EFFECT OF CUSTOMER LOYALTY PROGRAMS ON PERFORMANCE OF NAKUMATT SUPERMARKET IN WESTERN REGION IN KENYA

BY

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DECLARATION

I declare that this research proposal has not been presented anywhere for any award and that all sources of information have been acknowledged by means of references.

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ABSTRACT

Kenya's worth of retail industry has reached 1.8 trillion with increase in 13% of consumer spending in the industry. However, in spite of being Kenya's biggest retail chain, Nakumatt supermarket is currently facing unprecedented performance related challenges. Report by Proctar and gamble of 2017 indicate a rise in the debt level from 4.7 billion in 2012 to 18 billion at the start of 2017. The net effects have been near empty shelves, delayed staff salaries, closure of branches and complaints by unpaid suppliers. Financial problems have manifestations in the dwindling customer base. Yet customer related problems can be cured by good relationship marketing such as adoption of customer loyalty programs which can increase customer traffic and hence more revenue and customer retention. Even though past empirical studies have linked loyalty programs and organization performance, none has focused on the collective effects of three dimensions of loyalty programs namely: point system, upfront fees for VIPs and non-monetary program, on organizational performance. Consequently, the effect of customer loyalty programs in regard to the said dimensions is unknown. Therefore, the purpose of this study is to examine the effect of customer loyalty program along such three dimensions on organizational performance. Specific objectives are to establish the effects of point system on performance at Nakumatt Supermarket, Western Kenya; to examine the effect of upfront fees for VIPs on performance at Nakumatt Supermarket, Western Kenya; and to determine the effect of non-monetary programs on performance at Nakumatt Supermarkets, Western Kenya. The study will be guided by equity theory in correlation study design. The study population shall constitute 83 management staffs and include branch managers, assistant managers and supervisors of the five Nakumatt branches in Western region. A total sample of 73 respondents will be selected using saturated sampling techniques while the remaining 10 respondents shall be used for pilot study.Primary data in form of perception will be collected from the respondents using questionnaires while Secondary data will be obtained from published materials and unpublished academic reports.Furthermore, validity of research instrument will be ensured through expert review while reliability will be established by use of Chronbach's alpha test of internal consistency. Qualitative data will be analysed using descriptive statistics like mean standard deviation and frequencies and percentages while inferential statistics such as regresion and correlation will be used to analyse quantitative data relating to the study objectives. The results of the study will be useful for the retail industry managers, Nakumatt included, to re-design their customer loyalty arrangements in order to get more revenue and enhance profitability. To the Academia, the study shall add new knowledge by providing empirical evidence on the nature and extent of influence of loyalty programs along its three dimensions(Upfron fees for VIP,point system and non-monetary program) on organization performance.

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LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
MUERC	Maseno University Ethical Review Committee
QWE	Quality Work Environment
RCB	Rural Community Banks

OPERATIONAL DEFINITION OF TERMS

Non-monetary programs are programs design by supermarkets that can be aligned with customer values to enable deep and mutually beneficial connection between the customers and the supermarket

Performance is the profit generated by the supermarket as a result of the positive effect of customer loyalty programs

Point System loyalty program involving the award of points to the customers which can then be redeemed for gifts and benefits and is intended to attract and retain customers

Upfront fees for VIPs Fees charged by supermarket as soon as the VIPs arrive at the supermarket for shopping to enable them get preferential treatment and is intended to entice them to the supermarket

Relational Marketing is a construct in customer relationship management that focuses on customer loyalty and retention

1.0 INTRODUCTION

This section presents information on the background of the study, statement of the problem, and objectives of the study. It also looks at hypotheses of the study, scope of the study, justification of the study, as well as conceptual framework underpinning the study.

1.1 Background of the Study

Relational marketing, from which loyalty program is part, can be defined as a construct in customer relationship management that focuses on customer loyalty and retention (Vaitone, 2016). On the other hand, customer loyalty program is a relational marketing construct whose central fixture is maintaining already existing customers in the face of intense competition in retail industry in particular, and in other industries in general. The dimensions of Customer loyalty programs include: point system, upfront fees for VIPs as well as non-monetary programs aligned to customer values (Al-Madi and Al-Zawahreh, 2012).

Performance can mean different things to different people. In organizations, Lewis (2004) defines performance as the positive outcome occasioned by a customer after purchasing goods or services from a seller. In a broad sense, performance can be put under two dimensions which are financial and non-financial performance. Non-financial performance includes all the positive results that accrue to the organization, but without financial aspect. Analogous to non-financial performance, Magatef and Tomalieh (2015) defines financial performance as the extent to which an organization generates revenue from assets and maximizes profits thereof. According to Alushula and Guyuyu (2017), financial performance of Nakumatt Supermarket is on the downward trend with lots of debts running into billions and inefficient operations as a result of inadequate financing.

The point system as a tool for customer loyalty has therefore had tenacious imprints in organizations of all strata and has dominated the loyalty program discourse with the same tenacity (Marthur, 2015).Point system is a scenario where points are awarded to customers on the basis of their frequency to the seller and value of product or service purchased or bought. Afterwards, customer’s points can then be redeemed for gifts and other benefits depending on what the customers prefer and the number of the points that merits the preferred gift or benefit (Marthur, 2015).In the current study, the following dimensions in the point system will be explored namely: discounts, freebies, school fees, air tickets, higher customer status, sponsored tours and transferability of point.

Several studies have been done linking point system and organization performance albeit with mixed results. For example, Magatef and Tomalieh (2015); Chang, Chang and Zhu (2015); Bwire (2016); and Choi (2015) established a significant positive effect of point system on organization performance. The study by Burungi (2015) is also in found that point system contributes to organizational performance. In contrast, the study by Liu (2007) found that point system did not affect performance in any positive way. Such finding is further supported by the finding of Omondi (2016) who, as well, established that point system did not affect performance in any positive way. Such studies were further found to suffer from several limitations such as small sample size utilization and difference in context. Moreover, all the above studies (Magatef and Tomalieh, 2015; Chang, Chang and Zhu 2015; Liu 2007; Omondi 2016; Burungi 2015; Bwire 2016 and Choi, 2015) sought to establish how individual dimension of point system influence organizational performance. None of them focused on how the seven dimensions namely: discounts, freebies, school fees, air tickets, higher customer status, sponsored tours and transferability of points collectively affect performance in the retail sector. Consequently, the effect of point system on performance in retail sector is not known.

An upfront fee for very important people (VIPs) is pay for performance loyalty program. In this programming, high net worth customers come to the seller and upon payment for certain amount of money, are able to make transactions with minimal inconveniencies. Such groups of customers usually do not have the luxury of time to spend waiting for other customers to be served. As such, when they are not served as fast as they expect, they may buy less, abandon carts and go elsewhere (Magetef and Tomalieh, 2015). It therefore behooves any profit minded establishment to ensure that the VIPs are served as soon as they arrive. For this service, the VIPs are charged a fee. The dimensions in this construct include reduced queues, less cart abandonment, quickened service, provided entertainment, sectionalized point of sale, improved ambience, and parking allocation.

Other studies have examined other elements in loyalty program dynamics. For example, in a bid to link upfront fees for VIPs and performance, researchers have found plausible but mixed results. To illustrate, Wemer, Kolstad, Stuart and Polsky (2011) established that upfront fees for VIPs had positive effect on performance. By the same token Rajamma, Paswan and Hossain (2009) also established that upfront fees for VIPs exerted positive effect on performance. In consonance, the study by Dion (2003) found that upfront fees for VIPs contributed positively to performance. In contradistinction, the study conducted by Papsiene and Vilkaite-Vaitone (2016); and Chitando (2013) established that there is no statistically significant effect of upfront fees for VIPs on performance. However, such studies were found to suffer from methodological limitations such as utilization of experimental design. The greatest weakness of experimental design it creates artificial situations hence participants can be influenced by artificial environments and thus compromises the reliability of the generalization. Moreover, all the above studies (Wemer, Kolstad, Start and Polsky (2011); Rajamma, Paswan and Hossain (2009); Papsiene and Vilkaite-Vaitone (2016); Dion (2003); and Jaravaza and Chitando (2013)); were meant to establish how the individual dimensions of upfront fees for VIPs affect organizational performance. None of them focused on how the five dimensions namely: reduced queues, less cart abandonment, quick service, sectionalized point of sale and allocated parking affect performance in the supermarket industry. Consequently, the effect of upfront fees for VIPs on performance in the supermarket industry in regard to the above mentioned variables is not known.

Another element of loyalty programs is aligning non-monetary programs and customer values. According to Costabile and Michele, (2004), Non-monetary rewards are non-financial measures that a merchant or a seller realigns with customer values to attract and retain more customers. When non-monetary programs are embedded around customer values, more often than not, they affect the business. The implications of such programs have affected organizations tenaciously and have been empirically investigated with the same tenacity (Costabile and Michele, 2004). The seven distinct dimensions of non-monetary programs that can be structured around customer values are as follows: environmentally friendly shopping bags, corporate social responsibilities (CSR), children ridden carts, disability access points, proper waste management, acceptable conditions of work to employees, as well as giving immediate community first priority in all activities of the establishment.

However, a number of researchers have found conflicting information about the very same subject. To exemplify, Magatef and Tomalieh (2015); and Musau (2016), found no positive effect of structuring non-monetary programs around customer values on organizational performance. In contrast, a study by Market et al. (n.d); Mensah et al. (2016); and Osuga&Okello (2015) found that there was positive effect in structuring non-monetary programs around customer values on organizational performance. Additionally, the above empirical studies suffer from several limitations which diminish both objectivity and credibility of their findings. Such limitations include wrong context such focus on banks rather than retail stores as well as biased data analysis techniques such as utilizing only descriptive statistics which is affected by extreme values hence compromise the findings. Furthermore, all the above empirical studies (Markey et.al (n.d); Mensah et.al (2016); Magetef and Tomalieh (2015); Musau (2016); Osuga and Okello (2015)) looked at how individual dimensions of structuring non-monetary programs round customer values namely: environmentally friendly shopping bags, corporate social responsibilities, children ridden carts, disability access points, and proper waste management collectively affect organizational performance. None of them focused on how the variables affect performance in the supermarket industry collectively. It concludes that the effect of structuring non-monetary programs around customer values with the given variables has not been empirically tested and is therefore not known.

In the global arena, relationship marketing and in customer loyalty program in particular, statistics has shown the trend on the same. For instance, the Baltic countries of Luthania and in the United Kingdom, large retail chains have their loyal customers contributing 70% of the total revenue (Gudonaviciene and Rutelione, 2009). As such, the small number of loyal customers greatly impact organizations in the retail sector. In the United States of America, 86% of consumers say that loyalty is driven by likability and trust while 77% of individuals are considered brand loyal. In a general sense, men and women are loyal to specific brands but 28.77% of women and 35.55% of men would buy other alternatives if the quality is perceived to be higher than the brands to which they are loyal (Kolstad, Stuart, and Polsky, 2011). In Kenya, the potential of the retail sector has been propounded in the economic pillars of vision 2030 that seeks to improve the prosperity of all regions of the country and all Kenyans by achieving 10% Gross Domestic Product (GDP) growth rate by 2017. According to the Vision 2030 Medium Term Plan (2013-2017), six priority sectors that make up the larger part of Kenya’s GDP (57%) and provide for nearly half of the country’s total formal employment have been targeted: Tourism, Agriculture, Livestock and Fisheries, Wholesale and retail trade, Manufacturing, IT enabled services (previously known as business process off shoring), Financial services, Oil and Gas. The growth in Kenya’s retail has been made possible by the country’s constant steady growth. Kenya is therefore ranked as the second-most formalized in Africa. This is due to increased urbanization with rise in the levels of disposable income driving consumer's preferences for organized retail (Tashima, 2017).

According to Chege (2014), the supermarket retail has grown in leaps and bounds in Kenya. Nakumatt supermarket, for example, was established 25 years ago today in Nakuru town specializing in a single line of business and gradually expanding to supermarket holding with headquarter in the capital city of Nairobi. The expansion strategy saw the retail chain establish 52 branches in the East Africa region with annual turnover of $750 million and 65,000 loyal customers contributing to 70% of the total turnover (Miriri, 2015). Nakumatt retail chain is currently on third level of family tree that has focused only retail business. This has ensured of the business from its humble beginnings to date. The shareholding structure in supermarket chain is 90% Shah family ownership and 10% owned by Hotnet Limited holding. The importance of Nakumatt supermarket in Kenya cannot be over emphasized yet its continued existence and profitability is shrouded in doubt. Only recently, the giant chain denied media reports that it is set to close down 8 of its branches. The management however confirmed shut down of branches considered to be in non-strategic lacerations. The regional retailer has also embarked on accelerated restructuring program aimed at cutting operational cost by 1.5 billion annually. The retail chain also face myriad challenges including insufficient brand awareness and electronic systems, lack of local feel in e-commerce and lack of trust on online payment among online shoppers. Furthermore, the supermarket is embroiled in debts in the recent past. In point of fact, the debt at Nakumatt stands at Ksh. 30 billion. Landlords have threaten court action should rent payment delay further. Suppliers are complaining for unpaid supplies and at the same time, employees are complaining of delayed salaries (Cyctonn, 2016).

1.2 Statement of the Problem

Despite Kenya's worth of retail industry reaching 1.8 trillion and increase in 13% of consumer spending in the industry, Nakumatt supermarket is currently facing unprecedented performance related challenges. For instance, Report by Proctar and gamble of 2017 indicate a rise in the debt level from 4.7 billion in 2012 to 18 billion at the start of 2017. The resulting effects have been near empty shelves, delayed staff salaries, closure of branches and complaints by unpaid suppliers. Experts agree that financial woes of an organization are manifestations of dwindling customer base. Yet customer related problems can be cured by good relationship marketing such as employment of customer loyalty programs, which on its perceived proportionality of value derived and money injected by customers, can increase customer traffic and hence more revenue and customer retention. Effort to resolve these challenges only focused on accelerated restructuring program to cut cost but with little success. Even though past empirical studies have linked loyalty programs and organization performance, none has focused on the collective effects of three dimensions of loyalty programs namely: point system, upfront fees for VIPs and non-monetary program, on organizational performance. Consequently, the effect of customer loyalty programs in regard to the said dimensions is unknown. Therefore, the purpose of this study is to examine the effect of customer loyalty program along these three dimensions on organizational performance

1.3 Objectives of the Study

The purpose of this study is to examine the effect of customer loyalty program along these three dimensions on organizational performance of Nakumatt Supermarket in Western Kenya.

The study will be guided by the following specific objectives

i. To establish the effect of point system on performance at Nakumatt Supermarket in Western Kenya.

ii. To examine the influence of upfront fees for VIPs on performance at Nakumatt Supermarket in Western Kenya.

iii. To determine the effect of structuring non-monetary programs around customer values on performance at Nakumatt supermarket in Western Kenya.

1.4 Hypotheses of the Study

To realize the outcome, the following hypotheses will underpin the study

H01. Point system does not affect performance at Nakumatt supermarket in Western Kenya

H02. An upfront fee for VIPs does not affect performance at Nakumatt Supermarket in Western Kenya.

H03. Non-monetary programs around customer values does not affect performance at Nakumatt Supermarket in Western Kenya.

1.5 Scope of the Study

The study will be delimited by the title. The title of the study is to examine the effects of customer loyalty programs on organization performance. The study will be conducted in Western region and will only focus on five branches of Nakumatt supermarket in the region. As such the study will only treat employees at the retail leaving out other employees in other retails in Nyanza region. The study will be conducted within a period of six months. The variables that the study will focus on are: point system and its effect on performance; upfront fees for VIPs and its effect on performance as well as structuring non-monetary programs around customer values and its effect on performance.

1.6 Justification of the Study

The study will be important in several ways. For example, the study results will be used by supermarkets to put in place batter customer loyalty programs to ensure performance of individual Supermarkets. Furthermore, the Government will use the study findings to formulate policies that will ensure that supermarkets make profit and contribute to the country's gross domestic product. To the research community, the study will be used as secondary source of data to conduct more studies on related phenomenon. To institutions of higher learning, the study will add new knowledge to satisfy the appetite of knowledge seekers. As such the study will be available in school library for such students of marketing discipline and other disciplines.

1.7 Conceptual Framework

The conceptual framework in figure 1 shows the relationship of the variables of the study. On the left side are the independent variables while on the right side are the dependable variables. Point system for example is the customer loyalty program where points are awarded to customers upon purchase of items in the supermarket. The points can be redeemed for discounts, freebies or even school fees. An upfront fee for VIPs is a fee charged by the store management to enable the supermarket deal with barriers that may hinder sales. It ensures that carts are not abandoned, possible long queues are eliminated or reduced, and at the same time customers are given quick services, point of sale is sectionalized and parking is made available for VIP customers to give them preferential treatment to come to the store frequently for more purchase. Similarly, structuring non-monetary programs with customer values also play a role in the customer loyalty program discourse. They include engaging in CSR activities that would interest customers, using environmental friendly shopping bags, and even having child ridden carts in the supermarket. Other programs are disability access points and proper waste management. All such programs lead to more purchase and hence financial performance. Government policy may dictate the loyalty program allowed and the extent to which they are allowed. The supermarket culture also play a role in the type of loyalty program the organization puts in place.

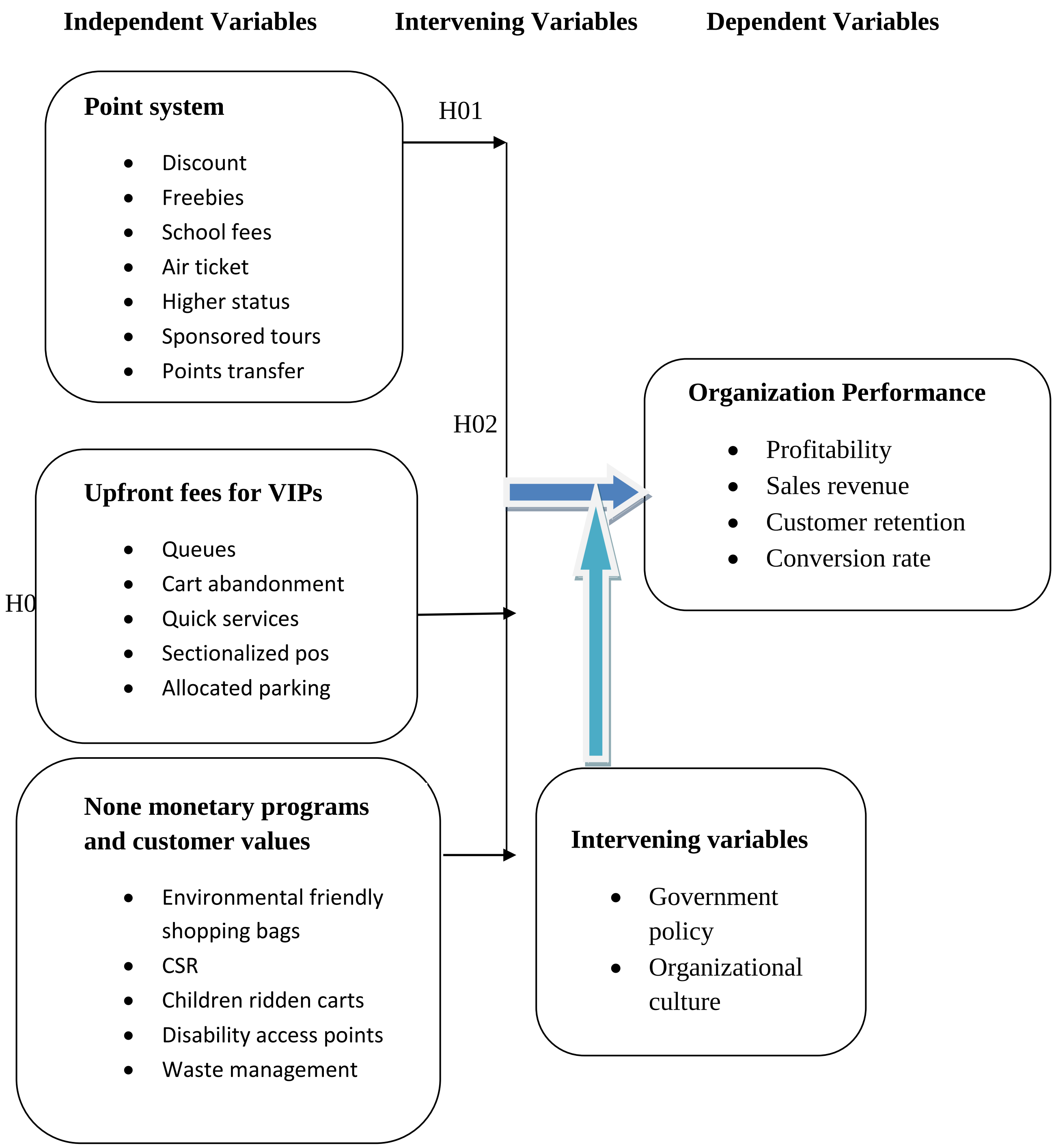

Figure 1: Conceptual Framework showing the relationships of the variables of the study

Source: Authors own conceptualization (2017)

2.0 LITERATURE REVIEW

2.1 Introduction

This section presents literature related to effects of customer loyalty programs on performance. In particular, it looks at theoretical review of the study under which equity theory is amplified. Additionally, it looks at empirical review of literature, a section that is divided into four sub-themes. The sub-themes include: attitude of employees on performance measurement metrics, effect of point system on performance; effect of upfront fees for VIPs on performance; and relationship between structuring none-monetary programs around customer values and performance.

2.1.1 Theoretical Review

Theoretical review put into focus a theoretical model for the study. It looks at the theory developer, the main arguments of the theory, its criticism and the line of commonality with current study. Theories are important in understanding a phenomena and putting an empirical study in a right conceptual understanding. The study shall be guided by social network theory as illustrated in the sub section below.

2.1.1.1 Social Network Theory

The study will be premised on social network theory as propounded by George Simmel and Jacob Moreno in the early 1930s. Social network theory views social relationships in terms of nodes and ties. Nodes are the individual actors within the networks, and ties are the relationships between the actors. There can be many kinds of ties between the nodes. In its most simple form, a social network is a map of all of the relevant ties between the nodes being studied. The network can also be used to determine the social capital of individual actors. These concepts are often displayed in a social network diagram, where nodes are the points and ties are the lines (Biehl, Kim and Wade, 2006)

The power of social network theory stems from its difference from traditional sociological studies, which assume that it is the attributes of individual actors- whether they are friendly or unfriendly, smart or dumb, etc. - that matter. Social network theory produces an alternate view, where the attributes of individuals are less important than their relationships and ties with other actors within the network. This approach has turned out to be useful for explaining many real-world phenomena, but leaves less room for individual agency, the ability for individuals to influence their success; so much of it rests within the structure of their network. Social networks have also been used to examine how companies interact with their customers, characterizing the many informal connections that link organizations and customers together, as well as associations and connections between individual employees at different companies. These networks provide ways for companies to gather information, deter competition, and even collude in setting prices or policies (Beacom, Sidhu & Valente, 2017).

The inexorable linkage between social network theory and business organizations is what makes it particularly in consonance with the current study. For an organization, such as Nakumatt in the current study, to realize sales performance, it must bring customers in its network and even retain such customers. To do so therefore, the organization needs to offer customers certain rewards, which rewards include: points that can be redeemed for benefits; upfront fees for VIPs as well as aligning non-monetary programs with customer values. Such are the rewards that can make customers to identify with the business and ensure its performance.

2.1.2 The Concept of Customer Loyalty Program.

The bane of any business existence is profit maximization and there can be no profits in the business without customers, especially the loyal customer, to which customer loyalty program is imperative. Customer loyalty has been seen from different lights by different interested parties. Customer loyalty program is dyadic construct relational marketing approach whose primary purpose is to secure the interest of already existing customers to retain them in the face of industry cut throat competition (Al-Madi and Al-Zawahreh, 2012). According to Magatef and Tomalieh, (2015), customer loyalty program is the totality of diverse measures put in place by a retail chain or the selling party to retain already existing buying party. The main reason for such arrangement is to ensure organizational performance by whatever metric that has been put in place by the selling party. On the other hand, Papsiene and Vilkaite-Vaitone (2016) posits that customer loyalty program is driving the value proposition narrative far and beyond the brick and motor that characterize buying and selling in the enterprise to ensure customer satisfaction and retention. Customer loyalty programs can however be put in three distinct categorizations which include: point system, upfront fees for VIPs, and structuring non-monetary programs around customer values. Such distinct dimensions are further discussed in the following sub-themes.

2.1.2.1 The Concept of Point System

This is the mostly used loyalty program across a wide range of sellers and merchants. Point system is a scenario where points are awarded to customers on the basis of their frequency to the seller and value of product or service purchased or bought. Afterwards, customer's points can then be redeemed for gifts and other benefits depending on what the customers prefer and the number of the points that merits the preferred gift or benefit. The point system as a tool for customer loyalty has therefore had tenacious imprints in organizations of all strata and has dominated the loyalty program discourse with the same tenacity (Marthur, 2015). The dimensions in the point system include discounts, freebies, school fees, air tickets, higher customer status, sponsored tours and transferability of point.

2.1.2.2 The Concept of Upfront Fees for VIPs

An upfront fee for very important people (VIPs) is pay for performance loyalty program. In this programming, high net worth customers come to the seller and upon payment for certain amount of money, are able to make transactions with minimal inconveniencies. Such groups of customers usually do not have the luxury of time to spend waiting for other customers to be served. As such, when they are not served as fast as they expect, they may buy less, abandon carts and go elsewhere (Magetef and Tomalieh, 2015). It therefore behooves any profit minded establishment to ensure that the VIPs are served as soon as they arrive. For this service, the VIPs are charged a fee. The dimensions in this construct include reduced queues, less cart abandonment, quickened service, provided entertainment, sectionalized point of sale, improved ambience, and parking allocation.

2.1.2.3 The Concept of Structuring Non-monetary Programs around Customer Values

None monetary rewards are non-financial measures that a merchant or a seller realigns with customer values to attract and retain more customers. When non-monetary programs are embedded around customer values, more often than not, they affect the business. However, customer values differ from region to region and from customer to customer. It therefore behooves specific merchant or seller to know their external environment well to enable them to design relevant non-monetary programs around their customer values values. The implications of such programs have affected organizations tenaciously and have been empirically investigated with the same tenacity (Costabile and Michele, 2004). The seven distinct dimensions of non-monetary programs that can be structured around customer values are herein illustrated. They include: environmentally friendly shopping bags, corporate social responsibilities (CSR), children ridden carts, disability access points, proper waste management, acceptable conditions of work to employees, as well as giving immediate community first priority in all activities of the establishment.

2.1.2.4 The Concept of Performance

Performance is amorphous and can mean different things to different parties and as such must be contextualized especially in an empirical study. In customer loyalty programs dynamics, the concept of organization performance is seen as the positive result occasioned by a customer after purchasing goods or services from a seller (Lewis, 2004). This result or performance that accrues to the organization can be put in two broad dimensions which are: financial and non-financial performance. Non-financial performance essentially includes all the positive results that accrue to the organization, but without the financial aspect. A non-financial performance helps in consolidating the merits of an organization and thereby improves the company as a whole. Areas of focus include marketing orientation. Marketing orientation is a business proposition focused on delivery of products of the enterprise with the customer in mind. Therefore, customer needs, desires and requirements in addition to production efficiency and product functionality are all embedded in the proposition (Choi, 2015).

Organizations should thus be more customer-oriented by conducted regular marketing survey to assess the needs of the customers and attend to their complaints and communications in a timely fashion. This is because when other factors are held constant, increased levels of marketing orientation influence organization performance positively. This is because if all the needs of the customers are taken care if in the product compendium, such customers are more likely to use the product with a frequent intensity. The result is a satisfied customer and hence the enterprise is able to retain the said customer for a long period of time. Additionally, being nice to customers is profitable in the long haul (Ntongai et al., 2013).

On the other hand, there is financial performance. In this case, performance is only seen in terms of revenue and thus profit maximization. Financial performance therefore is the business position where the business is solvent, i.e. there are assets in excess of liabilities (Lewis, 2004). The current study will focus on non-financial performance. This is because although financial performance leads to enterprise performance on a larger scheme of things, the bane of any business existence is general performance of the organization. Additionally, non-financial performance also leads to financial performance in some way. Therefore, business must be solvent i.e. more assets than liabilities. In additionally, other attributes on none financial performance such as employee satisfaction also leads to financial performance. For example, if an employee is nice to a customer, such customer is much more likely to come back for more purchases and hence profits, which is a financial measure of performance (Marthur, 2015).

2.2 Empirical Literature

Empirical literature helps the study find the gaps that the study will finally fill. Empirical study also helps the study to understand various dynamics of the previous studies such as the methodology adopted and assessment for such methodologies and to try to cast the present research in a different light to cure the previous biases, inconsistencies and gaps.

2.2.1 Effect of Point of System on Performance

Several studies have been conducted to try and explore point system and its implications on performance. For instance, an empirical study conducted by Magetef and Tomalieh (2015) was intended to investigate the impact of customer loyalty program on customer retention in Jordan Air lines. The study utilized a sample size of 350 respondents and established a significant effect of point discounts on customer retention (mean= 3.89, std. deviation= 0.71, level= high). The study concluded that organizations must consider the effects of loyalty programs before allocating long term resources to the investment.

Additionally, another empirical study conducted in China by Chang, Chang and Zhu (2015) the effect of free gift on customer satisfaction in an online platform using a convenient sampling. The study utilized survey design and established that the perceived usefulness of free gifts contributed to customer purchase satisfaction. The study concluded that more gifts could encourage more purchases in the e-commerce industry.

In addition, points can also be redeemed for school fees for customers or their families. According to a longitudinal data from a convenient store franchise in the United States of America, Liu (2007) sought to establish the long term impact of loyalty programs on consumer. The study established that heavy buyers were most likely to claim their reward which included school fees but were not likely to change their purchasing behavior. The study thus concluded that loyalty programs may not, after all, contribute to increased performance.

Similarly, in another study conducted in the loyalty program domain, Bwire (2016) sought to establish the effect of loyalty programs on financial performance. The study utilized descriptive survey design and sampled three telecommunication companies using convenient sampling method. The study established that individual loyalty spent, such as giving air ticket to customers, was positively related to financial performance. The study concluded that the more customers feel appreciated the more such customers are likely to support the business and even refer others.

A different study was also conducted Choi (2015) to examine the influence of tier level of hotel loyalty programs on guest perceptions and tolerance for service quality in the United State. The study, which was done in the hotel industry, sampled 315 hotels and utilized survey design. It was established that higher tier customers had higher level of perceptions and narrower zone of tolerance which impacted performance favorably. The study concluded that it was important for hotels to know its guests for true loyalty.

A different case study conducted in Kenya by Omondi (2016) sought to establish the effects of sponsoring entrepreneurship tours on performance of banking industry in Kenya. The study utilized simple random sampling to sample 120 bank employees. It was established that taking customers out of the country made them feel valued but did not affect their banking behavior and hence performance was not affected significantly. The study concluded that loyalty programs are necessary to ensure that customers stick with their banks.

In regard to transferability of points, a case study conducted in Uganda by Burungi (2015) sought to establish the effects of points transfer on the value of reward in telecommunication companies. The study utilized convenient sampling method to obtain

189 respondents. The study established that transferability of points contributed to higher reward for customers and hence performance of telecommunication company. The study concluded that telecommunication companies should implement loyalty programs to retain subscribers.

From the above reviewed empirical studies, it is evident that there is plausible but mixed results on studies linking point system to performance. For instance, Magatef and Tomalieh (2015) established a significant effect of point system on organization performance. Additionally, Chang, Chang and Zhu (2015); Bwire (2016) and Choi (2015) also established that point system contribute to organization performance. The study by Burungi (2015) is also in consonance that point system contributes to organizational performance. In contradistinction, the study by Liu (2007) found that point system did not affect performance in any positive way. Such finding is further supported by the finding of Omondi (2016) who established that point system did not affect performance in any positive way.

Furthermore, the studies suffer from several limitations, for example, the study by Bwire (2016) utilized a sample size of 3 which makes global generalization difficult. Chang, Chang and Zhu (2015) premised their study on online platform and not physical supermarket store yet the two contexts have inherent differences. Additionally, Liu (2007) and Choi (2015) conducted a study in the United States of America which is a developed country with mature technology than developing economy like Kenya and hence there is different mode of operation in the two countries. Furthermore, Magatef and Tomalie (2015) focused on Airline industry; Omondi (2016) focused on banks;Burungi (2015) focused on telecommunication industry yet such industries differ from retail store.
Moreover, all the above studies (Magatef and Tomalieh, 2015; Chang, Chang and Zhu 2015; Liu 2007; Omondi 2016; Burungi 2015; Bwire2016 and Choi, 2015) have sought to establish how individual dimension of point system influence organizational performance. None of them focused on how the seven dimensions namely: discounts, freebies, school fees, air tickets, higher customer status, sponsored tours and transferability of points collectively affect performance in the retail sector. Consequently, the effect of point system on performance in retail sector is not known. The currently study will therefore fill the gap by seeking to establish whether point system has an effect on performance at Nakumatt, Kisumu Kenya.

2.2.2 Effect of Upfront Fees for VIPs on Performance

Just like point system, an upfront fee for VIPs is yet another variable in the discourse of customer relation marketing and in particular loyalty program. The concept has equally been investigated by researchers extensively. For instance, an experimental study conducted in the United States of America by Werner, Kolstad, Stuart, and Polsky (2011) sought to establish the effect of pay for performance in hospital context. The study treated 260 hospitals while 780 were control experiment. The study revealed that the performance for treated hospitals improved as a result of reduced queues compared to the performance of the hospitals in control group. The study concluded that pay for performance leads to organizational performance in the hospital industry.

Additionally, shopping cart abandonment has also been empirically investigated. To exemplify, a study conducted by Rajamma, Paswan and Hossain (2009) was meant to established customer's propensity to abandon the shopping cart in an online shopping platform using convenient sampling method. Although the study did not indicate the sample size, it established that the tendency to abandon shopping cart had a negative correlation with the perception of waiting time. The study concluded that online merchants should give incentives to their customers to reduce instances of electronic cart abandonment.

In addition, in an empirical study conducted in the Baltic States to examine the influence of loyalty programs on organizations performance of airline industry by Papsiene and Vilkaite-Vaitone, (2016), the findings were clear. The study analyzed data using systemic analysis of scientific literature and sampling was done using convenient sampling method. The study established that airlines in the Baltic States which with loyalty programs had quick services which contributed to more customers. However, no statistical relations were found between holding a loyalty program and airline's profit. The study concluded that airlines must consider such effects before allocating long term investment into a customer loyalty programs.

Similarly, a study was conducted in the United Kingdom to establish the effect of point of sell system implementation and retail technology on sales. The study was conducted by Dion (2003) and utilized experimental study design. The study was conducted for a period of 10 years and the results indicated that stores that had sectionalized point of sell with technology experienced up to 24% increase in sales. The study concluded that deployment of point of sale technology helped retailers to grow their business with not only existing customers but also new ones.

Additionally, Jaravaza and Chitando (2013) also conducted a study to examine the role of store location in influencing the role of customer's store choice. The sample size was two outlets of the same organization. Descriptive survey design was utilized in the study and data collected using questionnaires, interviews and observations. The result showed that outlet with better parking space attracted high income earners but did not have statistically significant difference with less robust parking space. The study concluded that location require consideration in any trading involving physical location.

From the above reviewed empirical studies, it is clear that there are several studies linking upfront fees for VIPs and performance, albeit with mixed results. To exemplify, Wemer, Kolstad, Stuart and Polsky (2011) established that upfront fees for VIPs had positive effect on performance. In the same domain, Rajamma, Paswan and Hossain (2009) also established that upfront fees for VIPs exerted positive effect on performance. In consonance, the study by Dion (2003) found that upfront fees for VIPs contributed positively to performance. In contradistinction, the study conducted in the Baltic States by Papsiene and Vilkaite-Vaitone (2016) established that there is no statistically significant effect of upfront fees for VIPs on performance. This study received much support from the study conducted by Jaravaza and Chitando (2013) who also establish that there was no statistically significant effect of upfront fees for VIPs on performance.

Additionally, the above empirical studies suffer immense limitations diminishing the value proposition and reliability of their generalization. For example, Wemer, Kolstad, Start and Polsky (2011) utilized experimental design yet such design creates artificial situations hence participants can be influenced by artificial environments and thus compromises the reliability of the generalization. In addition, the study by Rajamma, Paswan and Hossain (2009) utilized convenience sampling method yet such methodology has high level of bias and low level of reliability which cast doubt on the findings. On their part, Papsiene and Vilkaite-Vaitone (2016) utilized systemic analysis of literature. The problem with such proposition it is, is that there is no convergence of inclusion and exclusion criteria among scientists and as such its results are not full proof. Similarly, the study by Dion (2003) utilized longitudinal design and was conducted for a period of 10 years. The misgiving of longitudinal design is that it takes too long to complete and all the participants may not be available for further data solicitation. As such, the quality of primary data id affected and the finding is compromised. Furthermore, the study by Jaravaza and Chitando (2013) utilized a sample size of only two outlets from the same organization. Generalization of a study with such a sample size on a global scale is in doubt.

Moreover, all the above studies (Wemer, Kolstad, Start and Polsky (2011); Rajamma, Paswan and Hossain (2009); Papsiene and Vilkaite-Vaitone (2016); Dion (2003); and Jaravaza and Chitando (2013)); sought to establish how the individual dimensions of upfront fees for VIPs affect organizational performance. None of them focussed on how the five dimensions namely: reduced queues, less cart abandonment, quick service, sectionalized point of sale and allocated parking affect performance in the supermarket industry. Consequently, the effect of upfront fees for VIPs on performance in the supermarket industry in regard to the above mentioned variables is not known. The current study will fill the gap by seeking to establish the effect of upfront fees by VIPs on performance in the supermarket industry.

2.2.3 Effect of Structuring Non-Monetary Programs around Customer Values on Performance

On a study conducted in New Zealand by Markey, Ravenswood and Webber (n.d), the intention was to establish the effect of work place environment on employee’s quitting intentions. The study utilized a sample of 4 industries. It turned out that good quality work environment (QWE) significantly reduced employees’ quitting intentions. The study concluded that if quality of work environment is poor, then extant policy implications could be toothless.

Additionally, a different study conducted in Ghana by Mensah, Agyapong and Nuertey (2016) sought to establish the effect of corporate social responsibility (CSR) on organizational commitment of employees. A self reported questionnaire was used to collect data from 145 employees of 50 rural and community banks (RCB) across Ghana. The finding revealed a strong positive relationship between engagement in CSR and employee commitment with 54.1% of the total variation on employee commitment. The study concluded that having concern for the welfare of employees will boost their commitment and ultimately growth of the organization.

In addition, according to a study conducted in Jordan and which sampled 350 respondents y by Magatef and Tomalieh (2015), the study concentrated the effect of customer loyalty programs on customer retention in an airline industry. The study utilized questionnaire to collect primary data from Jordan customers who could be reached. Further, the study utilized survey design and random sampling method and data was analyzed using Pearson correlation matrix. The study established that non-monetary programs such as providing children ridden carts for luggage contributed to customer retention in the airline industry**.** The study concluded that none monetary programs was the weakest effect in terms of customer retention.

A different study was conducted in Nairobi Kenya by Musau (2016) which utilized case study design. The study sought to establish the influence the of disability friendly structures on performance of malls in Nairobi. The study randomly sampled 157 shop owners and utilized questionnaire in data collection. The study was analyzed using descriptive statistics. It emerged thatthere was no statistically relationship between disability friendly entry point and performance of individual shops. The study concluded that including disability friendly entry points was imperative for future oriented businesses.

Furthermore, Osuga and Okello (2015) conducted a study whose main objective was to examine waste management and its effects on environmental performance of Coply timber processing firm in Nakuru County Kenya. The study utilized correlation design and structured questionnaire to collect primary data. The study focused on one organization and analyzed data using SPSS statistics version 21. It emerged that waste management had positive effect on environmental performance. The study concluded that proper waste management is imperative for organizations in the contemporary society.

From the empirical studies reviewed herein above, there is no denial that the results are plausible. However, the results are mixed on the phenomenon of structuring non monetary programs and its implications on organizational performance. For example, a study conducted by Magatef and Tomalieh (2015) found less positive effect of structuring non-monetary programs around customer values on organizational performance. Another study by Musau (2016) lends credence to the finding. It emerged that there was no statistically significant effect in structuring non-monetary programs around customer values on organizational performance. In contrast, a study by Market et al. (n.d) found that there was positive effect in structuring non-monetary programs around customer values on organizational performance. In the same boat, Mensah et al. (2016) also established that there was a positive effect in structuring non-monetary program around customer values on performance. Such findings received much support from the study by Osuga and Okello (2015) who established positive effect in structuring non-monetary programs around customer values on organizational performance.

Additionally, the above empirical studies suffer from several limitations which diminish the objectivity of their findings. For instance, Markey et.al (n.d) utilized a sample of 4 industries yet such a sample is too little making generalization on a wider scale difficult. On the other hand Mensah et.al (2016) focused their study on rural community banks, a context that is different from supermarket setting. Thus, the generalization cannot include retain industry. Magetef and Tomalieh (2015) on their part utilized only inferential statistics yet the application of such analysis only makes it difficult to be conceptualized by less statistically minded users. On the other hand, Musau (2016) utilized only descriptive statistics. The problem with such methodology when deployed alone is that it may be affected by extreme values hence compromises the findings. Osuga and Okello (2015) utilized statistical package for social sciences (SPSS) version 21 yet there is version 26. Therefore obsolete analysis tool cannot be relied upon for reliable generalization.

Furthermore, all the above empirical studies (Markey et.al (n.d); Mensah et.al (2016); Magetef and Tomalieh (2015); Musau (2016); Osuga and Okello (2015)) have sought to establish how individual dimensions of structuring non-monetary programs round customer values namely: environmentally friendly shopping bags, corporate social responsibilities, children ridden carts, disability access points, and proper waste management collectively affect organizational performance. None of them focused on how the variables affect performance in the supermarket industry collectively. It concludes that the effect of structuring non-monetary programs around customer values with the given variables has not been empirically tested and is therefore not known. The current study will fill the knowledge gap by seeking to establish the effect of structuring non-monetary programs around customer values in supermarket industry.

3.0 RESEARCH METHODOLOGY

This chapter presents information on the research design, study area, target population, sample design, data collection instruments, and data collection procedures. It also looks at data analysis techniques and ethical considerations.

3.1 Research Design

The study will employ correlation study design. According to Mugenda and Mugenda (1999), correlation research can study a wide range of variables and their interrelations. It also allows the application of inferential statistics. As such it is suitable for the current study since the current study will use inferential statics to draw generalizations. As such it is justified for the current study.

3.2 Area of the Study

Western Region consist is expansive but the study will cover three counties where Nakumatt branches are located. They include Kisumu County, Kisii County, Kakamega County and Kericho County. Kisumu County is one of the 47 Counties in the devolved government of Kenya. The County has a population of 952,645 with a population density of 474.1. There are also small business operators and service providers. With good climate and the average rainfall per year being 1400mm, the County still practices agriculture for subsistence on a larger sense. Kisumu city is the main commercial and administrative center and lies on coordinates 0°6′S 34°45′E at an altitude of 1,131 m (3,711 ft), and is the third largest city in Kenya. Kisii County is a county in the former Nyanza Province in southwestern Kenya. Its capital and largest town is Kisii. The county is inhabited mostly by the Gusii people. It covers an area of 509 mi^2 with a population of 1.152 million (2009). Its main commercial center is Kisii town. Kericho County has an area of 629 mi^2 and its main commercial town is Kericho. Kakamega County is a county in the former Western Province of Kenya. Its capital and largest town is Kakamega. It has a population of 1,660,651 and an area of 3,033.8 km^2. It has an area of **1,171** mi^2 with its capital being Kakamega (Kenya National Bureau of Statistics, 2010).

3.3 Target Population

The study will target all branch managers, assistant managers and supervisors at Nakumatt supermarket branches in Western region numbering 83 in total. This population is justified for the study given their knowledge of the subject matter. The distribution of the target population as drawn from Western region was as follows:

Table 3.1 Target Population

Nakumatt Branch Name	**Branch Manager Number**	**Assistant Branch Manager Number**	**Supervisor Number**	**TOTAL**
Nyanza	1	5	12	18
Mega City	1	3	11	15
Kisii	1	3	12	16
Kakamega	1	2	13	16
Kericho	1	4	13	18
TOTAL	**5**	**17**	**61**	**83**

Source: Nakumatt Supermarket Management (2017)

3.4 Sample Size and Sampling Techniques

3.4.1 Sample Size

The study will use stratified saturated sampling method. According to Saunders, Lewis and Thornhill (2012) saturated sampling is whereby all elements are included in the study for in-depth analysis especially if the population is small. As such the study will include a sample 73 respondents as the remaining 10 respondents will be used in preliminary stage for pilot study. The researcher is therefore convinced that enumerating the sample size of 73 elements will lead to reliable generalization of the study findings given their knowledge on the subject matter.

3.4.2 Sampling Procedures

The study will ensure that all elements, with proper knowledge on the subject matter, are sampled for the study. The study will thus distribute study instruments to the sampled work force at the Company. But before the distribution of study instruments, the researcher will conduct familiarization visit at the company and declare intentions of collecting data. Every instrument will be accompanied by a letter showing reason of data collection, implications and choices that the participants can make in regard to filling the questionnaires. This, according to Kothari (2004), makes data collection smooth.

3.5. Data Collection Instruments and Procedures

The study will employ questionnaires which will be developed by the researcher to collect data. The questionnaire will be divided into four sections. Section A will deal with demographic characteristics of respondents. Section B will look at effect of point system on performance. Section C will handle the effect of upfront fees for VIPs on performance. Finally, section D will deal with the effect of structuring none-monetary programs around customer values on performance. According to Dillman (2000), the greatest use of questionnaires is made in the survey strategy. This is because each person (respondent) is asked to respond to the same set of questions and it provides an efficient way of collecting responses from a large sample prior to quantitative analysis. Questionnaires also reduces time and cost. The study will use self-administered structured questionnaire to gather primary data from sampled respondents. The questionnaire will be scored as follows: Strongly Agree 5, Agree 4, Neutral 3, Disagree 2, and Strongly Disagree 1.

3.5.1 Pilot Testing

To ensure reliability and validity of the questionnaire, pilot test will be done using 10 respondents from Nakumatt supermarket. The time of completion will be recorded and how well the question is understood and answered will also be ascertained. The pilot test will be meant to test and improve the questionnaire and also determine response time of various respondents.

3.5.2 Validity of the Study

Validity tests according to Saunders, Lewis and Thornhill (2007) is the degree to which a test measures what it is supposed to measure. Content validity will be ensured through literature survey and expert judgment in research methodology. According to Aila and Ombok (2015), content validity can be ensured by literature searches to ensure that items are based on the study concepts. This can be corroborated by expert judgment and the mitigation of corrections given by the expert. Consequently, the advice of supervisors and practitioners who are experts in the field will be sought. Corrections given by panelists at the oral defense will also used to make the instruments better.

3.5.3 Reliability of the Study Instruments

According to Meller, (2001) reliability of measurement concerns the degree to which a particular measuring procedure gives similar results over a number of repeated trials. Chronbach's alpha test of internal consistency will be used to test the findings from the gathered data. Chronbach's alpha indicates the extent to which a set of items could be treated as using a single latent variable. The cutoff point will be 0.7 (Meller, 2001)

3.6 Data Collection Procedures

Prior to actual instrument administration, the researcher will seek permission to carry out research from Maseno University through issuance of letter of introduction. The researcher will then write a letter to individual respondents that will accompany every set of questionnaire. Thereafter, the researcher will conduct familiarization visits to introduce himself to management of target organization. From the visits, appointments with organization management for instrument administration will be agreed. During actual data collection, each respondent will be allowed adequate time to complete the questionnaires. Data processing and entry will be undertaken immediately after the last day of data collection.

3.7. Data Analysis Procedures

In this study, attributes and characteristics of the population will be classified to reduce the raw data into homogenous groups to get meaningful relationships. The data will then be analyzed using statistical package for social sciences. Objectives will be analyzed using both descriptive statistics and inferential statistics. For inferential statistics; correlation and regression will be used. According to Ntongai et.al (2013) the regression model specification is given as:

$Yi=\beta 0+\beta_1 X_{1i}+\beta_2 X_{2i}+\beta_3 X_{3i}+\varepsilon_i$

Where

B0 –Is the constant or intercept

βi (i=1,2,3)-Are the regression coefficients or change induced in Y by each Xi

X1- Independent variable point system

X2- Independent variable upfront fees for VIPs

X3- Independent variable structuring none monetary programs around customer values

Y- Dependent variable-organization performance

ε- Is the error component.

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APPENDICES

Appendix I: Letter of Introduction

Chanya Priscilla Maisiba
Maseno University,
P.O.Box
Kisumu.
Cell Phone:
E-Mail:

Dear Sir /Madam,

RE: EFFECT OF CUSTOMER LOYALTY PROGRAMS ON PERFORMANCE OF NAKUMATT SUPERMARKET IN KISUMU.

I am a Master of Business Administration student at Maseno University carrying out a research on the above topic. The reason for this letter is to request you to assist me by filling in the questionnaire as correctly and as honestly as possible. The identity and responses will be treated with **UTMOST CONFIDENTIALITY** and the researcher will take responsibility for misuse of the same. For such reason therefore, DO **NOT WRITE YOUR NAME** on the questionnaire

The copy of final research can be availed to you upon request. I take this opportunity to thank you for accepting to engage in this important exercise.
Yours faithfully,

CHANYA P. MAISIBA
MBA/BE/00177/2014

Appendix II: Questionnaire

CODE [ ]

Preamble

*This study is being carried out in order to examine **the Effect ofCustomer Loyalty Program on Organizational Performance of Nakumatt Supermarket in Nyanza Region, Kenya.** The output of the study shall be used strictly for academic purposes only. Neither you nor your business organization shall be identified with the information you provide. All information provided shall be treated with utmost confidentiality.*

SECTION A: DEMOGRAPHIC DISTRIBUTION OF RESPONDENTS (*please tick as appropriate*)

Respondents Profile:

1 Gender

- Male [ ]
- Female [ ]

2 Age

- 20 years old and below [ ]
- 21-30 years old [ ]
- 31-40 years old [ ]
- 41-50 years old [ ]
- 51years old and above [ ]

3 Level of education

- Primary [ ]
- Secondary [ ]
- University [ ] Undergraduate [ ] Postgraduate[ ]
- Others (specify)..

4 Number of years worked in the in the supermarket

- 0- 1 year [ ]
- 1-5 years [ ]
- 6- 10 years [ ]
- Above 10 years [ ]

SECTION B: Measure of Point system in Nakumatt Supermarket in Western Region *The questions in this section are aimed at obtaining views about various issues related to point system in Nakumatt Supermarket Western Kenya. Please tick the appropriate box that best represents your opinion on the question. The score are measured on a five-point Likert scale where **1=Strongly disagree, 2=Disagree, 3=Neither agree nor disagree, 4=Agree and 5=Strongly agree.*** *Kindly circle the box which best describes the level of your agreement on each statement concerning Nakumatt Supermarket Western Region.*					
STATEMENT FOR RESPONSE	**SA**	**A**	**N**	**D**	**SD**
1.points are redeemed for discounts which entice customers to come to the supermarket	5	4	3	2	1
2.points are redeemed for freebies which make customers to come to the supermarket to make more purchases	5	4	3	2	1
3.points are redeemed for school fees and hence customers come to the supermarket to buy and make more purchases	5	4	3	2	1
4.points are redeemed to give customers higher status hence they make more purchases to get higher status	5	4	3	2	1
5.points are redeemed for sponsored tours hence customers buy more to enable them go for sponsored tours	5	4	3	2	1
6.points are transferable which make customers to buy more combine points among themselves to get a higher reward	5	4	3	2	1
7. Indicate your level of agreement on effect of upfront fees for VIP on performance at Nakumatt Supermarket					
SECTION C: Measure of Upfront fees for VIP in Nakumatt Supermarket in Western Region *The questions in this section are aimed at obtaining views about various issues related to upfront fees for VIPs in Nakumatt Supermarket Western Kenya. Please tick the appropriate box*					

that best represents your opinion on the question. The score are measured on a five-point Likert scale where ***1=Strongly disagree, 2=Disagree, 3=Neither agree nor disagree, 4=Agree and 5=Strongly agree****.* *Kindly circle the box which best describes the level of your agreement on each statement concerning Nakumatt Supermarket Western Region.*					
STATEMENT FOR RESPONSE	**SA**	**A**	**N**	**D**	**SD**
1.reduced queues ensure that VIPs buy more items	5	4	3	2	1
2.less cart abandonment ensure that VIPs pay for every item in the cart	5	4	3	2	1
3.quick service for VIPs increase their traffic and hence more revenue	5	4	3	2	1
4.sectionalizing point of sale for VIPs increase their traffic to the store	5	4	3	2	1
5.allocated parking for VIPs increase their traffic and hence more purchases	5	4	3	2	1
6. Indicate your level of agreement on effect of structuring non-monetary programs around customer values on performance at Nakumatt Supermarket					
SECTION D: Measure of Non-monetary program in Nakumatt Supermarket in Western Region *The questions in this section are aimed at obtaining views about various issues related to Non-monetary program in Nakumatt Supermarket In western Kenya. Please tick the appropriate box that best represents your opinion on the question. The score are measured on a five-point Likert scale where* ***1=Strongly disagree, 2=Disagree, 3=Neither agree nor disagree, 4=Agree and 5=Strongly agree****.* *Kindly circle the box which best describes the level of your agreement on each statement concerning Nakumatt Supermarket Western Region.*					
STATEMENT FOR RESPONSE	**SA**	**A**	**N**	**D**	**SD**
1.environmentally friendly shopping bags attract customers to the store	5	4	3	2	1
2.corporate social responsibilities make customers to prefer our store	5	4	3	2	1

3.children ridden carts make parents to prefer our supermarket	5	4	3	2	1
4.disability access points make more customers to come to the store	5	4	3	2	1
5.our proper waste management contribute to more traffic in our store	5	4	3	2	1

SECTION E: Measure of Organizational performance in Nakumatt Supermarket in Western Region

*The questions in this section are aimed at obtaining views about various issues related to organizational Performance in Nakumatt Supermarket Kisumu. Please tick the appropriate box that best represents your opinion on the question. The score are measured on a five-point Likert scale where **1=Strongly disagree, 2=Disagree, 3=Neither agree nor disagree, 4=Agree and 5=Strongly agree**.*

Kindly circle the box which best describes the level of your agreement on each statement concerning Nakumatt Supermarket Nyanza Region.

STATEMENT FOR RESPONSE	**SA**	**A**	**N**	**D**	**SD**
1. The supermarkets profitability is favorable.	5	4	3	2	1
2. The sales revenues are favorable.	5	4	3	2	1
3. customer retention rate is favorable	5	4	3	2	1
4. customer conversion rate is favorable	5	4	3	2	1

Appendix III: Budget

Item description	Cost implication in Kenya Shilling
computer consumables	10,000
Airtime	5,000
Transportation	10,000
Internet cost	15,000
printing	5,000
Data management	20,000
Contingency	20,000
Total	**85,000**

Appendix IV: Work Plan

ACTIVITY	**TIMELINE IN WEEKS (2017)**
preliminary investigation, topic identification and approval	WEEK 1
Proposal writing	WEEK 2
corrections mitigation and defense	WEEK 3
data collection	WEEK 4
data analysis	WEEK 5
correction of project	WEEK 6
dissemination of project	WEEK 7