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Effect of Customer Loyalty Programs on Performance of Nakumatt Supermarket in Western Region in Kenya

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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 a rise in the debt level from 4.7 billion in 2012 to 18 billion at the start of 2017. Financial problems have manifestations in the dwindling customer base. Yet customer related problems can be cured by good relationship marketing practices such as adoption of customer loyalty programs which can increase customer traffic and enhance 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. The purpose of this study is to examine the effect of customer loyalty program on organizational performance. The study population 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 was selected using saturated sampling techniques while the remaining 10 respondents shall be used for pilot study. The findings revealed that customer loyalty programme explained 48.9% (R^2 =0.489) variation in organizational performance. The study concludes that point system and non-monetary programme are both critical antecedents of performance in Nakumatt Supermarket in Western Kenya. Therefore, it recommends that the two dimensions should be enhanced to significantly increase the level of supermarket's sales performance. The study may be useful for the retail industry as it aid in re-design of customer loyalty arrangements in order to get more revenue and enhance profitability.

Keywords: *Customer loyalty programs, performance, relationship marketing*

1. Introduction

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).

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.

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.

Another element of loyalty program 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.

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).

2. Literature Review

2.1. The Concept of Customer Loyalty Program

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. 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.

<u>2.1.1. The Concept of Point System</u>

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 (Marthur, 2015). 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.

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 established a significant effect of point discounts on customer retention and thus 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, et.al. (2015) the effect of free gift on customer satisfaction in an online platform using a convenient sampling. The study concluded that more gifts could encourage more purchases in the e-commerce industry. 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, Bwire (2016) sought to establish the effect of loyalty programs on financial performance using descriptive survey design and established that individual loyalty spent, such as giving air ticket to customers, was positively related to financial performance. Choi (2015) examined the influence of tier level of hotel loyalty programs on guest perceptions and tolerance for service quality in the United State and 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. Omondi (2016) sought to establish the effects of sponsoring entrepreneurship tours on performance of banking industry in Kenya. In Uganda, Burungi (2015) sought to establish the effects of points transfer on the value of reward in telecommunication companies. 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.

However, the above reviewed studies are not without limations. For instance, 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 sector. 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.

2.1.2. 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 (Magetef and Tomalieh, 2015). 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). The dimensions in this construct include reduced queues, less cart abandonment, quickened service, provided entertainment, sectionalized point of sale, improved ambience, and parking allocation.

Past empirical studies have been conducted to upfront fees for VIPs and its implications on performance. For instance, Werner et. al., (2011) sought to establish the effect of pay for performance in hospital context and revealed that pay for performance leads to organizational performance in the hospital industry. Additionally, Rajamma, et.al. (2009) was meant to established customer's propensity to abandon the shopping cart in an online shopping platform using convenient sampling method. The study established that the tendency to abandon shopping cart had a negative correlation with the perception of waiting time. In United State, Papsiene and Vilkaite-Vaitone, (2016) examined the influence of loyalty programs on organizations performance of airline industry. The study established that airlines in the Baltic States which with loyalty programs had quick services which contributed to more customers. Dion (2003) examined the effect of point of sell system implementation and retail technology on sales performance of the organization. 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) examined the role of store location in influencing the role of customer's store choice. 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. However, all the above studies (Wemer et al., 2011; Rajamma et. al., 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 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. The current study will fill the gap by seeking to establish the effect of upfront fees by VIPs on performance in the supermarket industry.

2.1.3. The Concept of Structuring Non-monetary Programs around Customer Values

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 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.

Empirically, Ravenswood and Webber (n.d) tried to establish the effect of work place environment on employee's quitting intentions and concluded that if quality of work environment is poor, then extant policy implications could be toothless. Additionally, in Ghana, Mensah et.al. (2016) sought to establish the effect of corporate social responsibility (CSR) on organizational commitment of employees and revealed a strong positive relationship between engagement in CSR and employee commitment. In Jordan, Magetef and Tomalieh (2015), did a study which concentrated on the effect of customer loyalty programs on customer retention in an airline industry and established that non-monetary programs such as providing children ridden carts for luggage contributed to customer retention in the airline industry**.** Musau (2016) sought to establish the influence the of disability friendly structures on performance of shopping malls in Nairobi found out that there was no statistically significant relationship between disability friendly entry point and performance of individual shops. 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 individually 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.

2.2. The Concept of Firm Performance

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. Therefore, customer needs, desires and requirements in addition to production efficiency and product functionality are all embedded in the proposition (Choi, 2015). 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).

2.2.1. The Case of Nakumatt Supermarket

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 Hot net 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 faces 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 Kshs. 30 billion. Landlords have threatened 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).

2.3. Research 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

2.3.1. Importance of the Study

The study was important in several ways. For example, the study results can be used by supermarkets to put in place batter customer loyalty programs to ensure performance of individual Supermarkets. Furthermore, the Government can 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 can 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.

2.3.2. Objectives of the Study

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

The study was guided by the following specific objectives

- To establish the effect of point system on performance at Nakumatt Supermarket in Western Kenya.
- To examine the influence of upfront fees for VIPs on performance at Nakumatt Supermarket in Western Kenya.
- To determine the effect of structuring non-monetary programs around customer values on performance at Nakumatt supermarket in Western Kenya.

2.3.3. Hypotheses of the Study

To realize the outcome, the following hypotheses underpinned the study

- H_{01}. Point system does not affect performance at Nakumatt supermarket in Western Kenya
- H_{02}. An upfront fee for VIPs does not affect performance at Nakumatt Supermarket in Western Kenya.
- H_{03}. Non-monetary programs around customer values do not affect performance at Nakumatt Supermarket in Western Kenya.

2.3.4. Sampling

The study targeted all branch managers, assistant managers and supervisors at Nakumatt supermarket branches in Western region numbering 83 in total. From this population, a sample of 73 respondents will be drawn using saturated sampling technique and the remaining 10 respondents are used in preliminary stage for pilot study.

2.3.5. Validity and Reliability

The relia bility test for all items yielded a Cronbach's Alpha coefficient of between 0.738 and 0.899. Since all items had alpha coefficient (α >0.7), then the scale was regarded as reliable for measuring the four main constructs of the study (Miller, 2001). Table 3 below shows the reliability results for multi-item Likert scale.

Constructs		No. of Items	Cronbach's alpha
1.	Point System	6	0.796
2.	Upfront fees for VIPs	5	0.899
3.	Non-monetary programme	5	0.738
4.	Organizational Performance	7	0.816

Table 1: Internal Consistency of Scale
Source: Survey Data, (2017)

2.3.6. Instruments

The study employed questionnaires which were developed by the researcher to collect data. The questionnaire was divided into four sections. Section A dealt with demographic characteristics of respondents. Section B looked at effect of point system on performance. Section C handled the effect of upfront fees for VIPs on performance. Finally, section D covered 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 questionnaires were scored as follows: very great extent-5, large extent -4, Moderate extent- 3, little extent- 2, and very little extent-1.

2.3.7. Scope of the Study

The study was delimited by the title. The title of the study was to examine the effects of customer loyalty programs on organization performance. The study was conducted in Western region and only focused 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 was 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.

3. Results and Discussion

To actualize the study objectives, a regression analysis between the three dimensions of Customer loyalty program and organizational performance was under taken. The direction and magnitude of influence or effect of each of the Customer loyalty program dimensions like point system, Upfront fees for VIPs and non-monetary program was eventually established using the regression model whose findings were presented in Tables 3.1, 3.2 and 3.3.

Table 2 gives the model summary which shows that the proportion of variance in the organizational performance that is explained by the independent variables is 48.9%. The coefficient of determination (R^2 = 0.489) and the model is acceptable since the F-statistic is significant and suggests that the independent variables jointly influence the dependent variable. The value of Durbin-Watson is 2.218. Generally, the value of the Durbin-Watson statistic ranges from 0 to 4. As a rule of thumb, the residuals are uncorrelated if the Durbin-Watson statistic is approximately 2. A value close to 0 indicates strong positive correlation, while a value of 4 indicates a strong negative correlation. The computed value is also close to 2, which indicates the absence of serial correlation.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df 1	df 2	Sig. F Change	
1	.699[a]	.489	.466	.56761	.489	21.979	3	69	.000	2.218

Table 2 : Summary of the Estimated Organizational Performance Model
o. Predictors: (Constant), Non-Monetary Program Mean Score, Upfront Fees for VIP Mean Score, Point System Mean Score
b. Dependent Variable: Organizational Performance Mean Score

Table 3 shows ANOVA results of the estimated model. The data test revealed that $F(3, 69) = 21.979$ at $p < 0.01$, an indication that the model fits the research data well. The researcher can therefore, deduce that all the independent variables (i.e. point system, upfront fees for VIPs and Non-monetary program) jointly explain organizational performance in the retail sector.

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	21.244	3	7.081	21.979	.000[b]
Residual	22.230	69	.322		
Total	43.474	72			

Table 3: ANOVA Results on the Estimated Organization Performance Model
a. Dependent Variable: Organizational Performance Mean Score
The Regression Model was in the form $Yi=B_0+B_1x_{1i}+B_2x_{2i}+B_3x_{3i}+Ei$ and by Adding Regression Coefficient as Was Shown in Table 4 This Was Later Transformed Into:
$Y=1.338+0.322Xi -0.124Xi+0.446X$ ....Equation 4.1
$R^2 = 0.489$ (48.9%)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	1.338	.319		4.194	.000	.701	1.974		
1.Point system mean score	.322	.096	.460	3.372	.001	.132	.513	.397	2.516
2.Upfront fees for VIP mean score	-.124	.084	-.194	-1.484	.142	-.291	.043	.436	2.295
3.Non-monetary program mean score	.446	.115	.453	3.897	.000	.218	.675	.548	1.826

Table 4: Estimated Regression Coefficients for Variables in organizational performance Model
a. Dependent Variable: Organizational performance mean score

3.1. The Effect of Point System on Organizational Performance of the Supermarket

The first objective of the study was to establish the effect of point system on performance at Nakumatt Supermarket western Kenya. In this regard, point system was found to have significant positive influence on organizational performance ($\beta = 0.322$, $p < 0.05$) thereby rejecting the null hypothesis, H_{01}: point of system does not affect performance at Nakumatt in Western Kenya. However, the finding that point system had significant positive influence on organizational performance has received many supports from both theoretical and empirical literature. For instance, Magatef and Tomalieh (2015) established a significant effect of point system on organization performance. Similarly, Chang, Chang and Zhu (2015); Bwire (2016) and Choi (2015) have all concurred with the result of the current study by establishing that point system contribute to organization performance. Other study that offer support for the current study included the study by Burungi (2015) which stated that point system contributes to organizational performance. However, the finding of the current study was also at variance with the result of other past studies. For instance, the study by Liu (2007) differed with the current study by revealing that point system did not affect performance in any positive way.

3.2. The Effect of Upfront Fees for Vips on Performance of the Nakumatt Supermarket

The second objective of the study was to examine the influence of upfront fees for VIPs on performance at Nakumatt in Western Kenya. In this regards, upfront fees for VIPs was found to have insignificant negative influence on organizational performance ($\beta = -0.124$, $p < 0.142$) thereby accepting the second null hypothesis, H_{02}.: an upfront fee for

VIPs does not affect performance at Nakumatt in Nyanza, Kenya. The finding that Upfront fees for VIPs exerted insignificant negative influence on organizational performance received some support from past empirical studies. For instance, the result of the current study concurred that of the study conducted in the Baltic States by Papsiene and Vilkaite- Vaitone (2016) who established that there is no statistically significant effect of upfront fees for VIPs on performance. Similarly, the current 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. However, the findings of the current study contrasted with the work of other scholars. For instance, Wemer et al, (2011) established that upfront fees for VIPs had positive effect on performance. In the same domain, Rajamma et al, (2009) also established that upfront fees for VIPs exerted positive effect on performance. Similarly, the finding of the current study was at variance with the study by Dion (2003) found that upfront fees for VIPs contributed positively to performance.

Moreover, all the above studies (Wemer, 2011; Rajamma et al, 2009; Papsiene and Vilkaite-Vaitone, 2016; Dion, 2003; Jaravaza and Chitando, 2013), sought 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. However, the current study generated new knowledge by hypothesizing and establishing empirically the effect of upfront fees along the stated dimensions on sales performance in the context of the retail industry.

3.3. The Effect of Non-Monetary Program on Performance of Nakumatt Supermarkets

The third objective of the study was to determine the effect of structuring non-monetary programs around customer values on performance at Nakumatt Supermarket in western Kenya. In this regards, non-monetary program was found to have significant positive influence on organizational performance ($\beta = 0.446$, $p < 0.05$) thereby rejecting the third null hypothesis, Ho_3: Structuring non-monetary programs around customer values does not affect performance at Nakumatt in Western Kenya. The finding that non-monetary program had significant positive influence on organizational performance had received support from many past empirical literatures. For instance, a study by Mensah et al. (2016) established that there was a positive effect in structuring non-monetary program around customer values on performance. Similarly, the findings of the current study concurred with that of the study by Osuga and Okello (2015) who established positive effect in structuring non-monetary programs around customer values on organizational performance. However, the result of the current study was at variance with that of Magatef and Tomaliah (2015) who found that non-monetary program had weakest effect on the performance in an airline industry. Similarly, Musau (2016) found a contrasting result by revealing that there was no statistically significant relationship between non-monetary programs and performance of individual shops in Nairobi Kenya.Moreover, past reviewed studies also adopted varied research methods like descriptive survey research design (Musau, 2016) whose ability to reveal a causality relationship is minimal. While others (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. 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. Consequently, 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 finding of the current study however was a milestone in that it focused on performance measures like sales performance in retail sector, an area previously neglected by other scholars. By hypothesizing and empirically establishing the effect of Non-monetary program on sales performance, this study has added to new knowledge by developing and testing an empirical model that can be used to measure Organizational performance in the Retail industry.

4. Conclusions and Recommendations

4.1. Conclusions

On the first objective which sought to establish the effect of point system on performance at Nakumatt Supermarket western Kenya, the study concludes that a significant positive relationship exists between Point system and organizational performance in the case of Nakumatt Supermarkets branches in Western Kenya. That the point system is a critical antecedent of sales performance in the retail sector

On the second objective of the study which sought to examine the influence of upfront fees for VIPs on performance at Nakumatt in Western Kenya, the study concludes that there exists an insignificant negative relationship between upfront fees for VIPs and organizational performance as in the case of Nakumatt Supermarket branches in Western Kenya. That Upfront fees is not a determinant of sales performance in the Kenya's retail sector.

On the third objective of the study which was to determine the effect of structuring non-monetary programs around customer values on performance at Nakumatt Supermarket in western Kenya, the study concludes that there is a statistically significant positive relationship between non-monetary program and organizational performance as in the case of Nakumatt Supermarket branches in Western Kenya.

4.2. Recommendation

Based on the foregoing findings and conclusions the study therefore recommends the following. First of all, because point system has a positive and significant effect on sales performance of the Nakumatt supermarket, this practice should be enhanced to further enhance organizational performance. The branch management should specifically invest in the following dimensions of point systems namely: discounts, freebies, school fees, air tickets, higher customer status, sponsored tours and transferability of points as there will significantly improve sale performance of the retail chain. Secondly, since an insignificant negative relationship exists between upfront fees for VIPs and sales performance in the Nakumatt Supermarket, the management should deemphasize performance of activities involved in upfront fees such as: reduced queues, less cart abandonment, quick service, sectionalized point of sale and allocated parking and instead redirect most of its budgetary allocations to other dimensions that have significant contribution to organizational performance.

Thirdly, since the study revealed that non-monetary program has a positive and significant influence on sales performance of the supermarket, efforts involving implementation of non-monetary program should be intensified so as to significantly promote sales performance. Specifically, the management should invest and pay special

5. References

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