



Exploring the linkage between organizational branding and adoption of new products in the banking sector in Kenya; A case of Kenya commercial bank

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Abstract

Since the early 1990's the concept of branding has been widely discussed in the marketing literature. Within the marketing schools of thought branding overlaps at least with those of managerial and industrial marketing. The roots of the early branding literature lay mainly in the consumer mass markets. Many firms seek to improve market performance through implementation of product branding as a marketing strategy. The study focused on exploring the linkage between organizational branding and adoption of new products in the banking industry in Kenya; a case study of KCB Limited. The organizational branding elements covered were organizational identity, organizational positioning, corporate communication and corporate image. The study adopted a descripto-explanatory research design covering a target population of 201 employees of KCB Bank, in Kenya. The study was a census. Data was collected using semi-structured questionnaire. Data analysis was analyzed done using both quantitative and qualitative methods. Quantitative methods included descriptive (frequencies, percentages and mean) and inferential statistics namely correlation and regression to determine variable relationships. The analysis was based on the research objectives. The collected data was cleaned, coded and analyzed through descriptive and inferential statistics. The study found that organizational branding has a positive effect on new product adoption among commercial banks in Kenya. From the results the two test statistics were (R-Square 0.880 and Adjusted R-Square 0.876). The interpretation of this is that there was a linear association between independent variables and the dependent variable. In conclusion, there was a positive and significant relationship between organizational branding and adoption of new products in the banking sector in Kenya. From the results the F-statistics had values of 221.613 and the p-values of 0.000. the specific p-values were significant. The study recommends that banks should invest heavily in organizational branding so as to improve on new production adoption by their customers. Efforts should range from employee capacity building to regular interactive sessions with customers so as to build good customer relationships.

Keywords: organizational branding, organizational identity, organizational positioning, corporate communication, corporate image, new production adoption

Introduction

As the forces of global competition and consumer sophistication continue intensifying, business organizations are forced to rethink and redesign their strategies in order to meet the requirements of the changing market place (Kotler and Armstrong, 2010)^[9]. One of the strategies that could be adopted by organizations is new product development; implying an organization-wide process aimed at bringing a new product or service into the market. It comprises a range of activities including idea generation, business analysis, market testing and commercialization. In the mobile phone service sector, the adoption of new product development as a strategy has become popular with most global companies. Organizations believe that the continual introduction of new products is an important aspect of their business and will help attract more demand and maintain a competitive position in the market (Cooper and Kleinschmidt, 1987; Griffin and Page, 1996; Lundvall and Christensen, 2004)^[4, 6, 12]. In order to create new markets and to alter the value dynamics in a competitive market, organizations need to develop more new products rather than radical or incremental products. New product development is one of the avenues of enlarging the size of the product portfolio of any organization, increasing its sales volume and enlarging its financial strength. New product development is important in a competitive market. It determines both the levels of economic growth and standard of living of the citizens.

Since the early 1990's, the concept of branding has been widely discussed in marketing literature. Within the marketing schools of thought, branding overlaps at least with those of managerial and industrial marketing. The roots of the early branding literature lay mainly in the consumer mass markets. The focus was on brand management and creation of value and brand equity (Keller & Lehmann, 2006)^[8]. Urde *et al.* (2013)^[15] contend that brand orientation is an identity-driven approach where brands are a hub for an organization and its strategy. A typology of brand orientation includes a model of the brand strategy process in which the links between four critical constructs (brand distinctiveness, brand orientation, brand marketing performance and brand barriers) are specified (Wong & Merrilees, 2005). Similarly, Leslie *et al.* (2013) contend that branding is a very important marketing component. Marketing as a function is a specific business activity that fulfills a fundamental business purpose.

Everything an organization does; from production through to eventual consumption, all adapt to and converge to a business value proposition that is offered to the customer through marketing. This value proposition has to have a name attached to it or a brand name. The brand name represents everything a company does or strives to do and offers to the market. Many enterprises seek to improve their market performance through branding strategies. From managerial perspective, branding has come to be viewed as

being the heart of business activity, embedded throughout the organization, as an asset that needs to be correctly managed (Carroll, 2009)^[3].

KCB Bank Kenya Limited is a financial services provider headquartered in Nairobi, Kenya. It is licensed as a commercial bank, by the Central Bank of Kenya, the national banking regulator. The bank has also been running Agency banking model. As of December 2015, KCB Bank Kenya was the largest commercial bank in Kenya with assets of more than US\$3.681 billion (KES:366 billion) and US\$2.776 billion (KES:276 billion) in customer deposits. By August 2021, the bank recorded a customer deposit growth to USD\$5.47 billion (KES:601.7 billion) and had an asset base value of USD\$7.09 billion (KES:7.09 billion). During that time, it had 201 branches, 397 ATM machines, and registered 15,273 Agents and Merchant outlets spread across Kenya.

KCB Bank Kenya received both Kenya's Best Bank 2021 award and Africa's Best Responsible Bank in the Euromoney Awards for Excellence. The bank was feted as the Best Bank in Customer Experience in Kenya and the Most Innovative Banking Brand in Kenya by the 2021 Global Brands Magazine Awards.

Statement of problem

Business organizations the world over whether service or manufacturing, have by and large, recognized the critical role branding plays in business progress (Anabila & Awunyo-vitor, 2014)^[1]. In contemporary marketing practice, branding has become an effective weapon marketers use to bolster their competitive advantage and thereby enhance the achievement of their predetermined objectives. Branding has been used for decades as a means of differentiating one manufacturer's products from those of other manufacturers.

Worth noting, organization branding has vital contribution on the adoption of new product which has the role also in ensuring the survival and growth of a firm. Beside adoption of new product development in recent years, there has been an increasing interest in studying brand orientation, although the number of the studies is still small, particularly in the pharmaceutical industries. Brand orientation is measured in terms of whether a brand is seen as a valuable asset and whether it is an essential part of the firm's strategy (Reijonen *et al.*, 2012)^[13].

KCB as one the leading banks in the sector has been steadfast in offloading new products to its customers over the years. They include new account types, new loan types, new repayment systems, and agency banking among others. Whereas the adoption of its products has been satisfactorily high, there is no information on the role of its branding on adoption of its products.

Research purpose

The general objective of the study was to explore the linkage between organization branding and adoption of new products in the banking industry in Kenya; case of KCB Limited. Specifically, the study sought to examine the influence of organizational identity, organizational positioning, corporate communication and corporate image on adoption of new products at KCB, Kenya.

Research methods

The study adopted a descripto-explanatory research design; a combination of both descriptive and explanatory research designs. The design facilitated detailed description and analysis of the variables under study; describing and presenting their characteristics and explaining their relationships without manipulation as supported by Saunders *et al.* (2009)^[14]. The design also allowed inductive and deductive reasoning to arrive at generalizations. The design is deemed appropriate for this study since the research problem is structured and well understood; thereby requiring precise rules and procedures regarding collection and analysis of data to test the hypotheses as supported by Ghauri *et al.* (1995)^[5].

The population of study involved branch managers and marketing/sales staff drawn from branches in Kiambu County namely Juja, Ruiru, Thika and Kiambu; all totaling to 201 respondents. The study was a census. Data was collected through use of semi-structured questionnaire with both open and closed-ended questions; structured on the research objectives. The questionnaire was self-administered on the respondents.

The data collected was analyzed using both descriptive and inferential statistics. Descriptive statistics will facilitate in creating frequency distributions, percentages and mean in determining variable significance while inferential statistics was used to establish the relationships between the variables under study. Correlation and regression analysis was conducted to determine variable relationships. The objective of this analysis as supported by Kothari (2004)^[11] is to make a prediction about the dependent variable based on its covariance with all the independent variables. The research hypotheses were tested using Pearson's Moment of Correlation. Regression analysis was conducted to determine the extent to which the model explains the variable relationships; using Statistical Package for Social Scientists (SPSS) computer programme.

Research findings and interpretation

Descriptive analysis

1. Organizational identity and new product adoption

The first objective was to determine the relationship between organizational identity and adoption of new products at KCB, Kenya. Organizational identity variable was composed of several constructs or statements which were used as instruments of capturing the opinions of the respondents namely. KCB has a good organizational identity mean response value of 3.71, KCB stands out among the competition in the banking industry in Kenya 3.66, Many agency banking agents/ distributors and customers want to identify with KCB 3.57, In general KCB has good identity in the market 3.86 and KCB has influenced product adoption 3.76. The descriptive results revealed that on the average, the respondents agreed with the adoption of the organizational identity strategies.

2. Organizational positioning and new product adoption

The second objective was to determine the relationship between organizational positioning and adoption of new products at KCB, Kenya. Organizational positioning variable was composed of several constructs or statements which were used as instruments of capturing the opinions of the respondents namely. KCB is a household brand in the Kenyan market 3.52, KCB is an industry leader 3.62, KCB's products are highly rated in the market 3.37, In general

KCB is well positioned in the market 3.10 and KCB positioning has greatly influenced adoption of its products 3.37. On the average, the respondents agreed with the contention that adoption of organizational positioning is crucial improving product adoption.

3. Corporate communication and new product adoption

The third objective was to determine the relationship between corporate communication and adoption of new products at KCB, Kenya. Corporate communication variable was composed of several constructs or statements which were used as instruments of capturing the opinions of the respondents namely. KCB has a known communication policy 3.86, KCB communicates regularly to its existing and potential customers about its product 3.57, KCB uses appropriate communication channels about its products 3.43, KCB has a good communication strategy 3.57, KCB’s communication strategy has an influence on adoption of its products 3.71. The descriptive results revealed that on the average, the respondents agreed with the adoption of the corporate communication strategy in improving new product adoption.

4. Corporate image and new product adoption

The fourth objective was to determine the relationship between corporate image and adoption of new products at

KCB, Kenya. Corporate image variable was composed of several constructs or statements which were used as instruments of capturing the opinions of the respondents namely. The firm’s corporate image is recognized 3.49, KCB is a recognized brand in Kenya 3.63, Many distributors prefer our products because of KCB’s good corporate image 3.37, in general KCB has a great corporate image 3.50, The popularity of KCB products is due to its corporate image 3.37. The mean response to all these questions revealed that corporate image is a key branding strategy for adoption of new products in commercial banks in Kenya.

Inferential analysis

As presented in Table 1, it can be observed that the correlation between the independent variables and the dependent variable was positive and significant at 0.489**, 0.834**, 0.855** and 0.772** for organizational identity, organizational positioning, corporate communication, corporate image respectively. The implication is that the high correlation between level of product adoption and its determinants was good for regression analysis. However, the correlation between independent variables was found to be positive but below 0.70. The interpretation is that the level of multicollinearity between the independent variable was positive but not very high which means that the influence of each variable in the regression was relevant.

Table 1: Correlation Analysis

Correlations p-values		Level of Product Adoption	Organ. Identity	Organ. positioning	Corporate comm	Corporate Image
Level of Product Adoption	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	126				
Organizational Identity	Pearson Correlation	0.489**	1			
	Sig. (2-tailed)	.000				
	N	126	126			
Organizational positioning	Pearson Correlation	0.834**	0.421**	1		
	Sig. (2-tailed)	.000	.000			
	N	126	126	126		
Corporate communication	Pearson Correlation	0.855**	0.321**	0.704**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	126	126	126	126	
Corporate Image	Pearson Correlation	0.772**	0.397**	0.617**	0.665**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	126	126	126	126	126

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

Further, the study conducted multiple regression analysis to test the relationship between organizational branding and adoption of new products among commercial banks in Kenya; with all the combined independent variable. As shown in Table 2, the R-Square and Adjusted R-Square test statistics were R-Square 0.880 and Adjusted R-Square 0.876

with F-statistic of 0.000 which is significant. This demonstrates existence of a linear association between independent variables and the dependent variable. Hence, there was a clear relationship between organizational branding and adoption of new products in the banking sector in Kenya.

Table 2: Regression model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
				R Square Change	F Change	df1	df2	Sig. F Change	
.938	.880	.876	.15912	.880	221.613	4	121	0.000	2.077

Table 3 presents the F-statistics findings for the test of the hypothesis which stated that there was no statistically significant relationship between organizational branding on the adoption of new products in Kenya. From the results, the F-statistics had values of 221.613 and the p-values of 0.000. This implies that there was a collective linear association

between organizational branding and new products adoption in the banking sector in Kenya. Hence the null hypothesis which stated that organizational branding has no significant relationship with new product adoption in the banking industry in Kenya was rejected.

Table 3: Analysis of variance

	Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression		22.445	4	5.611	221.613	.000
	Residual		3.064	121	.025		
	Total		25.509	125			

Conclusions

The study concludes that banks in Kenya have invested heavily in areas of organizational identity such as good organizational identity, being competitive in the banking industry in Kenya. The study also concludes that, many agency banking agents and customers want to identify with banks. Thus, commercial banks need to grow their networks to allow for more market penetration. All these strategies would lead to a better adoption of banks products in the market. The regression results also support the findings that there is a positive relationship between organizational identity and adoption of new products at KCB, Kenya.

The study notes that it is necessary for the banking industry to be keen on key organizational positioning strategies such as household brand in the Kenyan market, being an industry leader in new products since this is highly related to larger market in the market. In general, banks should be well positioned in the market since this greatly influence the adoption of their products. The study recognized the need players in the banking industry to be keen on corporate communication strategies such as; communicates regularly to its existing and potential customers about its product, adoption of appropriate communication channels about its products, all these efforts would go a long way to ensure proper adoption of new products among commercial banks in the country.

The study recognized unique keenness in the banking industry in making sure that their corporate image is recognized by customers. It was also clear that customers and agents prefer KCB's good corporate image. In general, the popularity of KCB products is due to its corporate image. All these constructs or statements strongly supported the positive relationship between corporate image and adoption of new products at KCB, Kenya.

Recommendations

The results of this study revealed that applying organizational branding is an important aspect of business adoption of new products at KCB, Kenya. This study therefore recommends that licensed commercial banks in Kenya should put some effort on introducing organizational branding in their management efforts in order to increase the adoption of new products at KCB, Kenya. The key dimensions that were found to be very relevant were found to be organizational identity, organizational positioning, corporate communication and corporate image. Therefore, banks should invest heavily in organizational branding to improve on their identity, positioning, communication and image. Further, there should be deliberate programmes aimed at improving employee capacity more specifically those working in front line office to enable them offer exciting services and treatment to customers. The study also recommends that banks should hold regular get-together sessions with customers in the effort to get feedback on their services and also provide an opportunity to convince customers that they care about them.

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