

Customer Loyalty Initiative and Its Influence on Customer Satisfaction among Large Retail Supermarkets in Kenya

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Abstract
With the entry of other international retailers, Kenyan large retail supermarkets face fierce business competition in the marketplace that has been never witnessed in recent times. Therefore, to maintain a competitive edge, stay in business and retain their customers, they need to adapt a customer-oriented philosophy that creates maximum customer value. It is worth noting that customer value formulate certain attitudes, which ultimately informs purchase decision. Customer satisfaction can only be realized if customers' expectations are met and exceeded thus exhibiting high frequency customer patronage in preferred supermarkets. Thus large retail supermarkets through their customer loyalty initiative, have established amicable customer relationships, communicated easily using available technology, amicably solved customer issues, and rewarded repeat purchase through this kind of program. The purpose of the study was to examine the influence of customer loyalty initiative on customer satisfaction among large retail supermarkets in Kenya. Carried out in all large retail supermarkets in Kenya, a sample of 336 customers and 31 branch managers spread across the 8 regions were engaged using self-administered questionnaires for customers while interview schedules was undertaken for the supermarket branch managers. Qualitative and quantitative data were analyzed using Statistical Package for the Social Sciences (SPSS) for descriptive statistics; inferential statistics (Pearson moment correlation) and regression analysis was also done to establish the extent of relationship between the variables. It was established that customer loyalty initiative had a significant influence on customer satisfaction among large retail supermarkets in Kenya. The study thus recommends that the supermarkets management should scale up their promotional campaigns to ensure that all their customers be part of the program. This kind of initiative should also include other features such as; access to all banking services; prompt payment of goods, as well as access to credit facilities whenever they are in need among other services.
Keywords: Customer Loyalty Initiative; Customer Satisfaction; Large Retail Supermarkets

1.0 Introduction

Muro, (2011) in his research study on a banks in Kenya, established that the use of CRM strategies to attract; recruit new customers; monitor customer accounts; handle customer complaints better; create rapport with customers; increase the effectiveness of customer experience; identify their key customers and tailor products and services to meet customer needs and expectations. Since the conception of relationship marketing was first introduced by Berry in 1983 (Hunt, 2002) and subsequently refined by (Berry& Parasuraman 1991), (Morgan & Hunt, 1994), (Grönroos, 1996) and others, customer service management (CSM) has become one of the dominant marketing approaches Parvatiyar and Sheth, (2001).

During the 1990s in the retail industry, a new way of operating developed. This way placed its focus on valuing the needs of the customer in making all business decision. It was during this era that the saying 'the customer is always right', governed most retail operations (Thompson, 2012). In today's retail environment, customer expectations and needs are changing frequently. This makes customer service an important tool in supermarkets in order to gain customer loyalty and develop a competitive edge.

Satisfaction is the consumers "fulfillment" response. It is a judgment that a product or service features, or the product or service itself, provided (or is providing) has attained a pleasurable level of consumption-related satisfaction including levels of under-or over-fulfillment (Mohammadian & Ronaghi, 2010).The key in creating effective store loyalty programs is to discover the most persuasive loyalty drivers for each customer. Loyalty drivers generally fall into two categories: product attributes such as performance, quality, and reliability) or price/promotion sensitivity. (Uncles *et al.,* 1994) established that supermarkets have differentiated their store offerings 'to create loyalty among their shoppers.

Well-structured customer service strategies are essential because they positively influence customer expectations and perceptions. These expectations and perceptions of customers determine their buying behaviour at a retail outlet (Baron & Harris 2010). Many researchers share the view that modern consumer is different:

demanding; individualistic; involved; independent; better informed and more critical (Capon and Hulbert 2000; Lewis and Bridger 2000). Some of these trends are reshaping the world of business which include; technological advances and the speed with which new technologies being created and copied; the loss of geographic advantage resulting from globalization; the shake - up of traditionally stable industries as a result of deregulation; and the rising power of the consumer and their ability to get what they want, when they want it, and from whomever they want to buy from. With this in mind, the relationship experience becomes one of the greatest competitive aspects for a business's survival. Businesses strive for customer loyalty in the quest of promoting profitability and sustainability (Schiffman and Kanuk, 2009).

Kenyan supermarkets have further developed their offerings to meet and exceed these expectations of consumers and through developing their store as a brand have attempted to differentiate their offering in the market place. A store's position in the market is based on the relative aspects of 'customers and competitors, location, merchandise, atmosphere and marketing mix elements' (Ness, Gorton, & Kuznes, 2002). The key in creating effective store loyalty programs is to discover the most persuasive loyalty drivers for each customer.

1.1 Statement of the Problem

There exists intense competition in Kenya among the large supermarkets such as Nakumatt, Tuskys, Naivas, Uchumi and Choppies (Ukwala) supermarket chains to attracting, satisfying and retaining their customers. Recently, multi-National retailers have also entered the Kenyan market too thus forcing Kenyan large retailers to review their strategies in order to maintain their competitive edge. Empirical review indicates that most studies undertaken in the recent past were either in developed countries or done in other geographical areas other than in large retail supermarket in Kenya. Despite the adoption of customer loyalty initiative by the large retail supermarkets in Kenya, it remains unclear to what extent this initiative influences customer satisfaction. Therefore, the study sought to establish an in-depth insight on today's customer shopping behavior and how the supermarket management can develop a sustainable strategic marketing plan to remain in business.

1.2 Purpose of the study

The purpose of the study was to examine the influence of customer loyalty initiative on customer satisfaction among large retail supermarkets in Kenya.

2.0 Equity theory

Adams (1965) posits that individuals evaluate number of factors which they may consider as inputs and outcomes in their evaluations of if they are treated fairly (under-rewarded or over-rewarded) comparing to other individuals Adams, (1963). In other words, individuals compare other individual's situations with their own situations when assessing fairness. In situation when ratios are unequal, inequity occurs and individual experience cognitive dissonance. In order to restore equity individuals are motivated to act. The equity theory key components are inputs (contribution); outcomes (rewards); in reference to other individuals with whom an individual compare their ratio of outcomes to inputs.

Equity theory is often used to explain employee motivation, but it can be applied to wide range of situations such as explanation of satisfaction and loyalty as used in this study, because perceived equity evoke positive affective states, which leads to positive attitudes (satisfaction and loyalty) (Adams, 1965). Value equity is driver of loyalty intentions, which explains what must be sacrificed for received benefit (Vogel, 2008). (Rust, Lemon, & Zeithaml, 2004) estimated the effects of individual customer equity drivers that allowed projecting the return on investment occurred from expenditures.

Wang, (2007) concluded that fundamental and marketing strategies related to customer equity theory increased attitudinal and behavioral loyalty. Customer experiences inner fairness when customers' outcome – input ratio match up to customers' own reference outcome - input ratio (Oliver, 2008). Perceived value is the customers' overall assessment of the utility of a product based on perceptions of what is received and what is given or what you get for what you pay.

2.1 Review of variable

According to Watt, (2015), way back in 1896, the first loyalty programmes were initiated in the US – with astounding success. The system was simple, yet incredibly effective: customers received stamps when they made purchases, which they could then glue into a booklet. Once the booklets were full of stamps, they could redeem them for products Vitthalrao, Mahendra, Madhav, and Bhausaheb, (2016) observed that a working smart shopper card application is characterized by features such as reduced scanning time, personalization of items, ability to maintain history of purchased products, ability to provide information regarding discounts and offers. Some of the customer loyalty schemes include Customer loyalty cards and Coalition Loyalty Programs. Customer Loyalty Cards are structured as long-term marketing effort which provides incentives to repeat customers who demonstrate loyal buying behavior. The primary aim of customer loyalty cards is to build up emotional relationships that generate benefits. The benefits need to be valuable and should be capable of creating an emotional connection between the customers and the company (Butscher, 2002). Organizations can take active measures to develop interactive programs that not only identify but also reward their best customers Dato-on, Joyce and Manolis, (2006).

The loyalty card personalized relationship process begins with giving the individualized plastic card to the customers, who will be scanned during shopper check out that records customer identity and all purchases. Usually the customer loyalty card is given to the customer for free in exchange with personal information including customer's name, address, phone number, number of household members and is used as a tool to accumulate the information about purchasing behavior from customers who subscribe while they can collect points which are redeemable in future for substantial rewards in return (Meyer-Warden, 2008). The overall objective of loyalty cards is to modify customer repeat behavior by stimulating product or service usage and retain customers by increasing switching costs aimed at creating a win-win situation for the initiating company and customers (Meyer-Warden, 2008). According to (Noble & Phillips, 2004), this strategy encourages customers to return to a retailer in order to save money, receive special offers or extras and earn additional products/services in appreciation for their loyalty. A major benefit of giving loyalty cards to customers is the collection of useful information about customer behavior that might be used for marketing decision-making (Cortinas *et al.,* 2005). Loyalty cards also enable companies to customize their marketing mix variables to the store or customer segment level.

Ergin, Parilti and Özsaçmaci, (2007) conducted a study to identify whether loyalty cards issued by stores have an impact on customer loyalty and how loyalty cards compare with other factors companies can use to increase loyalty in general. In their study, they established that loyalty cards are quite an important component in a whole program of efforts designed to increase customer commitment to a store. They represent the opportunity to build long term customer loyalty. But they are not the sole factor in a customer's store loyalty development. Customers were also found to focus heavily on the salespeople's positive attitudes, availability of a wide assortment of products and ease of transportation as their top factors for developing store loyalty. Therefore, companies have to take the whole "package" of the marketing mix into consideration. They must aim to build a connected network of customers, partners, and vendors enabled by technology, all working towards profitable and mutually beneficial relationships.

Yi and Jeon, (2014) investigated how reward schemes of a loyalty program influence perceived value of the program and how value perception of the loyalty program affects customer loyalty. The results showed that involvement moderates the effects of loyalty programs on customer loyalty. Direct rewards are preferable to indirect rewards in high-involvement situations, while it is reported that immediate rewards are more effective in building a program's value than delayed rewards in low-involvement situations. Under high-involvement conditions, value perception of the loyalty program influences brand loyalty both directly and indirectly through program loyalty. Under low-involvement conditions, there is no direct effect of value perception on brand loyalty.

The study, For Love or Money 2013 Consumer Study into Australian Loyalty Programs, surveyed over 1000 Australian consumers and found 88% of those aged over 16 belong to a loyalty program (Waters, 2013). The study found 80% of consumers buy more from businesses whose program they are subscribed to. They also tend to buy from businesses which have a loyalty program. When faced with choosing between two similar products or businesses – one with a loyalty program and one without – 55% of those surveyed tend buy from the one that has a loyal program. The study also found that although loyalty programs influence buying behaviour, they don't equal customer loyalty. Less than half of those surveyed tend to feel more loyal to a brand whose program they are a member of Waters, (2013).

2.2 Critique of existing Literature related to the study

Ergin, Parilti and Özsaçmacı (2007) carried out a study titled Impact of Loyalty Cards on Customers' Store Loyalty in Ankara, the capital city of Turkey with the participation of 309 Turkish consumers. The study was aimed at identifying whether loyalty cards issued by stores have an impact on customer loyalty and how loyalty cards compare with other factors companies can use to increase loyalty in general. All of the respondents in the study were 18 years or older. A mall-intercept approach was adopted in the data collection. A total of 309 surveys were conducted face-to-face at three selected shopping malls in a large metropolitan area. The study concluded that Loyalty cards are quite an important component in a whole program of efforts designed to increase customer commitment to a store. They represent the opportunity to build long term customer loyalty. But they are not the sole factor in a customer's store loyalty development. The study gives emphasis on global perspective and may not be similar to African or Kenyan perspective.

The results of this study show that customers not only focus on loyalty cards, they also focus heavily on the availability of a wide assortment of products, salespeople's positive attitudes and ease of transportation as their top factors for developing store loyalty. Therefore, supermarkets have to take into account the whole package into consideration. They must aim to build a connected network of customers, partners, and vendors, enabled by technology, all working towards profitable and mutually beneficial relationships. However, the situation in Turkey may not be the same as that of supermarkets in Kenya and this is to be established in this study.

Karanja, (2012) conducted a study titled “The Effect of Customer Loyalty Schemes on Competitiveness of Supermarkets in Kenya”. The purpose of the study was to establish the effect of customer loyalty schemes namely, customer loyalty cards and coalition loyalty programs on competitiveness of supermarkets in Nakuru town, Kenya. The target populations of the study were the managers and customers of Nakumatt, Tuskys and Naivas supermarkets in Nakuru town in Kenya. A sample of 384 consisting of 375 customers and 9 managers were selected purposively for the study. Descriptive and regression statistics were used to analyze the data and the findings indicated that customer loyalty schemes had a positive effect on supermarkets’ competitiveness. It was established that most customers agreed that it’s worthwhile being a loyalty card holder and see it as a way in which the supermarkets values them for being loyal. However, the study focused on supermarket competitiveness in terms of market share and not marketing effectiveness. Furthermore, the study focused on only a few supermarkets with the same characteristics in town and not the entire country which could have given it a broader perspective.

Cortinas, Elorz, and Mugica, (2005) established that Customer loyalty cards tend to increase customer purchase intensity, frequency and positive word of mouth as loyalty holders recommend and encourage their friends, colleagues and relatives to their choice of supermarket. Customers generally agreed that that they make bulk purchases, encourage their friends, colleagues and relatives to be members of the coalition loyalty schemes because of the benefits associated with the scheme as they earn bonus points and also the safety aspect because they don’t need to carry hard cash with them while going for shopping. (Afande & Kang’arua 2015) concludes that customer loyalty schemes have a positive effect on competitiveness of supermarkets. Since most supermarkets are moving towards customer loyalty schemes, the differentiating feature may be in terms of the overall customer benefits. This implies that a supermarket whose schemes offer more benefits to customers is likely to be ahead of other competitors. The supermarkets should therefore undertake constant improvements on their customer loyalty schemes to remain competitive. Their study recommended that more attention in terms of constant innovation should be paid on the use of customer loyalty cards and coalition loyalty programs by supermarkets as a strategy for competitiveness. Supermarkets vary in terms of their marketing approach and a general view may not give insights, therefore it is important to factor this in the study.

2.3 Research gaps

Ei- Aldy, (2007) in UAE; Child et.al., (2015); Chamhuri and Bhat (2013); Thuong (2016); just to mention but a few did their study in developed countries such as Turkey, Germany, the USA and Malaysia and so on where their study on customer satisfaction were measured in environments of stores or hyper supermarket which is yet to take root in Kenya. The scenarios in terms of tastes and preferences in these two environments are different thereby affirming that there is very little research done the need for a study in East Africa and more specifically in large Kenyan supermarkets.

Ergin *et.al,* (2007); Yi and jean, (2014); Watt, (2015); and others in their studies (and as discussed in empirical review) focused on customer loyalty programmes as a factor driving customer satisfaction in store retail firms. The study thereby is limited to one programme in customer loyalty initiatives thus subjecting the study to a narrow scope of measurement on customer satisfaction. Studies done on the same in Africa and particularly Kenya, (Afande and Karanja, 2012); (Ndwiga, 2012); (Kangarua, 2015); and others looked at factors influencing consumer choice of supermarkets and not a combination of various factors as customer service and firm level characteristics on customer satisfaction. The generalization approach used on factors influencing customer choice of supermarket leaves gaps which this study seeks to establish. Therefore, this study will enlarge the scope of study by looking at customer loyalty initiative on customer satisfaction among large retail supermarket in Kenya at large.

3.0 Research design

A research design reflects the process that involves the overall assumptions of the research to the method of data collection and analysis. It is the roadmap of carrying out a research study (Churchill & Peter, 2007). The research was based upon the philosophical and methodological foundations of logical positivism. A logical positivist researcher deduces and formulates variables and hypotheses and operationalizes definitions based on existing theory (Hayes, Masuda, Bissett, Luoma, & Guerrero, 2002). The study adopted a cross-sectional survey research design. Cross sectional studies are carried out at one point in time or over a short period. Therefore, cross- sectional studies provide a ‘snapshot’ of the variables of interest at a specific point in time (Churchill & Peter, 2007). Cross sectional studies investigate the relationships between variables. Survey research design was used due to its versatility, efficiency, and generalizability. Surveys are efficient in that many variables can be measured without substantially increasing the time or cost.

A target population of 97,867 customers who make daily purchases in the supermarkets as well 31 branch managers represents the 31 supermarkets across 8 regional headquarters in Kenya namely; Mombasa, Nairobi, Kisumu, Nakuru, Eldoret, Kakamega, Machakos and Nyeri urban centers. The focus of the supermarkets was the main CBD areas in these regions, owing to the high population, high consumer traffic and business activities within. Both the customers and the branch managers were targeted because they were better placed to provide information on the influence of Customer service and firm level characteristics on customer satisfaction.

3.1 Sampling Procedure

The sampling frame is comprehensive list of all the sampling units from which a sample can be selected. All the large retail supermarkets in Kenya constitute the sampling frame for purposes of this study and the Branch managers of each supermarket. The sampling frame for the customers were the lists of supermarket branches from which the main branch in the region were selected. Being a survey study, a portion of the population was used to extrapolate the findings and make conclusions about the population.
The sample size of this study was calculated using a scientific formula by (Nassiuma, 2008) as outlined below;

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where:

n = Sample Size
N = Target Population
C = Coefficient of Variation ($21\% \le C \le 30\%$),
e = Precision Level ($2\% \le e \le 5\%$)

Therefore;

$$n = \frac{97414 \times 0.30^2}{0.30^2 + (97414 - 1)\,0.02^2}$$

n = 224
n = 224 respondents

This implies that the size of the sample will be equivalent to 224 respondents (customers) and 31 branch managers will constitute the total sample for the study. Salkind, (2010) recommended oversampling your sample size by 40%-50% to account uncooperative respondents. Hence, for the proposed study, increasing the sample size by 50% gives a sample size of 224 + 112= 336 customers.

Multi stage sampling technique was employed in the study. In stage one Stratified sampling method was adopted to obtain the sampled respondents from the target population. Stratified samples are statistically efficient, and they allow the investigation of the characteristics of the interest for particular subgroups within the population (Churchill & Peter, 2007). The study adopted a stratum of 8 geographical regions namely Mombasa, Nairobi, Kisumu, Nakuru, Eldoret, Kakamega, Machakos and Nyeri Towns.

Primary data was collected through self-administered (one-on-one) semi-structured questionnaires and interview schedule. Using questionnaires, data can be collected from a large sample, confidentiality is upheld, and saves on time and there is no opportunity for interview bias (Kombo & Tromp, 2006). Questionnaires were used to collect data from customers, while interview schedule were used to collect data from Branch managers.

4.0 Results and Discussions

The study shows that 88% of the respondents indicated that they had a loyalty card, while 12% indicated that they did not have any. The study findings revealed that 70.8% had loyalty cards, 13.6% had Visa Smart card, whereas 1.2 had both, 14.4% did not provide any response.

4.1 Customers' Frequency of Shopping at the Supermarket

The customers were asked to indicate how frequently they shopped at their supermarket of choice. Frequencies and percentages were computed and the response was as provided in Table 1.

Table 1: Customers' Frequency of Shopping at the Supermarket

Frequency	Frequency	Percentage
Almost daily	101	36.7
1-2 times per week	88	32.0
3-4 times per week	23	8.4
Monthly	63	22.9
Total	275	100

The findings in above shows that 36.7% of the respondents indicated that they shopped at the supermarket almost daily, 32% of the respondents indicated a frequency of 1-2 times per week, 22% indicated that their shopping was done monthly, while 8.4% indicated that their shopping was done 3-4 times per week. This implied that most of the respondents shopped at their supermarkets regularly; almost daily if not twice per week.

Shopping frequency was a critical aspect since it had an influence on their perception of the supermarkets services, as observed by Betancourt, *et al.* (2004) who noted that frequency of purchases had a significant influence on how customers perceived supermarket service.

4.2 Determining customer loyalty initiative on customer satisfaction

The study findings on the supermarket usage of customer loyalty initiative to communicate to their customers recorded a mean score of 4.21. This mean score was above the mid mean score of 3.0 implying that most customers received communication from the supermarket on new products and services to its customers on a regular basis. It was also established that most customers were adequately informed of any promotional campaigns undertaken by the supermarket as indicated by a mean score of 4.08. This confirmed that most large retail supermarkets in Kenya made sure that the customers were informed of any promotional developments before they were undertaken.

Further finding established from the study showed that most customers were not satisfied with the frequency of redemption of points earned. This assertion recorded a mean score of 2.48 below the neutral score of 2.5, an indication that a good number of respondents were not satisfied. The customers needed to redeem their points whenever / wherever or as frequent as they wished. The findings show that 27% of the respondents indicated that they used their loyalty card once a week, 21% used the cards two to three times a week, 16% used the loyalty cards once a month, 17% used loyalty cards daily, whereas 6% used the cards once every two weeks, while 9% provided no response. The branch managers confirmed that loyalty cards were used regularly by customers and therefore a strong relationship is established. These findings agree with Cortinas, Elorz, and Mugica (2005) findings which established that Customer loyalty cards tended to increase customer purchase intensity and frequency.

Ownership and frequency in using loyalty cards did matter, as observed by Dato-on, Joyce and Manolis (2006) that the primary aim of customer loyalty cards is to build up emotional relationships that generate benefits as well as reward loyal customers. The organization gains in one hand with high frequency rates while on the other the customers enjoyed shopping using accrued points. These benefits create excitement and emotional connection between the customers and the company. They indicated that the cards had greatly influenced customer satisfaction. In the area of accessibility to other banking services, only one program in the initiative posted positive results. The other system did not allow customers to access other banking services such as payments of goods and deposit of change to their account thus recorded a mean score of 2.24. This means therefore that most customers had not been properly linked to banking services.

According to the study findings, only smartcard given by high end supermarkets in the customer loyalty initiative program provided customers with credit facilities compared to others explained by a mean score of 2.02. This value was much lower implying that not all customer loyalty initiative given by the supermarkets guaranteed credit facilities to their customers. This is crucial research finding and according to Foxall & Yani-de-Soriano (2005) customers seek supermarkets that provide specific services such as credit or delivery. Similarly, Sullivan and Savitt (1997) in his finding established that credit is a predictor of grocery shopping expenditures spent out of the community and consumers spending a medium proportion of their grocery expenditures out of a locality had the highest overall shopping expenditures in all categories.

4.3 Correlational results for customer loyalty initiative on customer satisfaction

The results for Pearson correlations between customer service and firm level characteristics and customer satisfaction were as provided in Table 4.16.

Table 2: Correlation Results for Customer Loyalty Initiative according to Supermarket Categories

Supermarket Level		Customer Loyalty Initiative
Low End	Pearson Correlation	0.242
	Sig. (2-tailed)	0.117
	N	43
Middle End	Pearson Correlation	.420**
	Sig. (2-tailed)	0.00
	N	66
High End	Pearson Correlation	.674**
	Sig. (2-tailed)	0.00
	N	166

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

*. Correlation is significant at the 0.05 level (2-tailed).

The findings in the Table above show a Pearson correlation results between customer satisfaction and customer loyalty initiative in the supermarkets as follows. Low-end ($r = 0.242$, $p = 0.117$); Middle end ($r = 0.420$, $p = 0.000$) and High End supermarkets ($r = 0.674$, $p = 0.000$). The results show that there was a positive association between the customer loyalty initiative and Customer Satisfaction as demonstrated in the table below.

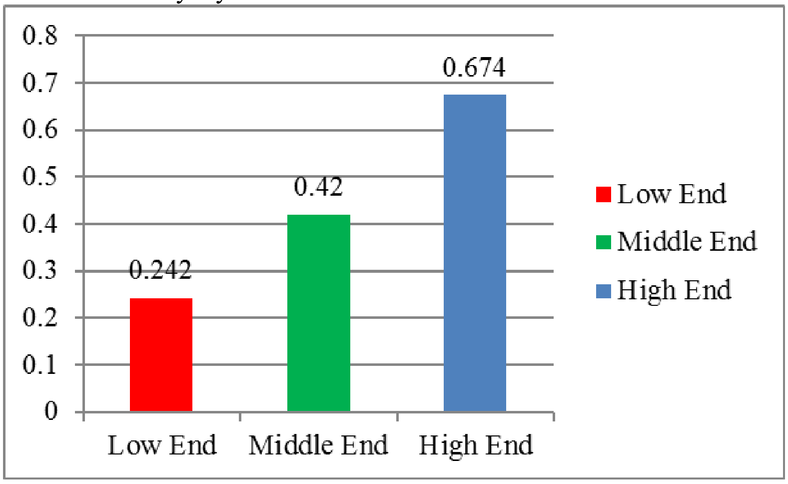

Figure 1: Summary of Correlational Results according to Supermarket Categories

The findings in Figure 1 show that the correlations were highest in High-end supermarkets and lowest in Low-end. This shows that customer loyalty initiative had an upward swing of association with customer satisfaction (that is, from low end to high end supermarkets).

4.4 Test of Hypothesis

Using coefficients outputs for customer service and firm-level characteristics and customer satisfaction in Table 4.24 the study hypothesis were tested. The decision rule was when $p < 0.05$, you reject the null hypothesis and when $p > 0.05$, then you accept the null hypothesis.

Coefficients

Model		Standardized Coefficients Beta	t	Sig.
1	(Constant)		10.840	.000
	Customer Loyalty Initiative	.589	12.040	.000

The hypothesis stated that Customer loyalty initiative does not have significant influence on customer satisfaction among large retail supermarkets in Kenya. The regression was at (Beta = 0.589; p = 0.000). Since the p value associated with customer loyalty initiative was 0.000, we reject the null hypothesis and conclude that customer loyalty initiative has a significant effect on customer satisfaction. The decision rule was to reject the null hypothesis if p value calculated is less than the confidence level p = 0.05. According to the findings from the interview schedules, all the branch managers of the large retail supermarkets indicated that the supermarkets used customer loyalty initiative to keep customers bio-data for communication purposes and track their purchase behaviors. This initiative had registered frequent and repeat purchase behavior into their retail shops. It was noted though that some customers had not registered to this program. It is therefore important to take note that customer loyalty initiative was one of the most important factors in customer satisfaction and customer retention technique in the marketplace.

4.5 Discussion of the findings

The study sought to establish the influence of customer loyalty initiative on customer satisfaction. The findings show that most of the customers were in the program. The findings show that the acceptance levels of responsiveness in the large retail supermarkets was favourable and the customers had appreciated the initiative. Customers' perception of customer loyalty initiative took an upward surge as one move from low-end supermarkets to high-end supermarkets. This is to say, customer loyalty initiative was more effective in high-end supermarkets in influencing customer satisfaction compared to other two categories. This was encouraged by the notion that the more the customers purchased using this program, the more points they earned. It is common knowledge that the high end shop in bulk and at the same time frequent supermarkets for convenience goods on a regular basis.

Even though the supermarket did not allow customers to redeem the points as frequently as the customer's would have anticipated, they appreciated and used the redeemed points earned for their shopping. This was a pointer to the effectiveness of customer loyalty initiative in enhancing customer satisfaction levels. Similarly, Chamhuri and Batt (2013) established that promotional technique influenced respondents' decision to purchase. Warden (2008) further noted that the overall objective of loyalty cards is to modify customer repeat behavior by stimulating product or service usage and retain customers by increasing switching costs aimed at creating a win-

win situation for the initiating company and customers. This argument was confirmed by the frequency rate of 37 % of the customers shopping daily while 1-2 times a week garnered 32% which indicates that most of the customers exhibited a repeat purchase behavior since customers are satisfied. This is important for the supermarket to note since repeat purchase behavior is less costly compared new customers acquisition.

5.0 Conclusion

The study concludes that customer loyalty initiative was an important customer service and firm- level characteristic influencing customer satisfaction among large retail supermarkets in Kenya. Different customers valued, viewed or are satisfied by different things differently based on their perception, attitudes and personality as the case may apply. In this regard, the supermarkets need to consider a mix of each aspect in order to strike a balance of both. The level usage of loyalty cards usage was high and this enabled the supermarkets obtain more personal information about their customers. Such information guided provision of service quality, timely and regular communication by supermarkets to their customers especially on new products and services and of any promotional campaigns undertaken by the supermarket contributed to high quality service and subsequently yielding high levels of customer satisfaction, since their expectations are met and most of them were willing to recommend their friends and family members to the supermarket. From the inferential statistics; that is the regressions and correlations it can be concluded that customer loyalty initiative had a significant influence on customer satisfaction in large retail supermarkets in Kenya.

5.1 Recommendations of the study

The supermarket management should consider scaling up marketing campaigns to ensure that almost all customers are part of a customer loyalty initiative where customers can purchase their products with ease using current and technologies. This will allows them to access banking services such as payments of goods, communicate more, as well as enable them access credit facilities whenever they are in need and might not have cash. This will enhance and trigger purchase behavior such as impulse buying. With technology usage, customer relationship management will realize higher customer satisfaction levels for the customers and thus higher profits for the supermarkets.

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