EFFECT OF BRAND EXTENSION STRATEGIES ON THE BRAND IMAGE AMONG COMMERCIAL BANKS IN KENYA

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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

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ABSTRACT

In the present day market, there is need for a firm to have a clear and well thought-out brand strategy that will enable consumers to clearly encode their functional and emotional position in their minds with the resulting enabling the consumers to differentiate between the available different brands. Brand extension is one of the effective branding strategies and involves using established franchise to a different product class. Consequently, the research sought to establish the effect of brand extension strategies on the brand image among Commercial Banks in Kenya. The research design was a census survey whereby the population of the study consisted of all the 42 commercial banks operating in Kenya. The study used primary data which was collected through a self-administered questionnaires and the data collected was analyzed by the use of mean and standard deviations while presentations was presented using tables, pie charts and percentages. The study established that the commercial banks image is as result of products have a high quality, the brand provides good value for money, personality that distinguish itself from competitors' brands, reason to buy the brand instead of others, it does not disappoint its customers, it is very consolidated in the market, have a clear impression of the type of people who consume the product. A high fit on product extensions helps consumers remember parent brand associations for non-dominant brands and that the fewer the number of product categories with which the core brand is associated, the greater the impact of fit and perceived ability of the firm to make brand extension. In conclusion therefore, the attitude toward brand extension, brand loyalty, image fit and final brand image are among the factors are the factors being influenced by initial brand image. Consequently, it is recommended that when brand managers are launching new products, it is advisable that they employ communication campaigns emphasising the brand name more than the products being launched. A possible limitation of the study is the selection of low involvement, low risk, low complexity goods and service categories, to gain high brand familiarity among potential respondents.

TABLE OF CONTENTS

LIST OF TABLES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The key factor leading to a corporate strategy in the current market is believed to be a well thought and executed brand strategy. Consumers are able to conveniently encode emotional and functional values naturally through brands. (Franszen & Bouwmand, 2011). A brand image, in a firms perspective, is not a onetime event but instead is influenced by several factors that a firm takes on its brand extension which is expected to generate several added benefits to it, including reduction in the cost of launching new products in the consumer markets and also that new products' success likelihood is high with a well understood firm brand (Aaker, 2008). He further points out that one other advantage of well established brands with time, brands' performance expectations are set by the consumer and in the process some brand associations are created. This therefore explains brand extensions that are introduced to the market instead of new brand creation due to easy acceptance of new products by the consumer mostly when the parent brand and extension is in regard to category of the product (Keller and Aeker, 2010).

Most products can currently be classified in one category since they are more of alike, and under such a situation, important distinctions are indicated by brands and therefore one products' preference over others. The distinctions are vital such that brands are viewed by most market leaders as competitive advantage creation means (Ronaghi and Mohammadian 2012). New products' introduction cost increment with new brands' introduction necessitates employment of strategies that cut costs. Product brand extension could be adopted to curb such. Fedorikhin (2008) points out, at present, 8 out of ten products are introduced similarly to the market. Recruiting new customers is more costly than retaining existing ones in the current competitive market thus current customers are encouraged to use products of the firm frequently. This is a rational and obvious thing. Thus business units are forced to adopt strategies leading to more frequent purchase by customers apart from their retaining intention. Similarly, new brand acceptance by consumers and its establishment in the market delays while new product introduction success with previously known brand is highly likely since the product is recognized in market quickly and can easily enter new classes of products.

1.1.1 Brand Extension Strategies

Brand extension is a brand stretching marketing approach in which firms marketing their products use the same brand name in a different product category so that that different product can ride on an already established or known trade name for its success.

This concept has received different definitions from different scholars. Keller and Aaker (2010, p.13) argued that when un established brand names are used in the introduction of new products into a new products category, its referred to as brand extension . More recently, Farquhar (2009) defined brand extension in terms of two forms namely; line extension and category extension where the parent brand name is used for new products which targets different market segments within same category of products which the new product is new in the product line while a extension category occurs when the existent brand name is new product category's' entering. Further, Tauber (2010) consider brand extension to entail brand names' use formed in class of one product to another class. With the above definitions, it can be deduced that brand extension is concerned with utilizing the successful existent brand name for entering new product category .However, as different scholars differently define brand extensions.

Brand extension strategies are adopted by many companies so as to benefit from the current markets' brand knowledge and achievement in the current market. This is because building a brand is very expensive and requires a lot of extensive effort during marketing to make customers accept that brand or even make them want to associate with it. This is why when a brand is already built and well known, brand extension approach is used to introduce the firm's new products into the market. That new product is unlikely to face rejection because its success will already be pegged to an already exixting brand which is already successful in the market.

When a new product is launched by a company under well known brand names' umbrella, failure rates are lessened and there will be market cost reduction .Brand extensions is used by about 80 percent of firms to market their goods and services. Firms are forced by competition to adopt strategies which lead firm's competitive advantage.Keller(2008)

1.1.2 Brand Image Concept

A firm's brand is one of the important assets. A firm possessing high equity of brand achieves brands' high perception by the customers, increased loyalty , less vulnerability to competitors actions of marketing , customers embracing increases in price and high support of middlemen and high marketing promotion affectivity Keller(2008). So as to achieve high brand equity the firm has to heavily invest in the brand though creation and maintenance of a new brand which could be very costly. Keller goes on to define a brand image as brand's perception as reflected by the associations of the brand possessed by the consumer. Alternatively, whatever comes to consumers' mind when name of the brand is mentioned is defined as brand image. Brand image helps in recognition of consumer needs and satisfaction of the brand, a clear distinction between ones brand and that od competitors is well drawn .Hsieh *et al.*, (2004)

Brand image is customer's view about your brand, what the customers think of your brand either through their own personal experience or associations with the brand, or even what customers have constantly heard from people who have used the product or brand. If their experience with the brand was bad or did not meet their expectations or serve their needs then the customer will in the end have a negative perception and this perception is transferred to friends and other potential customers. The end result is the brand image being tarnished something which is very costly for each and every company. It is very expensive to build build a brand and therefore many profit making organizations will strive to give their customers value for their money and make thse customers have a happy and satisfying experience with the brand. This translates to a positive brand image and many loyal customers who give you repeat business and widen your client base by spreading good news about the brand. This is how a company builds its own brand image and brand equity in the long run.

Aaker and Joaschismthaler (2009) consider brand image as brand association set that the brand strategists aspire to create and maintain and that the identity of brand has to consider different aspects such as the positioning of desired and the personalities which are influenced by the organization of culture and the relationship staff built with stakeholders. When communication is introduced into the mix, consumers' association in mind is formed by brand loyalty. The activities of the company are affected the brand image .Consumers' perceived brands' risk is reduced by a positive brand consumer's level of satisfaction and loyalty is increased.

Determination of products' process is facilitated by positive perception by the consumer about the product since a positive and strong brand image is easily carved in the mind of the consumer. (ronaghi and mohammadian 2010). Brand is actually obtained from general brands' image which individuals perceive consumer to associate with (Michel*et al.,* 2001). Thus insisting on core value based positive image and other distinguishing values between top priority brands and other companies brands (Hyung and Sang Lin , 2008). Even though brand image can be improved through brand extension strategy use, its acknowledged by product naming literature that brand extension's negative effects are also possible John *et al,* 2008). This consist extended brands' fading and among a firm's products sales split.

1.1.3 Commercial Banks in Kenya

The Kenyan banking sector has undergone several financial and reglatory reforms for the past decade which has brought many operational changes and encouraged foreign banks to expand their operations within the region (Kamau, 2013). Kenyan financial sector is widely based on banks due to the shallow and narrow nature of the capital market and domination of Kenyas' commercial banks' financial sector and the financial intermediation process which heavily depends on commercial banks. The banking sector is largely relied along on by many sectors for their growth and survival. Several firms have however been put under receivership in the last one year because of problems of liquidity and depositors fund protection need through capital base increase of banks.

In the past few years, several banks have either had to merge and others being brought down to receivership due to what experts say is poor management and non performing loans all leading to liquidity issues which make the banks fall. At Independence many banks in many African countries were foreign owned, and Kenya being one of them, had only nine banks and all these were foreign owned. But to aid in local finance the Government of Kenya decide to form three Commercial Banks to ease government finance, however besides the three main Commercial Banks, their were other many small microfinance institutions. These three Commercial Banks were the Co-operative bank which set its foot running in 1965, and three years later in 1968, 2 more banks came in namely National Bank of Kenya and KCB- Kenya Commercial Bank. Today, completion and demographics have since transformed making the existing current requirements for credit too rigid for small business to compete effectively and survive.

The implementation of the 2008 Finance Act has been the a major challenge facing commercial banks, which took effect on 1 Jan 2009 that require mortgage firms and banks to possess a minimum core capital of 1 billion Ksh by Dec 2012 and to 5 billion Ksh by 2018. This requirement, it is hoped, will transform smaller banks into more stable organization and increase their position of liquidity. This requirements' implementation is challenging to the existent banks and may be forced to form mergers to comply with the act. Increase of the bank's base of Capital to five billion shillings was however not supported by the national assembly which attributed to the current financial crisis which resulted to many banks being put into receivership for lack of liquidity reasons.

1.2 Research Problem

Firma are forced to adopt strategies which enable it to attain competitive advantage due to stiff competition and create a brand name with well established associations. The development of a new brand name is an expensive process with high returns once its successful (Keller, 2008).Because of the expensive nature of the all exercise of creating a brand, firms become reluctant to heavily invest in new brand creation name every time a new product is developed. Adoption of well known existing brand name is economical since new brand creation require more investment than creation of a brand extension that motivates firms preference for brand extensions to new brand creation. (Aaker and Keller, 2010).

Many firms have therefore adopted the brand extensions' concept which entails utilization and application of the established existing brand names to new ones to acquire unexplored new market segments as the strategic tool leading to more revenue generation, marketing cost reduction and rates of product failure. (Keler, 2008).In the present day market, having a powerful brand is the most vital assets owned by the firm. Higher brand perceptions are achieved by firms with high brand equity greater customers loyalty, reduced competitors' vulnerability ,higher profit margins, higher middlemen support and reduced negative reaction by customers to increases in price. Adoption of a brand extension strategy is indeed the most popular strategies of less risky growth and cheaper than new brand creation. This is because the brand name, for example a bank, already exists in the minds of a customers and the extension usually easily gains market acceptance. AsAaker and Keller, (2010).

Many Brand extension strategies studies have been carried out. The main concern has been to focus evaluation criteria of the extension products(Smith and Klink 2011), such that the extensions' perceived quality provide a vital indicator of success in brand extension. This study did not link brand extension of a firm with its brand image and therefore remaining inconclusive. On his part, Rabiei (2008) did a study brand extensions' strategy influence the attitudes of the consumer towards new product and the outcome was many subjective features concerning major brand products were functional features and not its physical image. However, the current research will link the influence of brand extension on its image.

Locally, (Hongo 2001) investigated brand extensions' practice of goods in Kenyan fast moving consumer goods and found that products' main association is increased by brand extensions' strengthening rather than the brand image weakening of the goods of the manufacturer. However, fast moving consumer goods industry is different with the banking sector operations and this study will seek to introduce the brand image characteristic on Mwangi (2010) researched on brand extension strategies effect on brand image among Kenyan pharmaceutical firms in Nairobi,. She found that extensions of a brand strengthen some brand associations sharing same benefits with brand name and, thus increasing brand values in the initial category of products. It is however evident from the above studies that there has been limited studies that have looked at effect of brand extension on a firm brand image. Further, the studies that have been carried out do not deal with service products.

This research will therefore seek to fill in this gap by establishing the extension strategies' role on the product brand image among commercial banks in Kenya. Hence the research question will be: what is the influence of brand extension strategies on the product image among Multinational Commercial banks in Kenya?

1.3 Research Objectives

To establish the effect of brand extension strategies on the brand image among Commercial banks in Kenya.

1.4 Value of the Study

The fact that brand extension puts the image and status of the core brand at stake makes it a challenging strategy. Thus all the extended brands should have the essential marketing elements and its well evaluated target markets. Commercial banks in Kenya will therefore benefit in processes of decision making as ways of parenting brand image may impact decisions and the appropriateness of brand strategy. It will further provide brand extensions' effect on parent brand image and concept of core brand information. It also offers more information regarding extension types' image (vertical versus horizontal) on parent brand image and the core brand concept.

The government will benefit i.e. the national treasury for making policy decisions with the objectives of accelerating growth rate banking industry and market liberalization advantage. Thus it is expected to increase existing knowledge to scholars on of extension strategies benefits adopted by commercial banks which make them in touch with external and internal factors affecting firms' extension strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Topics publications related to the research problem discussed is reviewed in the chapter. It does an examination of publications by different authors and scholars on brand extension strategies. It covers; brand extension strategies ,theoretical foundation of brand extension strategies and brand extension strategies' influence on performance of the firm and brand extension its challenges on brand image of the brands

2.2 Theoretical foundation of the Study

The debates on the influence of brand extension strategies on a firm's performance can be discussed in light of two theories in the subject area namely: Associative-network memory theory and the Entity theory.

2.2.1 The Associative –Network Memory Theory

The theory functions like the overarching theory for brand extension valuations' understanding and its feedback outcome. consumer memory brands' knowledge is held as nodes brands' network information referred(Keler, 2007). Generally, consumers have a positive associations about an original brand compared to a brand extensions launch that once introduced could get revoked thus favorable beliefs and attitudes get transferred to extension because of the memory nodes' inter connectedness . If consumers are contented with an extension, positively or negatively, extension derived associations are creations which pass to parent brands schema, thus resulting to feedback effect (Shenin, 2000).

The evaluation of parent brand is operationalised like as parent brand equity perceived by the consumer that refer to overall knowledge of the consumer on brands composed of associations of well understood brands. Equity inherent in parent brands are capitalized by brand extensions

2.2.2 Brand Relationships Theory

This theory was advanced by Gummesson (2002) and pointed that that there exist relationships among human beings. Consequently, brand relationship are defined from their brand relationship and relational values that are more personalized in consumers' minds. Individual relationships are generated by individuals based on individual brand values' perception, brand experiences and meaning. Customers seemingly creating the brand through multiple contexts' communication (Kirsti, Lindberg Repo, 2009).

Prior studies have examined the personal relationship components between a brands and i customers. The customers' relationships and wants to have with companies were examined by . Fournier (1998) . He argues that brand relationship quality is multi-faceted and consists of six dimensions exceeding commitment or loyalty with varying consumer brand relationships :, commitment or nostalgic attachments, interdependence in behavior, intimacy, love/passion, brand-partner quality and intimacy.

She suggested the following metaphors' typology for customer-brand relationships representations:, casual friends/buddies, arranged marriages, committed partnerships, best friendships, marriages of convenience ,compartmentalized friendships, childhood friendships, courtships, dependencies, flings, kinships, rebounds/avoidance-driven relationships, enmities, enslavements and secret affairs. Since this typology contains any positive relationships, it may might neglect many possible neutral and negative typology.

2.3 Brand- Extension Variables

Brand extension strategies are beneficial since it reduces the introduction of new products , cost introduction and increases the possibility of success due to (Martinez and Pina , 2009). Brand extension has become more attractive in current environment as a strategy of marketing where new product development costs is expensive and could be consumes a lot of time thus, its economical to use a strategy that the customers know. The introduction of brand extension capitalize on already established brands' capital name or corporate name or company name leading the market. The familiarity of consumer with the existent core brand name aids entry of new products into the market thus helping extension of brand to quickly capture new market segments (Herbig and Milewicz 2004). Thus brand extension strategy always perceived as advantageous because of reduction in cost of introduction of new products, advertising costs increased success chance due to high preference derived from the core brand equity and marketing research. Brand extension also produces possible reciprocal effects enhancing parent brands' equity. Swaminahanet al., (2011) work confirms brand extension strategy's' use could result in induction of brand trial equity and awareness among of the parent brands' loyal customers.

Aaker and Keller (2010) point out that the basic premise underlying brand extensions' use is parent brands that consumers perceive to have high quality provide great leverage for extensions than brands that associated by consumers with lower quality. In the services industry, for example banks, service quality is widely acknowledged as an important factor and that service qualities such as simultaneity, heterogeneity and intangibility require some understanding and conceptualization of the quality concept (Iacobucci2008), which is best impeded in the customers mind from a previous encounter. Therefore, a brand image specific attribute of service quality requires consideration in modeling the relationship between the quality parent brand service and evaluations of consumers brand extension.

Kim (2006) further mentioned that a brand extension is beneficial to a firm through the transfer of well established brand equity, in an existing product, to the brand extended. Thus the firm can save the money, effort and time involved in the new brand image building and increasing awareness level of the consumer on the new brand.

2.3.1 Perceived Quality

A brand quality is a component of the brand equity assets that determines the factor of the brand image. Perceived product quality affects directly consumer buying decisions; i.e. when a customer is capacitated or motivated to a detailed purchase analysis. It can also sustain a standard price, leading to brand's profitability increase and brand equity in general.(Aaker, 2008). Perceived quality is what the customers think or make out of the superiority of a product over its intended purpose as compaired to other alternatives.

In their study, Roedder and Loken (2013) found that perceptions of quality on parent brand is affected negatively when the extension was in a product category that is similar with the parent brand and not affected when it was not in similar category of the product parent brand. i.e. in the case that the extension is resembling the parent brand, its impact on the parent brand would be more than in comparison with extension that is not in the same category or that is far from the parent brand.

2.3.2 Brand Fit of the Product

Brand fit the relationship between the parent brand and an extension. Park. (2001) stressed that the different basis that could be used by consumers in evaluation of goodness of an extension of fit with the brands category are products features brand concept consistency and similarity which is implied by brand consistency with associations of the brand. A fit can exist in any association made concerning the brand. Product associations may be category of product based, functional benefits/ product attribute, technology, application channel, brand and user personality/self expression of benefits (Aker, 2008). Brands' strength is highly dependent on the consumers' association upon coming across name of the brand.

Great elasticity is possessed by a brand if the new and the original categories are similar. (Aaker and Keller 1990), Though the relationship could be relative brand to functionality or perception of prestige. Therefore, the attributes of products remains to be the brand elasticity's determining factors even though not only restricted to prestige and functionality. The fit for extension motives are two : one is that perceived quality is transferrable between brands when both classes of goods are fully consistent.; Second is is due to poor fit which does not only weaken positive associations' transfer but also the encouragement opinions and associations that are undesired . If an extension requires fit, customers do not accept easy extensions since it does not justify charged price due to inconsistency in its application to quality name important class of products (Keller and Aeker, 1990). Dacin and smith (2004) noted that extensions which thrive, thriving in many ways reduces fit effect in concurent extensions .

Extension of a brand to a new category of products makes it similar to existing and new products.(Czellar, 2003).The perceived fit concept leads to a tendancy of consistence between the extended and parent brand.Consumer construct of perceived fit can be viewed in two dimentions analyzed in studies done previously. Brand-level fit and product category (Park 2011).

2.3.3 Familiarity of the Product

Familiarity explain how the consumers perceive the product (Keller and Campbell, 2008) since different interactions with brands that are similar: They do this for own or family use, advertising, contact or friends. Familiarity influencess buying decisions low involvement goods' purchase. Knowledge of customers about the brand show the familiarity of the brand (Kel er 2008) defined product related experiences that consumers accumulate (through advertising and usage). Familiarity is increased by any experience type with brand exposure. Research has proven customers tendency to purchase brands known to them and when customers are shown meaningless words and motivated later to choose names they like of which most choose nonsensical words previously shown. (Aaker 2004). Brand-specific associations' knowledge is required by consumers for brand appropriateness appreciation in the ecategory of extension (Alba and Broniarczyk, 2012).

Clarity in familiaritys' role in brand image formation and familiarity s' role customer's extensions evaluations is still not clear. When low degree on information of the brand exists, the trust of the customer in the quality of the brand and evaluations' making familiarity.

2.3.4 Customer Attitudes

Consumers' attitude about a brand determine whether he will, purchase the product, become loyal to the product or like the product . Formation of negative attitudes leads to brand avoidance by the consumer .Attitude development towards extension is a vital variable in the determinination of the extension acceptance by the consumer. If the customer has high attitude towards consumer, this will it will positively affect the image of the brand project.when it is low, it will negatively affect the image of the brand. Thus it cn be concluded that marketing programs' success dependg favorable brand association creation .(Keler, 2008) and attitudes which are positively impact image of the brand. Products' attitude is vital due to brand basis process of choosing. Attitudes in brands forms models described as a combinattion customer opinions concerning a service or product.

Before any product categorys' brand extension occurs, consumers would generally have established attitudes, either unfavorable or favourable , about the parent brand (Czellar, 2003). Which reflect associated affective and cognitive attitudes dimentions. Alternatively, the cognitive dimension is brand categorys' knowledge defined in relation to product and non product related associations linked to brand or product categories in the long term memory of the consumer. (Keler, 2008).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The proposed research design, , data collection instruments and data analysis techniques and the target population are described in the chapter.

3.2 Research Design

Descriptive research design was adopted. Schindler and Cooper (2000) described descriptive research design main concern as to find out ; what, who, where, how much and when. A research design is further structured to investigative part of formal studies and questions. The design was viewed to be appropriate because the main concern was to exploring the viable relationships and describtion of brand extension strategies' role on image of the brand among the multinational commercial banks located in Kenya,Nairobi.

Desscriptive study was used since it enables the researcher to have brand extension strategies' insight adopted by banks and a quantitative data from part of the selected population and thus providing further understanding into research problem through description of the variables under study.

3.3 Target Population

A Population refers to a whole group of people, things of interest or events that the researcher wishes to investigate (Orodho, 2009). Thus, a study population is the entire collection of cases or units about which the researcher wishes to draw conclusions. This study focused on 41 Commercial Banks in Kenya. These banks are categorized into three tiers according to the banks' capital base (Appendix II). The banks that have a capital base of over Ksh 40B fall into tier I while those banks that have between Ksh 10B to 40B are in the second tier while those banks with less than Ksh 10B belong to tier III. Since the number of the population is small, the research was a census type of survey.

3.4 Data Collection

Self administered questionnaire was used to collect primary data. It was made up of three sectionS.Demographic information was discussed in the section A of the bank and respondent while section B covered the brand extension strategies employed by the bank. Lastly, section C discussed the relationship between brand extension and image of the commercial banks. In addition, the questions contained in the questionnaire were both open and closed ended for quantitative and qualitative analysis respectively. The questionnaire was administered through drop and pick later method to the brand managers. It also adopted a Likert scale format whereby 5 represented a strong positive response and 1 the weak response.

3.5 Data Analysis

Descriptive statistics was used in the analysis of the data collected. The questionnaire was edited to check its consistency ,completeness and accuracy. Data was however cleaned before the final analysis was done to eliminate errors and later classified on similarity basis finally tabulated. The responses were then coded to numerical form for statistical analysis. SPSS was used to analyze the data questionnaires' output. Tables, percentages, mean , standard deviations and tables to summarize the answers of the respondent.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objective of the research was establishment of brand extension strategies' effect on the image of the brand among Commercial Banks in Kenya. It presents analysis, findings and discussion. Frequency distributions,percentages, standard deviations and means are used to present findings.

4.2. Demographic Information

The geographic facts in the study included the length of continuous service of the respondent, duration of bank operation in Kenya, number of employees and the department in the organization.

4.2.1 Response Rate

A total of 33 questionnaires were returned out of the issued 42. This represented a 79% response rate which was considered appropriate for analysis of data and agrees with (Mugenda and Mugenda 2003) stipulations that a 70% and over response rate was adequate. Considering the time taken by the reseacher to liase with the respondents, chances of receiving more questionnaires declines with time.

4.2.2 General Information

Table 4.2. Demographic Information

Category	Item	Frequency	Percentage	Cumulative
Length of continuous service	0-5yrs	11	33.3	33.3
	5-10 yrs	10	29.4	64.7
	Over 10 years	12	35.3	100
No of employees	Less than 100	6	17.1	17.1
	100-499	10	28.8	45.9
	500-999	14	41.6	87.5
	1000 and above	3	12.5	100
Duration of operation in Kenya	1-10 years	3	9	9
	11-20 years	4	12.1	21.1
	21-30 years	12	36.4	57.5
	Over 30 years	14	42.5	100

The findings show that majority of the respondents 35.3% were equally weighted having worked for a period less than 5 years and over 10 years. Generally over 64% of the respondnets had worked in the bank for more than 5 years and will therefore be considered to be knowledgeable on the operations of the bank. In terms of the employees' numbers that the banks have, the results show that most (41.6%) of the banks have between 500 and 999 employees and if the number of employees was to be used to categorise the banks, then they will fall under the medium eneterprises categories(KAM, 2012). Only three of the banks had more than 1000 employees and therefore can be considered as large organizations. With more than 88% of the banks having less than 1000 employees despite having a wide branch network in kenya, this implies that most of the banks had employed IT in its operations as well as internet banking such that their customers will not need to visit the physical branches for services. On the question of how long the banks had operated in Kenya, the results show that most of the banks (42%) had operated in Kenya for more than 30 years and this means that they will have diversified their operations in different regions in Kenya as well as in other countries outside the country.

4.3 Brand Extension Strategies

This section of the questionnaire sought to establish the different forms of brand extension strategies that are used by the Kenyan banks. The section also looked at the effect that the extension strategies had on the banks product.

4.3.1 Adoption of Brand Extension Strategies

On the question of whether the banks had adopted brand extension strategies, all the banks answered to the affirmative. The results are presented in the table below;.

Table 4.3 Use of Brand Extension StrategyCommercial Banks

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	33	100.0	100.0	100.0

4.3.2 Brand Extension Strategies

This section of the questionnaire sought to get from the respondents on the bank brand extension strategies used. Not at all-1, Small extent-2, Moderate extent-3, Great extent-4 and Very great extent-5. The disagreeing scores have been picked in representing a variable with 0 to 2.5 mean on the Likert scale 0≤ S.D <2.4) ‘Neutral’ scores have been taken in representing a variable 2.5 to 3.4 mean on Likert scale: 2.5≤M.E. <3.4 and the score of both agree and strongly agree have been taken in representing a variable with 3.5 to 5.0 mean score on the likert scale 3.5≤ S.A. <5.0 . A > 0.9 SD a major t difference on variables' impact among respondents. The results are shown below;

Table 4.4 Brand Extension Strategy

Brand Extension Strategy	Mean	Std. Deviation
Parent brand product quality standards	4.412	.939
Parent brand outcome quality that explains the experience that a customer will upon visiting a branch	4.235	1.032
Parent brand physical environment quality standards	3.941	1.249
The fit between parent brand and extension	3.882	1.219

From the finding, the popular brand extension strategy was the parent brand product quality standards (M=4.412) while parent brand outcome quality that explains the experience that a customer experiences upon visiting a branch (M=4.235) was also found to be used by the banks to a great extent. However, to a moderate extent, the study found that the application of the match between parent brand and extension (M=3.882) was applied by the banks. This means that there is no common or tailor made brand extension strategy to be used by a bank but rather, every bank should endeavor to customize its brand strategy.

4.3.3 Brand image of Commercial Bank's Products

A description of the characteristics of bank brand image was done by the respondents and the outcome is shown below;

Table 4.5 Brand Image of Commercial Bank's Products

Statement	Mean	Std. Deviation
The brand provides good money value	4.336	.990
The brand is interesting	3.827	.756
I have a clear impression of the consumers of the brand	3.783	.772
It's a brand that doesn't disappoint its customers	3.764	.758
The products have a high quality	3.735	.823
The brand is different from that of competitors	3.405	.827
The brand is nice	2.864	.960
The brand is very consolidated in the market	2.762	.813
There is a reasonfor brand preference againest others	2.723	1.009
The brand posseses personality that distinguishes if from brands of the competitors	2.527	.883

The result on brand image of commercial banks indicate that respondent strongly supported the position that brand provides good money value (M=4.336) and that the brand was found to be interesting and exciting (M=3.827). With the low standard deviation among the respondent's means that there was concurrence on these two point on the effect that brand image of a product had on the performance of a product. In addition, the findings were that the bank knows what type of people who consuming brand (M=3.782) and brand that doesn't disappoint its customers (M=3.764). However, the findings were that to a low extent, the bank product brands were not able to distinguish themselves from competitors brands (M=2.527). From the finding, it can be deduced that brand image of commercial banks products creates value for money, improves quality of product and attracts more customer in the bank.

4.4 Reliability Test

Prior to any data interpretation, it was necessary to check the cited data's' reliability and validity.The consistency of the responses provided by respondents were evaluated against Cronbach's theory to assess its reliability and is shown in the table below;

Table 4.6: Output of Reliability Scales

Row	Assessment qn	Measure	Number	Reliability questions
1	9a	Perceived Quality	5	0.823
2	9b	Brand fit	9	0.786
3	9c	Customer Attitudes	3	0.821
4	9d	Familiarity of brand	5	0.834

The results used in determining the internal consistency provided by the Cronbach alpha > 0.7 as value of threshhold which means that the questions in the independent contain variables and this indicates great reliability in internal efficiency of this instrument of survey. Thus respondents' outcome have some consistency levels of the the same variables.

4.5 Role of brand extension strategies on Product Brand Image

This section of the questionnaire sought to get from the respondents on the role of brand extension strategies on the commercial product brand image. The brand image variables considered were perceived quality, brand fit, customer attitudes and familiarity with the brand.

4.4.1 Perceived Quality

The quality of a brand is one of the assets that determines a banks brand image. This is because the quality of the product has a direct influence on the buying decisions of a customer especially when a customer is motivated in getting details of a product before a purchase. In addition, a brand quality can afford a firm to charging a premium price for their product and therefore increase the brand's profitability and its brand equity. The result on the product quality is presented in Table 4.7.

Table 4.7 Perceived Quality

Statement	Mean	Std. Deviation
Brands attitudes affect brand image	4.106	1.095
The products' quality is credible	3.909	.831
Good corporate image is likely to give credibility and consumers' trust worthiness leading to increased perceived brand quality	3.818	.815
The bank's product has a higher quality than other brands	3.723	1.128
The product of the bank must be of good quality	3.673	.904

From the result the attitudes towards brands have affect image of the brand (M=4.106) and this assures of the brand credibility (M=3.909). However, since the standard deviation of the attitudes towards the brand was high (SD=1.095), it shows that there was little concurrence among the respondents on the question. To a moderate extent, the respondents pointed out that a good image of the corporate is likely to give credibility and trustworthiness to consumers leading to perceived quality increase of the brand (M=3.818) just like pointing out that the bank's product are of high quality than others (M=3.719).

4.4.2 Brand fit

The relation between parent brand and the extension is shown by brand fit because introduction of a new product without a corresponding match with the parent company will not bring about the necessary similarity between the two products. This is because brands' strength is highly depend on the associations made by the consumers upon coming across the brand name. Thus brands with strong associations automatically trigger positive attitudes in customers. The respondents also indicated brand fit influence on image of product brand and the results are presented the table below;.

Table 4.8: Brand fit

Statement	Mean	Std. Deviation
Communication strategy used for extension by the bank	4.941	.243
Extension of services with good fit result in improvement of the image.	4.529	.624
The resources of the bank are beneficial in making the extension of the product	4.529	.515
Utilizing two brand names as a strategy of branding creates extensions which reduce an extensions' negative impact with poor fit since extension is associated by the customer to the core brands' positive aspects.	4.511	.943
The lesser the number of t categories of products with brand is associated core brand the greater the fits' impact.	4.471	.799
Higher extensions of fit help consumers in remembering parent brand associations for the non dominant brands.	4.294	.686
Perceived ability of the bank to create brand extension (Transfer)	4.000	.707
The dissimilarity or similarity of brand new product to the previous products offered by the firm.	3.941	1.029
The probability of combined use of present and extension services	3.647	.862
The extension is same as the products of the brand.	3.529	.875

The results show that in respect to the brand fit to the parent product, the respondents were in agreement that the commercial banks used communication strategy to alert their customers on how the new product fits to the existing one (M=4.941). In addition, extensions of services with a good fit leads to improvement of image and bank's resources used are minimized in making the fostering the brand image (M=4.529). Further, the respondent pointed that two brand names use as a strategy of branding create a brand image that reduces an extensions' negative effect with poor fit as extension is associated with the core brands' positive aspects by the customer. (M= 4.511).

On the lower side of the continuum, the result show that to a lower extent, commercial banks had dissimilarity or similarity of new product usually sold products (M=3.941) and that the probability of using together the brand extension strategies on the new services or products was found to be low (M=3.647). The results indicate that consumers of the banks products will accept a new product when they think it is consistent with the original brand.

4.4.3 Customer Attitudes toward the Extension

The attitude of the customer towards a brand tells whether, they value the product, purchase the product, and if they will portray product loyalty. This is because formation of attitude is unchangeable and usually lead to the brands' avoidance by the consumer and thus extensions' attitude by a customer is a vital variable in determination of product extension acceptance by the consumer . If the extensions' attitude is high, it will have a positive effect on the image of the product, if low, a negative effect will be observed on product brand image. The results on the customers' attitude towards a brand image are presented in Table 4.9.

Table 4.9 Customer Attitudes toward the extension

Statement	Mean	Std. Dev
The associations of core brand, (benefits, attitudes and attributes,) get transferred to the extension making it to fit the new category	4.941	.243
Knowledge of the customer will result the extension and core brand discrimination by the customer.	4.882	.332
Exposure of the consumer to brand extensions will lead to increase in parent brand awareness in form of recall and recognition .	4.529	.799

The result show that for a customer, the associations of core brands get transferred to new product and thus matching with the new category (M=4.941) and that the consumer knowledge will influence on whether a customer is highly likely to discriminate between the extension and the core brand (M=4.882) and the exposure of consumers to brand extensions will lead to increased awareness of parent brand in terms of recall and recognition. (M=4.529).

4.4.4 Familiarity of the Brand

The capacity of a brand to remain in a mind over a long period describes the product familiarity with the customer. Different associations are made by customers with their brands with familiar brands: inconsiderate of if for family or own use and this familiarity will guide the buying decision of a potential customer. Therefore, The knowledge of a customer about a brand knows shows is/her familiarity with the brand. The finding on the familiarity of a product to a customer on the brand image is illustrated in Table 4.10.

Table 4.10: Familiarity of the Brand

Statement	Mean	Std. Deviation
Familiarity of the consumer with the existent core brand boosts entry of new products into the market and help in the quick capturing of new market segments	4.9412	.24254
Product consumers from the parent brand more positively responded to the line extensions	4.7647	.75245
The reactions of consumers to extensions of brand are influenced by their their brand's product category familiarity	4.5882	.50730
The relations of the consumers with the brand affects their intentions to purchase for extension of brand, both in dissimilar and similar extensions ,	4.4118	.71229

The result on show that familiarity of the consumer with an existent name of the brand helps entry of new products into the market and helps the capturing of new market segments by brand extensions quickly (M=4.941) this is because products' consumers from the original brand more positively responded to line extensions (M= 4.765). Further, the respondent noted that the reaction of the consumers to extensions of brand are influenced by how familier they are with the product of the brand category and this shows that the relations of the consumer with brand affect their intentions to purchase for an extended brand, in both dissimilar and similar extensions (M=4.412). The results thus show that consumers evaluate broadly the similarity between the exemplars and extended product in determining the extent of categorical fit. The results were therefore consistent with Smith and Klink (2001) studies that reactions of the consumers to brand extensions of brands are affected by how familiar they are with the products of the brand category.

4.5 Correlations Analysis

Pearson correlation analysis was conducted to indicate the linear association between the explanatory and predicted variables, which helped in determining model strength s' associations,

Table 4.11:Correlations

		Brand Image	perceived Quality	Brand Fit	Customer Attitude	Brand Familiarity
Brand Image	Pearson Correlation	1				
	Sig. (2-tailed)					
Perceived Quality	Pearson Correlation	.367	1			
	Sig. (2-tailed)	.001				
Brand Fit	Pearson Correlation	.418**	.016	1		
	Sig. (2-tailed)	.000	.898			
Customer Attitude	Pearson Correlation	.298*	.005	.746**	1	
	Sig. (2-tailed)	.014	.965	.000		
Brand Familiarity	Pearson Correlation	.418**	.103	.021	.052	1
	Sig. (2-tailed)	.000	.406	.863	.676	

Source: Research findings (2016)

From the correlation analysis, brand fit and customer attitude has a stronger correlation with a correlation value of 0.746. That means that a brand that satisfies a customer's need by virtue of brand fit will influence the customer's attitude towards buying that product. The greater the correlation factor the greater the association.

On the study of correlation variable, Pearson moment correlation was conducted by the researcher. From Table 4.10 findings;, the study a positive correlation coefficient was found between perceived customer quality and brand image, as shown by 0.367-correlation factor , thus the relationship was statistically significant as the significance value was 0.001 < 0.05. In addition, a strong positive correlation was found between brands fit and brand image, as shown by correlation coefficient of 0.418, On the other hand, there was also a positive correlation between customer satisfaction and brand image and was also significant values since the p-values was 0.000 which is less than 0.05. Similarly, there was a positive correlation between brand familiarity and brand image the study found positive correlation between as shown by 0.418 CF, this relationship was found to be significant statistically as the significance value was 0.000 which is <0.05.

4.6 Discussion

From the analysis of brand extension strategies, there is no specific or common brand extension strategy to be used by a bank but rather, every bank should strive to customize its own brand strategy. From the finding, it can be argued that brand image of commercial banks products creates value for money, improves quality of product and attracts more customer in the bank.

The results on perceived quality support the view that products' quality affect the image of the firm and the outcome support that of Pina (2006) studies that interactions of an individual with an organization affects their valid perceptions, which may use to change the corporate image. Thus brands' attitudes broadly affect image of the brand, perceived quality of the brand extension is likely to affect post extension corporate image. Further, Aaker (2008) reinforced the point by noting that a customer does an evaluation of brands according to their quality perceptions which are sometimes is more difficult than the actual delivery of high quality.

This findings on brand fit is consistent with the earlier findings by Park. (2001)that existence of high perceived fit degree (image fit and product category) together with high perceived quality degree of the parent brand, consumers are likely to display positive evaluations towards extension of brands. If consumers' perception on a product and perceived quality of the core brand are both high, then a positive extension attitude is likely to exist.

The outcome of customer attitudes towards the extension support the view that, a customers' attitude towards a new product affects the firms' image which is consistent with Keler (2008). Such that high attitude towards and extension has positive effects on brand of product image and there will be a negative effects on image of product brand when low . Hence a bank should endeavor to influence a customer's attitude through advertisement and promotional activities to reinforce the parent product in the customers mind.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Study summary, conclusion and study recommendations are given in the chapter. Further research suggestion is also mentioned. The studies' objective was to establishment of the effect of brand extension strategies on the brand image Commercial Banks in Kenya.

5.2 Summary of Findings

The study established that majority of the respondents had worked in the respective banks for a period exceeding five years with most of the banks having operated for more than 20 years in Kenya. Consequently, most of the banks had more than 500 employees, an indication that they had a wide branch network in the country. On the question of whether the banks had adopted brand extension strategies, all the banks answered to the affirmative implying that they all appreciate the role of brand extension on the performance of the bank brand image. Consumers do draw conclusions and form expectations through brand extensions about the performance of the new product based on knowledge that is existing about an earlier product by the bank in a parent company. With the expansion of the Kenyan banks to the East African Community countries, for example, product brand extent. The advantages of conducting brand extension strategies by firms was found to be achievement of brand knowledge of the current markets, clarification of brand meaning to consumers and definition on the domain boundaries they compete, increase value of brand , customer trend and needs, immediate awareness of customer by a quick and new ways of market entry, meet changing market, communication economies of scale, growth of current and new segments, low cost and risk than that new brand, decrease communication costs, tools of defense against competitors and increased profitability.

The quality perceived of a bank product offers competitive advantage through brand differentiation with those of competitors and this provides provides opportunity and value for the consumers to continue purchasing the product. It also found that the perceived quality of the firm influences the image of the brand througha corporate image that is adorable credibility and trustworthiness on the eyes of consumers. It was also found that the brands' strength depends highly on the associations made by the consumers upon coming across the name of a brand. The brand fit in the banking industry results in an image improvement and this is achieved utilization of the firms resources make the product extension profitable. Further, it was found that a high fit on product extensions helps consumers the associations of parent brand for brands which are not dominant and few number of core branded product association indicate great impact of fit and the firms' ability to make brand extensions. Therefore, it was evident from the study that brand extension strategies among the commercial banks positively affect the image of the brand.

Consumers generally make judgments of a new firm's product based on their already informed opinion about other products of the same company and they therefore form expectation of the new product. If they had a positive relationship with the parent brand acceptance of the extended product becomes a little easier.

5.3 Conclusion

There is influence of four different extension variables on the image of the brand after the analysis of the extension , to identify the variables which banks need to focus on to ensure optimization of brand image after the extension. The study found that the greater familiarity of the consumers with the brand of the product , the better their bank product evaluation before extension and the higher the quality perceived of the brand of the products.

This same point affects the evaluation of consumers of that product image after the extension is done because their brand familiarity positively influence the product before extension, which positively affects the quality perceived of the brand of the products.

5.4 Recommendation for Policy and Practice

The results of the study will be of importance to the development of brand strategy by managers , in the sense trust levels of brands is past academic studies associated with brand loyalty, equity and now with acceptance of brand extension. This means that brands possessing high trust profiles benefit more in extension of brand strategies in comparison with rivals who are less trusted. In an environment where new newly launched products fail, it should be reassuring to brand owners that investing in the consumer brand relationship, securing higher trust ratings, should, subject to other criteria being met, delivering a future pay off in leveraging ability of the brand name in categories that are new.

5.5 Limitations to the Study

While brand extension literature is extended in this study and previous studies have t utilized typically the fictitious brands, a possible constraint of this study was the low involvement selection, low complexity service and good categories and low risk to attain high familiarity of brand among potential respondents. In addition, the study used key informants from the banks which put constraints on the generazability of the results of a firm to other firms in other sectors. Sample selection also limits the overall population results generalization. The specific and narrow focus of the study means the results are limited to commercial banks in Kenya which may not reflect to other national contexts.

5.6 Recommendation for Further Research

The research, conducted among 33 Kenyan banks, may be subjected to cultural influences and thus brand trust study in other cultures and countries should be conducted in future direction. The study also focused on the banks product and there is need for a similar research to be carried out in other sectors, such as manufacturing.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

PART A: Demographic and Respondents Profile

1. Name of the bank ……………………………………………………….

2. Length of continuous service with the company?

a) Less than five years ( )

b) 5-10 years ( )

c) Over 10 years ( )

4. How many employees are there in your company?

a) Less than 100	( )	b) 100 – 499	( )
c) 500 – 999	( )	e) Above 1000	( )

5. For how long has your bank been in operation in Kenya?

a) 1-10 years	( )	b) 11 – 20 years	( )
c) 21 – 30 years	( )	d) Over 30 years	( )

Part B: Brand Extension Strategies

6. Does your company uses brand extension strategy?

Yes ( ) No ( )

7. To what extent does your bank use the following brand extension strategies? Use Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Brand extension strategy	1	2	3	4	5
Parent brand product quality standards					
Parent brand physical environment quality standards					
Parent brand outcome quality that explains the experience that a customer will upon visiting a branch					
The fit between parent brand and extension					

8. To what extend do you agree with the following regarding the brand image of your company's products? Use 1- Strongly Disagree, 2- Disagree, 3- Moderate, 4- Agree and 5-strongly agree.

Brand image of bank's products	1	2	3	4	5
The brand provides good value for money					
There is a reason to buy the brand instead of others					
The brand has personality that distinguish itself from competitors' brands					
The brand is interesting					
I have a clear impression of the type of people who consume the brand					
This brand is different from competing brands					
The brand is very consolidated in the market					
It's a brand that doesn't disappoint its customers					
The brand is nice					
The products have a high quality					

Part C: Role of brand extension strategies on product brand image

9. To what extent do the following factors influence the company's brand image? Use Not at all, 2-Small extent, 3-Moderate extent, 4-Great extent and 5-Very great extent.

Perceived Quality	1	2	3	4	5
Attitudes towards brands have an effect on brand image					
Good corporate image is likely to give trustworthiness and credibility to consumers thus an increase in the perceived quality of a brand					
The quality of the product is credible					
The product of the bank must be of very good quality					
The bank's product has a higher quality than other brands					
Brand fit	1	2	3	4	5
High fit extensions help consumers remember parent brand associations for non-dominant brands					
Service extensions with good fit lead to an image improvement,					
The extension is similar to the brand's products					
The bank's resources are helpful to make the product extension					
Probability of using together the extension and present services					
Perceived ability of the bank to create brand extension (Transfer)					
Communication strategy used for extension by the bank					
The similarity or dissimilarity of new product to the products usually offered by the company					
Use of two brand names as a branding strategy creates an extension that reduces the negative impact of an extension with					

poor fit as the customer associates the extension to the positive aspects of the core brand					
The fewer the number of product categories with which the core brand is associated the greater the impact of fit					

Customer Attitudes toward the extension	1	2	3	4	5
The core brand associations (attributes, benefits and attitudes) are transferred to the extension thus fitting the new category					
Consumer knowledge will result in that a customer will be more likely to discriminate between the core brand and the extension					
Consumer exposure to brand extensions will increase parent brand awareness in terms of recognition and recall					
Familiarity of the brand	1	2	3	4	5
Consumer familiarity with the existing core brand name aids new product entry into the marketplace and helps the brand extension to capture new market segments quickly					
Consumers' relations with the brand affects their purchase intention for a brand extension, in both similar and dissimilar extensions					
Consumers' reactions to brand extensions are affected by their familiarity with the brand's product category					
Consumers' previous brand experience was shown to influence trial of extended products, but not repeat purchases					
Consumers of products from the parent brand were found to respond more positively to line extensions					

THANK YOU SO MUCH FOR YOUR TIME

APPENDIX II: LIST OF UNLISTED COMMERCIAL BANKS IN KENYA

Classification	Description	Commercial Banks
Tier I	Comprises of banks with a balance sheet of more than Kenya Shillings 40 billion	1. Citibank
Tier II	Comprises of banks with a balance sheet of less than Kenya Shillings 40 billion but more than Kenya Shillings 10 billion	2. Bank of India 3. Bank of Baroda 4. Family Bank 5. Prime Bank 6. Commercial Bank of Africa 7. Bank of Africa 8. Consolidated Bank 9. Chase Bank 10. Fina Bank 11. EcoBank 12. HFCK 13. Barclays Bank 14. CFC Stanbic Holdings Ltd 15. I&M Holdings Ltd 16. Diamond Trust Bank 17. Housing Finance Co. Ltd 18. Kenya Commercial Bank 19. National Bank of Kenya Ltd 20. NIC Bank Ltd 21. Standard Chartered Bank Ltd 22. Equity Bank Ltd 23. Cooperative Bank Ltd.
Tier III	Comprises of banks with a balance sheet of less than Kenya Shillings 10 billion	24. Habib A.G. Zurich 25. Victoria Commercial Bank 26. Credit Bank 27. Habib Bank (K) Ltd 28. Oriental Commercial Bank 29. K-Rep Bank 30. ABC Bank 31. Development Bank of Kenya 32. Middle East Bank 33. Equatorial Commercial Bank

	34. Trans-National Bank
	35. Fidelity Commercial Bank
	36. City Finance Bank
	37. Paramount Universal Bank
	38. Giro Commercial Bank
	39. Guardian Bank
	40. Gulf African Bank
	41. First Community Bank

Source: The Banking Survey by CBK 2015, pp. 191