued that supermarkets should strive to look into the spacious nature of the supermarkets, product layout, serenity of the supermarkets, prices of various commodities and adequate catering to customer.*

Suggestion for further research

This study is not adequately comprehensive. The researcher experienced a few gaps and would therefore wish to suggest further research in a few areas. This research was conducted in Supermarkets located in the city of Nairobi. The results might not be fully representative of the Kenyan case. Therefore the researcher recommends that further research be conducted in other cities and towns so as to be adequately representative of the Kenyan case of the effect of consumer behavior on customer loyalty schemes. The researcher would also wish to suggest further research on the effects of branding on customer loyalty schemes. This is because branding was noted to be a key factor when it comes to customer loyalty. However, the effects of branding need to be clearly elucidated.

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APPENDIX I: QUESTIONNAIRE
INTRODUCTION:

Consumers typically patronize multiple outlets. This means these outlets confront an important issue: how to gain a greater share of consumer expenditures. One potential method increases repeat purchases through loyalty schemes. The industry thus desperately needs rigorous empirical evidence of the effectiveness of loyalty programs, as crucial questions-does former purchase behavior drive loyalty program adoption, and once members are enrolled in them, do schemes really affect buying behavior?—remain unanswered. Supermarkets in Nairobi have in the recent past experienced a shift in their consumer base. As such, I am carrying out a study to identify the effects of customer loyalty schemes on consumer behavior in Nairobi's supermarkets. To achieve its objectives, this survey seeks to identify various value addition aspects in the value chain of consumer loyalty schemes and ways that such schemes influence consumer behavior in Kenyan supermarkets. These can be leveraged to gain competitive advantage. Kindly give your response by ticking in the spaces provided in both sections A, B and C. Your responses shall be highly appreciated and will be of essence to this survey. All information provided shall only be used for the sole purpose of academic research and shall be handled with utmost CONFIDENTIALITY. **DO NOT INDICATE YOUR NAME ON THE QUESTIONNAIRE.**

SECTION 1: BACKGROUND
(Guidelines: Tick alongside the most appropriate response)

1. How long have you worked in this company:
   Below 1 Year   [__]
   Between:
   1-2 Years   [__]
   2-4 Years   [__]
   Over 5 Years   [__]
2. What is the approximate number of employees in your organization?
   [………………..]
3. What are the terms of employment of **most** of your company's employees?
   Permanent Terms Employees   [__]
   Contract Terms Employees   [__]
   Casual Terms Employees   [__]
4. Please Indicate the highest level of Education attained.
   Primary Level Education   [__]
   Secondary Level Education   [__]
   Technical Level Education   [__]
   College Level education   [__]
   University Level Education   [__]

SECTION 2: STUDY OBJECTIVES
(Guidelines: On a scale of 1-5, rate the following parameters.)
   i.   **OBJECTIVE ONE:** To determine how customer loyalty schemes affect consumers ability to purchase in Kenyan supermarkets.

5. Is consumer sovereignty hindered by the fact that most consumers get used to some products and are thus reluctant to change regardless of the benefits associated with it?
   Yes [__]   No [__]
6. On a scale of **1-4**, how would you rate the following variables as they affect consumers' ability to purchase?
   Completeness   [__]
   Dominance   [__]
   Transitivity   [__]
   Scheme design   [__]
7. Do you think training of employees in an organization contributes to their ability to decide and therefore contributing to actual purchase of products?
   Yes   [__]   No   [__]
   Please
   explain ………
   ………
   ……….……
   ………………………………………………………………………………
8. To what extent do you agree that proper management of organizational resources such as finances and

human capital contribute to consumers' ability to purchase?

Strongly Agree	Agree	Neutral.	Disagree	Strongly Disagree
☐	☐	☐	☐	☐

ii. **OBJECTIVE TWO:** To establish how customers loyalty schemes affect consumers quality perception in Kenyan supermarkets.

9. Do you agree that "the quality of the product and operation of the organization if deeply cultivated in the mind of the consumer will always remain regardless of prevailing situation and changes taking place".

Yes **[__]**   Not Sure **[__]**   No **[__]**

Please explain ……
……
………………………………………………………………………

10. Companies which are often ranked as best in country, continent or the world will always have the largest

Strongly Agree	Agree	Neutral.	Disagree	Strongly Disagree
☐	☐	☐	☐	☐

market share and loyalty of the consumer due to the perception that only the best are always ranked.

11. Do you agree that quality perception is an aspect that can be forced into consumers' minds through branding?

Yes   [__]   No   [__]

Please explain ……
……
…………………………………………………………………………………………

iii. **OBJECTIVE THREE:** To find out how customer loyalty schemes affect product demand in Kenyan supermarkets.

12. On a scale of **1-6**, how would you rate the following variables as they affect product demand in Kenyan supermarkets?

Price of the good   [__]
Level of income   [__]
Personal taste   [__]
Government policies   [__]
Price of substitute goods   [__]
Price of complementary goods   [__]

13. In your own words, and in respect to loyalty schemes, what do you think are the main influences/drivers to product demand in Kenyan supermarkets?
....
....
....
....

14. In your opinion, what more do you think can be done to increase/improve the levels of product demand in Kenyan supermarkets?
....
....
....
....

SECTION 3: ADDITIONAL OPINIONS.

15. What is your feeling towards the rise and adoption of customer loyalty schemes in Kenyan supermarkets?
……
……

……
………………………

16. Are there other factors that you feel affect consumer behavior and should therefore be considered when designing loyalty schemes? Kindly explain?

……
……
……
……

17. Kindly highlight any other additional opinion/compliment/sentiment that may be relevant to this survey.

……
……
……
…………………

THANK YOU FOR YOUR TIME AND RESPONSES.

APPENDIX II: BRANCHES OF SUPERMARKETS

Uchumi Supermarket

The supermarket chain maintains the following outlets in East Africa:

Branches in Kenya

1. Sarit Branch - Sarit Center, Westlands, Nairobi
2. Westlands Branch - Westlands, Nairobi
3. Koinange Branch - Monrovia Street, Nairobi
4. City Square Branch - Aga Khan Walk, Nairobi
5. Ngong Hypermat - Ngong Road, Nairobi
6. Ngong Road Branch - Adams Arcade, Nairobi
7. Langata Hypermat - Langata Road, Nairobi
8. Nairobi West Branch - Nairobi West Shopping Center, Nairobi
9. Mombasa Road Branch - Mombasa Road, Nairobi
10. Jogoo Road Branch - Jogoo Road, Nairobi
11. Buruburu Branch - Buruburu Housing Estate, Nairobi
12. Katarina Branch - Katarina, Nyeri
13. Meru Branch - Downtown Shopping District, Meru
14. Eldoret Branch - Downtown, Eldoret
15. Jipange Branch - Thika Road, Nairobi
16. Nakuru Branch - Downtown, Nakuru
17. Embakasi Branch - Embakasi, Nairobi
18. Outer Ring Road Branch - Outer Ring Road, Nairobi
19. Kisumu Branch - Kisumu
20. Ongata Rongai Branch - Ongata Rongai, Nairobi
21. Kisii Branch - Kisii

Branches in Uganda

1. Main Kampala Branch - Oasis Mall, Yusuf Lule Road, Kololo, Kampala
2. Kabalagala Branch - Ggaba Road, Kabalagala, Kampala
3. Gulu Branch - Lira-Gulu Road, Gulu
4. Najjanankumbi Branch - Freedom Mall, Entebbe Road, Najjanankumbi, Kampala
5. Nateete Branch - Nateete [expected in May 2012]

Branches in Tanzania

1. Dar-es-Salaam Branch - Quality Mall, Dar es Salaam

Branches in Southern Sudan

1. First Juba Branch - Juba (Expected in 2012)
2. Second Juba Branch - Juba (Expected in 2013)

Naivas Supermarket

   1. Nairobi

       i.   Ronald Ngala Street – Nairobi's CBD,

ii. Komarock – Komarock / Kayole Spine road
iii. EastGate – Donholm / Outering roundabout
iv. Kasarani – Kasarani / Mwiki Road
v. Hazina – on (South B shopping complex)
vi. Ruaraka – Baba dogo road

2. Naivasha
i. Kubwa branch – Biashara Street
ii. Ndogo branch – Kariuki Chotara road.

3. In Machakos
i. Machakos – Mwatu Wa Ngoma / Ngei roads
ii. Machakos Supercenter – Next to Family bank

4. Eldoret
i. Eldoret Referral – Nandi Street.
ii. Eldoret Sokoni – Joel Malel Street.

5. Kitengela – Namanga Rd
6. Kisii – Kisii Hospital Rd
7. Embu- Kumbukumbu road
8. Kitui – Kilungya street
9. Narok- Olegilisho road.

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