

**MARKETING STRATEGIES AND PERFORMANCE OF MEDIA HOUSES IN KENYA**

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## DECLARATION

This research project is my original work and has not been presented for any award in any other University.

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

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## **DEDICATION**

This study is dedicated to the fraternity of Ochieng's Family, with special focus to Dan Ochieng, Pamela Achieng and Moses Otieno (mentors and sponsors), Mary Adoyo (Mum), Hezron Ochieng (Dad), Sellah Mmasi (fiancé) and Merina Merkel (daughter) for their generous sacrifice of their family time during this research study.

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## **ABSTRACT**

Marketing strategy is a fundamental issue for the entire business whether the firm is a small scale set up or a well reputable transnational conglomerate outfit, organizations are tasked and mandated to develop, establish and implement a coherent and well trendy marketing strategies to promote their businesses, court the right types of clients and allocate their resources correctly for business growth, this is widely assessed by the return on investment (ROI) as an indicator that measures the efficiency of funds. This quest has led to increased competition in the Media industry in Kenya prompting the media houses to come up with lean marketing strategies to remain relevant in the competitive media market in Kenya. The study investigated the Marketing strategies and organizational performance of media houses in Kenya. The objective of the study was to establish the relationship between marketing strategies and organizational performance of media houses in Kenya. The study adopted a census in which the entire population was considered. Both primary and secondary data sources were used. The target population was the 22 media houses licensed and controlled by Communication Authority of Kenya and Media Council of Kenya. The data was collected by used of semi-structured questionnaires and respondents were marketing heads. The quantitative data generated were analyzed with the aid of Statistical Package for Social Sciences (SPSS). The study findings revealed that there is a significant relationship between marketing strategies and organizational performance. The study used both Pearson's correlations and regression analysis. These results found imply that pricing strategy contribute more to the organizational performance of media houses followed by distribution strategy, promotion strategy and product differentiation respectively. Marketing collectively account for 76.5% of change in performance of media houses in Kenya. It is recommended that the media houses which have not fully embraced articulate marketing strategies to see to it. They also need to tailor make marketing strategies in line with the trendy marketing mix model to boost organizational performance.

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## LIST OF ABBREVIATION AND ACRONYMS

<b>4P's</b>	-Elements of Marketing Mix (Product, Price, Promotion, Place)
<b>BBC</b>	-British Broadcasting Corporation
<b>CAK</b>	-Communications Authority of Kenya
<b>CAPEX</b>	-Capital Expenditure
<b>FM</b>	-Frequency Modulation
<b>GoK</b>	-Government of Kenya
<b>ICT</b>	-Information Technology
<b>KBC</b>	-Kenya Broadcasting Corporation
<b>KBS</b>	-Kenya Broadcasting Service
<b>MIPM</b>	-Marketing Impact & Persistent Model
<b>MMM</b>	-Marketing Mix Model
<b>OPEX</b>	-Operational Expenditure
<b>PWC</b>	-Price Water House Coopers
<b>ROI</b>	-Return on Investment
<b>ROI</b>	-Return on Investment
<b>ROMI</b>	-Return on Marketing Investment
<b>SPSS</b>	-Statistical Packages for Social Sciences
<b>SYR</b>	-Sayare
<b>TV</b>	-Television
<b>VOA</b>	-Voice of America
<b>AIDA</b>	-Attention, Interest, Desire and Action

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Marketing strategy is a fundamental issue for the entire business whether the firm is a small scale set up or a well reputable transnational conglomerate outfit, all are tasked with developing sharp marketing strategies that can poise the organizations to promote their business enterprises through allocating resources to sustainably execute the marketing effort competitively while safeguarding the firm image and reputation of the firm. Effective marketing strategies consist of numerous tenets that must be considered across board. The exigency to increase shareholders value, mitigate the reputational risk and cope with the emergence of digital technology and impacts that come along with it are amongst the driving factors that compels most companies to attempt to market their products and services to the right audience in the wake of remaining relevance in the market arena (Kotler & Keller, 2006).

Organizational performance is assessed by the actual output or results realized after periodically review given the activity whether it is financial, marketing or any other so long as it adds value. It is measured against its intended output accentuated by goals and objectives of an organization. Organizational performance is commonly assessed by the return on investment (ROI) and profitability as indicators of performance these also cover sustainability, relevance, efficiency, effectiveness and impact. Organizational performance helps businesses to assess their investments in capital expenditures; it's also used to compare gains and costs when evaluating projects, activities, events or programs (Powell et al., 2003)

The study was guided by two theories; Marketing Mix Model (MMM) and Marketing Impact & Persistence Model (MIPM). According to Borden & Culliton (1965), the marketing mix model guides organization to pick the best mix to use in achieving marketing objectives. The marketing mix generally include but not limited to product, pricing, promotion, distribution, and further touches on packaging, display, customer service and research & development. This is today's known as 4 P's of marketing mix. The marketing mix mock-up is a widely-used contrivance to evaluate Return on Investment (ROI). It informs the finest allotment of marketing budget during the budgetary processes to support marketing activities, event and programs. Marketing

departments and personnel are under increasing pressure to justify the marketing expenditures across board these need to be substantiated by the return on investment through increase in sales revenue (Gruca & Rego, 2005) and Srivastava et al., 2001). Accordingly, due to market dynamic the marketing practitioners and scholars are under fire to account and show how marketing activities are linked to shareholder value, ROI or increase in sales revenue. It is important to note that marketing efforts, such as packaging, branding, distribution, advertising, exhibitions displays and sponsorships, among others help to build long-term brand asset or brand positioning and brand loyalty hence customer retention. These form part of marketing principle that help in building brand assets to optimize marketing performance and leveraged the organization towards delivering short-term and long-term profitability, increase in shareholder value and achieving ROI.

Media Industry carries a diversified collection of media technologies that reach a large audience via mass communication. The media industry produces several types of content, using diverse formats and distribution over different platforms (Deloitte & Touche, 2012). The media industry in Kenya is vibrant and offers opportunities for business development, both local and foreign. It is interactive with digital TV, FM Radios, and newspapers both in print and digital or electronic. The print media is alienated into five categories: dailies, Weeklies, monthlies, bi-monthlies, and quarterlies, these publications are accessible to the general public and readers all over the country and beyond the borders unlike in the past year adding into the statistics of mass media business in Kenya and Sub-Saharan Africa (BBC, 2016 & Softkenya, 2016).

### **1.1.1 Marketing Strategy**

Marketing strategy is a concept by which an organization attempts to arrive at its target markets through avenue including but not limited to product differentiation, pricing, promotion and distribution of products and services, it begins with market investigations or research and development, through which needs and desires are established and competitors' products are analyzed to make the best that outwits those of the competitors. It then continues into the known cascaded marketing mix models known as product innovation or differentiation, pricing, promotion and distribution to customer service, follow up and retention (Gronroos, 1999). Marketing strategy is a conceptual provision of distinguished product that satisfies customer

requirements, offering reasonable price and engage in a widespread distribution backed up by efficient promotion strategy. Marketing strategies is an imperative component of organization's ability to reinforce its market share and profitability to harness the impactful output. Marketing strategy focuses on delivering greater customer value to consumers, reap the ROI while still maintaining the corporate image (Chiliya et al, 2009). Marketing strategy has currently become important game changer across the globe for organizations that opt to build the brand name beyond the national boundaries so as to remain competitive in the current global market environment. The current globalization of markets has made companies to see the international markets as business opportunity thereby crafting marketing strategies as a way to improve market base, increase business performance and remain afloat amidst tight local and international competition. It is a pattern of systematic allocation of resources to support marketing efforts geared at making positive contribution towards realization of marketing objectives and organizational sustainability. It is a grisly decision that is made to open the horizon and new frontiers of the organization (Aremu & Lawal, 2012). They further note that marketing strategy implies the scrutiny of the marketing environment especially the behavior of customers, competitive activities of rivals firms and the capabilities of other organizations to craft marketing strategies that beat the competition given the marketing efforts adopted.

The understandings of marketing in the essence is customer focus and company image. The retention, maintenance and expansion of relationships with present customers call for greater Customer Relationship Management approach to ensure that clients are kept as close as ever before. For a firm to be a top performer and enjoy, the a larger market share, marketing mix has to reflect the true positioning of a firm through seeking to know the wants and desires of the consumers in the target market and serve the various needs as per the demand. Marketing research provides tremendous insight through both formal and informal approaches to determine what consumers want and what they are willing to pay for (Meiden, 1984). The role of marketing strategies in explaining firms' business performance has received significant accolade throughout the history of marketing as a discipline and the linkage of marketing with business performance has currently become more urgent than ever before. Marketing department as a whole has been forced to articulately give prominence of the value of marketing efforts and activities vies a vie the budgets allocated which commensurate to the performance. Over the past two decades,

researches have considerably enhanced conceptual understanding of the role of marketing efforts towards organizational performance (Morgan, 2011).

### **1.1.2 Organizational Performance**

Organizational performance is the sustainability and fundamental contribution of financial output in the competitive marketplaces in which the firm chooses to operate. Superior business performance is achieved through brilliant marketing strategies, investing in selective marketing activities and events that bring competitiveness to a firm over other competing rivals through gaining tremendous advantages within the markets (Porter, 1985). Walker (2008), argues that in an increasingly dynamic and information-driven environment, business leaders and management need to attain performance through competitive productivity, quality improvements, and speed of service judged against specific market driven objectives. The performance indicators wholesomely include firm's profitability index, return on investment and liquidity aspects.

According to Content Marketing Institute (2015), marketers are making progress when it comes to connecting marketing activities to business results, practitioners still find it challenging to properly track and assess the success of their marketing programs against marketing investment. Benchmarks, budgets and trends report shows that performance measurement is a key area where B2B marketers are struggling with bigger chunk on ROI and the rest are non financials. While it's neither feasible nor profitable to measure every single aspect of marketing, return on investment (ROI) remains one of the most important metrics for discovering whether your marketing efforts are bringing in new customers and driving sales. ROI is also referred to as return on marketing investment (ROMI), in marketing ROI is used to create a better understanding around the marketing campaigns and tactics that work or don't work for the organization. It answer questions related to marketing budget spends versus ROI-gained there by creating accountability one part and reveals how well or poorly the marketing strategies are performing on the other hand.

### **1.1.3 Media Houses in Kenya**

Mass media and communication is a diversified collection of media technologies that is designed to reach a large audience with a view of conveying messages that creates impact. The media industry produce several types of content, using diverse formats and distribution over different

platforms. Broadcast media is a platform that transmits information electronically to a mass audience via such medium like film, radio, recorded music, or television. Digital media comprises of electronically transmitted messages through Internet and mobile communication platform. Media phenomena in Kenya comprises of more than 90 FM stations, with more than 15 TV stations, and a number of print newspapers and magazines. Publications mainly use English as the primary language; some native media houses uses Swahili and local languages (Deloitte, 2012 & PWC, 2013).

Kenya has an energetic media industry and rated as among the top most appreciated media markets in the Sub-Saharan Africa with over 22 certified Media Houses. It is accompanied by the emergent level of middle class, rising rates of literacy, a large urban population, and the adoption of mobile phone as a platform for communication replacing the traditional methods. These play a major role in the socio-economic development of the Kenyan nation through dissemination of valuable information often held as a role model to society, providing a platform for public engagement, and holding the government to account of its actions. The media industry has recorded tremendous growth since the sovereignty of Kenyan nation in 1963. From only one broadcaster the Kenya Broadcasting Corporation (KBC) originally known as the Kenya Broadcasting Service (KBS) that was inherited from the colonial government, the country today boasts of over 386 FM radio frequencies, more that 46 located in Nairobi County, and 105 TV frequencies owed to state and private owners. (GeoPoll, 2015 & Kentra, 2016).

The huge investment put forth by the GoK in the field of information and telecommunication and as the latest infrastructure adopted worldwide has over the years paid return through the mobile telephony upheaval, which in turn has radically changed, not just banking and telecommunication industry but also the broadcasting and utilization of media contents. With cellular services infiltration standing at nearly 80 per cent and more than 30 million subscribers registered on telecommunication networks, more and more users have grown confidence in utilization of technology to access the broadcasts services be it digital or otherwise, thus creating business opportunities for the media industry. The frankness in the media industry in Kenya has brought a lot of enthusiasm and offers opportunities for business startups at both local and foreign arena (Robert, 2010; Deloitte, 2012).

The media sector is christened with prints media and are categorized as dailies, Weeklies, monthlies, bi-monthlies, and quarterlies some of these outfits are owned by Media Houses from within increasing their business undertakings and multiplicity hence continued business growth and sustainability as well as accessibility to Kenyan readers, viewers and listenership for consumption with the freedom of expression, openness and critiques, A number of radio stations including vernacular stations which are harmonized by the Media Council of Kenya and its Complaints Commission, the Communications Authority of Kenya, and the Registrar of Books and Newspapers for print media. Some of these broadcasting houses are privileged to have own print and digital media. The current situation in Kenya today is preceded with uncertain market representation with over 22 licensed Media Houses competing for the same market with viewership and listenership not guaranteed as consumers are spoilt of choice (BBC, 2016 & Softkenya, 2016). According to Robert, (2010); Deloitte (2012) & Wolf (2016) account that, media industry in Kenya have been exuding broadcast contents for years, with the aim of attracting audiences, broadening their market coverage. Whether that content is in print or broadcasted over a TV or radio; readers, viewers, and listeners get hold of the content from whichever source as preferred choice. The media industry has achieved this through crafted marketing strategies to enhance organizational performance.

## **1.2 Research Problem**

The position of marketing principle in explaining organizational performance has received prominence throughout the history of marketing field. The need to derive marketing with organizational performance has become more urgent as marketing department are mandated to account and defend the contribution of the marketing efforts and activities vies a vie the corporate budgets and how it contributes to the shareholder's value, profitability and ROI. Over the past two decades, researchers have by a long way enhanced theoretical perspective of the role of marketing principle and its contribution to sustainability and relevance of the organization (Akinyele, 2011). Organizational Performance is commonly measured in terms of output of an activity out of the funds committed to such activity for value addition. This is informed by the organization's strategic direction and business sustainability as top of the agenda. Business output at the corporate level is widely assessed by the return on investment (ROI) as the expected impact, ROI as the main key performance indicator as well as business sustainability, efficiency, effectiveness and relevance. It measures the business profitability and show how sustainable the



outfit is given such activities as marketing programs to boost organizational performance. It further put businesses to assess their investments in totality, capital expenditure and where need be, adjustment are made on policies that drive business performance. It is among the financial gauge that compares the amount of income derived from an investment activity in linkage with the cost tuned to improve business performance.

Media market is currently facing a paradigm shift today and the situation is such that the competition is based on content development, promotion, channeling and pricing strategies seeing some Media Houses having top ratings. (BBC, 2016; Softkenya, 2016) As observed, the media companies are experiencing tight competition and various Media Houses in Kenya are involved in adoption of varied crafted marketing strategies targeting audiences and listeners. Such strategies encompassed product differentiation, cutthroat competitive pricing, sales promotion and channel distributions in different ways and languages targeting different market segments through coming up with different TV channels to cater for different segments with a view of enhancing organizational performance in terms of financials return on marketing investment ROMI (Robert, 2010; Deloitte, 2012; Wolf, 2016).

There are plentiful studies done previously both at international and local level. Some of the international studies conducted include; Jaakkola et al. (2010), investigated strategic marketing and business performance in European Engineering Countries. The study found a positive relationship between strategic marketing and business performance but the study only concentrated in the developed countries. Adesola (2014), premeditated the impact of marketing strategy on business performance in Nigeria; the study found a positive relationship between marketing strategy and performance but this did not address media industry in Kenya. Oke (2010), studied marketing strategies and banks performance in Nigeria and found a positive relationship between marketing strategies and bank performance, the study did not address the media industry in Kenya. Amirhosein (2013), studied the effects of marketing strategies on sales performance in Iran and found a positive relationship between marketing strategies and sales performance but this did not address the effect of marketing strategies on organizational performance. Adewale et al. (2014), examined the impact of marketing strategy on business performance of SMEs in Nigeria and found a positive relationship but this did look into media industry in Kenya.

The local studies conducted include; Munga (2010), who studied the effects of marketing strategies on performance of Insurance firms in Kenya and found a positive relationship, however, the study did not focus on media sector, Mokeira (2014), studied operation strategy and competitiveness of Media Houses in Kenya and found a positive relationship but this did not look in to the effect of marketing strategies and organizational performance. Arising from the above, it's worth noting that a number of studies have been done in this area, however a lot of issues have not been addressed. The study consequently sought after to establishing the relationship between marketing strategies and organizational performance of Media Houses in Kenya. It was informed by the following questions: to what extent do marketing strategies affect organizational performance of Media Houses in Kenya? And what is the relationship between marketing strategies and performance?

### **1.3 Research Objectives**

The study had the following objectives:

- i) To establish the extent to which marketing strategies affect organizational performance of Media Houses in Kenya.
- ii) To determine the relationship between marketing strategies and organizational performance of Media Houses in Kenya

### **1.4 Value of the Study**

The study findings is expected to be used within the traditional media industry in Kenya on how to use the best marketing mix to thrive in the media industry which has experienced increased competition from the emergence of new technology and increased number of media firms. The study is meant therefore to provide in-depth information on the Marketing Strategies and how the best mix can be used to increase their organizational performance.

The finding of this study is expected to assist academicians with available information and serve as a reference points during research epoch. It is expected to add to the body of knowledge through building on the marketing principle and theories supporting the study. It is entrusted to contribute to the field of marketing management at large. Researchers will be expected to borrow from this study when carrying out related studies and further researches.

The study is expected to avail more information to the policymakers in government and other certification bodies as it ensued to serve as a guide during tasks of making policies guidelines safeguarding marketing practices for growth and development of the media sector in Kenya and regulatory authorities.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter focuses on the reviewed related literature by first looking at the theoretical review informed by the theoretical anchorage that explains the issues that pertains to the effects of marketing strategies and organizational performance of the media industry. Secondly, the empirical review of related studies that have been done on the rapport or linkage between marketing strategies and its effects on organizational performance of media houses in Kenya.

### **2.2 Theoretical Framework**

This section presents a review of the theories related to marketing strategies and organizational performance in general. The study was based on two main theories. These include marketing mix model (MMM) and marketing impact & persistent model (MIPM).

#### **2.2.1 Marketing Mix Model (MMM)**

According to Borden & Culliton (1965), The marketing mix model (MMM) stems from a marketing principle guiding the concept of marketing mix as a jumble that include product differentiation strategy, pricing strategy, promotion strategy and distribution strategy forming an ellipsis currently called 4 P's of marketing. It optimizes an entity's likelihood of achieving steady and continual business sustainability and relevance; it ties the firm towards the pronounced commitment to remains responsible to its customers by living up to its promises through building effective marketing strategies, implementing and evaluating the result or impact. Marketing mix model essentially integrate research output of a brand, marketing activities and spends, thus converting sales in to revenue which is a quantifiable impact over time. Marketing Mix model helps market as a functional unit to: Quantify marketing efforts on both short and long-term longitudinally to arrive at impacts through sales and revenue realization on-and off-line basis to provide an improved accountability of marketing investments, activities or actions using extrapolative forecasting, it combines marketing planning, spends along a performance metrics in a single view. Marketing mix model (MMM) is a verified and dependable ways to improve organizational performance measured by such indicators like ROI (return on investment) through budget allocation of resource to support marketing functions more in actual fact. Consumers

interrelate with brands across various mediums like online and offline and their interactions with brands from viewing and listening to TV or radio ads to re-tweeting, calling or messaging a feedback during a commercial promotion are creating such a rich trove of hype in the current status of marketing.

### **2.2.2 Marketing Impact & Persistence Model (MIPM)**

According to Gruca & Rego (2005), there is a dire need to measure the impact of marketing activities as its neglect or mildness leads to the intensified and increased pressure on firms to justify their marketing expenditures vis a vis the return on investment. Consequently, marketing as a functional unit, practitioners and scholars have been put on a blind spot to account for the marketing and show how marketing activities link to shareholder value, profitability and ROI. It is important to note that marketing efforts and actions such as product differentiation, pricing, promotion and distribution help in building long-term brand assets or positioning translated into customer retention, satisfaction and brand loyalty or equity hence organizational performance. The brand asset leverage the financial return towards the realization of strategic direction of a entire firm through attaining short-term profitability (Srivastava et al., 2001) and (Rust et al., 2014).

The short term or long term market rejoinder stands at the hub of any marketing stratagem that tries to create an impactful, sustainable and effective competitive benefit for the brand and firm as a whole. The short term impact of marketing events is observable periodically in terms of efficiency and effectiveness of the brand. The long-term response is longitudinally assessed by persistence modeling that looks into the impactful marketing efforts through value quantification by combining the total measure of net long-run impact and the chain reaction of consumer response to give a positive feedback in terms of marketing performance. The competitor's response that emerges following the firm's initial marketing actions are treated as marketing risk that are averted through acquired market share and brand loyalty. A key challenge is that only short-term results of marketing events are readily observable which should not be the case, efficient marketing impact is measured longitudinally not a one of affair; in this regard most agree that short-term profit maximization is not the best paradigm for allocating resources to support marketing efforts. Western European and American businesses in general and the marketing discipline in particular, have repeatedly been criticized for their short-run orientation (Dekimpe & Hanssens, (1995).

Long-term turnover maximization resulting from an outstanding marketing events is considerably more difficult to be quantified as organization expect quick result however, because of little consensus of what constitutes the long run as well as changing marketing conditions, it is difficult to relate future outcomes to current actions posing an impediment of whether to use short or long-run impact of marketing actions to enhance business performance. (Dekimpe & Hanssens, 2000). Persistence modeling provides a leverage approach based on the important marketing principle preceded by combined research output to understand the power and influence of customers, competition and the behavior of the firm in corresponding to market forces. It quantifies both the scale and the duration of marketing impact on business performance as well as addressing the risks that come along with long-run marketing effort.

## **2.3 Marketing strategies and Performance**

The variables are discussed in details showing how one influences the other. The Marketing Strategies delve in to the marketing elements such as; product differentiation strategy, pricing strategy, promotion Strategy and distribution strategy while organizational performance focused on return on investment (ROI) as a base line of building blocks like market share, customer satisfaction, sales and customer retention as impacts of marketing effort.

### **2.3.1 Marketing Strategies**

The Marketing strategies focus on delivering a superior product value to consumers while keeping an eye on the firm's cost without losing a grasp on the image of a firm. It is an organization's strategy that combines all marketing functions and goals into one comprehensive plan. (Chiliyaet al, 2009) and Owomoyela et al., (2013), give an account that marketing strategies is an approach designed to help in finding out customer needs and providing eminent items for consumption that satisfies consumer needs presented at a reasonable price, creating an awareness about that product through (AIDA model) and engaging in a wider distribution to create impactful competitive advantage. Marketing strategy is an imperative precondition of a firm's ability to strengthen its market share, increase shareholder's value and build profitability index. A market-oriented organization first determines the prospective customer's wants, and then builds the products or services that satisfy such needs. Marketing principle justifies the belief that customers use a product or service because they have a need and that it provides a perceived benefit on both fronts (Kotler & Keller, 2006). The marketing efforts are guided by the

mix model must reflect the wants and desires of the consumers in the market to create the financial impact that is felt by the firm. The marketing research outcome provides such leverage in positioning a firm toward a competitive edge (Walker, 2006).

Return on marketing investment (ROMI) is the financial contribution or gain attributable to marketing efforts (net marketing spends), divided by the marketing resources invested or risked. It's argued that ROMI is not like the other return-on-investment (ROI) metrics because marketing is not the same kind of investment but there is a thin line cutting across. The idea of measuring the marketing effort in terms of sales revenue and profitability is not new and terms such as ROI and ROMI are used more recurrently. Usually, marketing spends will be deemed as justified if the ROMI is upbeat. The purpose of ROMI is to measure the degree to which spending on marketing effort contributes to financial gain or return. The challenge of measuring ROMI varies across mediums as it is associated with traditional media and with the rise in technology, the opportunity is available for businesses to calculate what their approximate ROI may be for the marketing event way before investing (Content Marketing Institute, 2015).

### **2.3. 2 Product Differentiation Strategy and Performance**

The product differentiation strategy is an approach that a firm uses to create a product/service, which is considered unique in some aspect and can stand against the test of time at the same time catering for the customer plight but still maintain the corporate image. It refers to the incremental and embryonic or radical changes in opinion based on prior research, products development, and design with a touch of the end user in mind. Product differentiation borrows from innovation concept to always model a product in line with the market demand so as to increase productivity forming a fundamental source of increasing business sustainability. A firm can stand out from the tight competition if differentiation adopted along the lines that embrace latest technology and customer dynamics. The companies that use product differentiation strategy as a marketing principle enhance not only sales revenue but even ROI of the firm, the customer perception of their brand that leads to a wider market share and profitability. They trigger not only brand awareness, but also brand loyalty, and shapes how clients think of their brand. Barney (1991), defines product differentiation as the distinctiveness of a product or service from other

competing firms making it more striking to the target market. According to Kotler and Lee (2008), the idea of differentiation is to build up a position that potential customers see as unique.

Barney (1991), found that it may be as simple as packaging the goods in a creative way, or as elaborate as incorporating new functional features. Image differentiation involves establishing corporate image and brand outlook that is different from competitors. Kotler and Lee (2008), state that the company or brand image conveys a singular and distinctive significance that communicates the product benefit and brand positioning. Oluwoye (2013), state that triumphant product differentiation has three aspects: it commands a premium price for a product, it increases sales revenue and it wins buyers over by the differentiating features and gaining buyer loyalty. The product differentiation changes the consumers' perceptions especially its properties as distinct from rival products or services, and ideally unique in aspects. At times businesses adjust product differentiation which in turn affects the profit margin of the business firms hence putting business performance on the spot.

### **2.3.3 Pricing Strategy and Performance**

Kotler (2007), defines pricing strategy as an outlay of making, delivering and promoting a product to the clients at a cost by the organization but still maintains the image. Zeithaml (1988), notes that it is a monetary cost attached to the product or a service and forms poignant factor that persuade consumer's acuity of a product's worth. Price can be affirmed as the actual value tagged on a product which is up for exchange for money; it is an amount of money paid for product in exchange of its worth (Kotler et al, 2005). In the studies of Colpan (2006), and Owomoyela et al, (2013), they ascertain the momentous and significant connection between price and organizational performance. The price tagged on a product or service plays a large role in attracting customers for an exchange. Pricing for a product or service that are readily available in the market create demand elasticity, it gist that a unit sale will go up or down more responsively in response to price changes (Jones, 2007).

The determinants of pricing a product include the marketplace demand, desire of customers, nature of competition, customer profile and market first course or segment, consumer demand or behavior towards the product, impactful channel of distribution, research and development cost and market trends all these must be put in to perspective when pricing a product. Pricing strategy forms a key constituent in arriving at the value attached to a product to be delivered to customers



through the quality product provision which then brings sales revenue. (Dawar and Parker, 1994). Pricing strategy influences cost and perceived quality that the customers derive from a product usage this also influences the revenue string of a firm. The value equation and the ability to manage pricing effectively is therefore an important marketing principle and as a function (Dutta et al., 2003).

A firm with strong pricing capabilities is well-informed by price sensitivity and how it impacts on customer value perceptions since influences customer loyalty to the company's brand. It also takes in to account the competitors' current and planned pricing strategies and actions hence it guides affirm toward realization of ROI. The market information gathered helps the organization to develop appropriate pricing strategies which are later on communicated to the esteemed clients especially on the pricing changes (Rosiello, 1992). The element of pricing informs selling capability, this is connected to firms' ability to deliver customer value and achieve superior organizational performance (Shapiro et al., 1997). Cespedes & Piercy (1996), opine that pricing strategy is a reliable tool and is a necessary tool for coordinating pricing decisions to aid in marketing and sales of goods and services in order to maximize profitability. A diagnostics analysis of firm's performance may be impeded by the kind of pricing strategies adopted and may also bring a challenge in the marketing and sales tact on products or services.

#### **2.3.4 Promotion Strategy and Performance**

Zeithaml et al. (1995), describe promotion as an effort that encourages a customer to buy the products or services and to tell others about their experience on the product usage. Sales promotion refers to the provision of information or incentives to customers or distributors with an aim of stimulating demand for products and services. It is an important component that informs the organization on how it is perceived by the external stakeholders who are interested in the firm's outputs informed by marketing strategies as part of marketing principle. Sales promotion acts as a competitive bludgeon by providing information and incentives to the target audience to purchase a particular brand. Kotler (2007), and Kimball, (2002) discover that promotion strategy has currently turn into a significant dynamic in the product marketing and sales process which take into consideration the AIDA model that is driven by marketing mix elements which comprise of explicit mingle of advertising, personal selling, sales promotion, public relations and direct marketing as apparatus that the business uses to trail its advertising

and marketing objectives towards attractive sales. Researchers have recognized significant relationship between promotion and business performance with prominence.

According to Gupta (2007), & Kotler (1997), the objectives of promotions is to create a center of attention to customers as well as make existing customer loyal, reward loyalty and increase the market share by stimulating the use of product mix. Nearly all companies currently use promotion strategy as either offensive and/or defensive tools in the battle for market share. As a corollary, the consumer's brand preference is predisposed by the sales promotion campaigns. It is common that prior to making a decision, the typical consumers will take into account the information perceived out of promotional activity. This may result into impulse buying which is purchasing unplanned item or sometimes buy a greater and valuable product because there is a promotion. Sales promotion can in fact create an induced demand especially when the desire has been created leading to an increase in sales revenue

Sales promotion is an effective contrivance in a highly competitive market, where the objective is geared towards convincing retailers to try out a new product or persuade consumers to select the product or service over those of competitors. Sales promotion tend to work preeminently when applied to new items whose features can be judged at the point of purchase, rather than more intricate, exclusive items that might require hands of demonstration (Kotler and Keller, 2006). Sales promotion strategy includes communication tricks that provide information and extra value or incentives to decisive clients. Further sales promotion stimulates demand and triggers performance in terms of market expansion hence ROI, through marketing campaigns, product and services have increased chances of competing with the best brands in the market. It is worth calculating the effectiveness of marketing effort through looking into sales growth less the average organic growth on a regular basis throughout a marketing event which takes time to be realized, it may come through increase in sales or demand, if ROI isn't realized after considerable period, it might just be the wrong campaign for your target market or bad timing.

### **2.3.5 Distribution Strategy and Performance**

Naren, (2009) opine that product distribution is a way of availing products or services to customers and ensuing that clients obtain the products or a service at a competitive price. He refers distribution as a place informed by the marketing mix. It is a constituent of marketing mix,

encompassing all distribution decisions that recount to how products and services are made and obtainable by the customers. Kotler & Armstrong (2010), also define place or distribution as a set of inter-reliance that a firm deems fit as a progression of making a product accessible for use or utilization by consumers. Distribution strategy calls for valuable consideration of channels so as the products and services to reach the target market through poignant avenues preferred like wholesalers or retailers to direct to consumers as required by the stakeholders, this has significant effect on business performance.

Kotler and Keller (2006), explain that distribution strategy is an imperative element of the marketing mix which poses a great concern to a producer as production is not complete until it gets to the final consumer. It becomes the most important component of marketing today and it has received increased attention as the word is going e-commerce due to technology advancement. While the other elements remain under the control of the producer, once the product is out of the factory and goes into the distribution system, the organization loses control over it. When the company produces a product of high quality, fairly priced and aggressively promoted, the task remains incomplete until the product is made available at the right time and place. Distribution strategy affects every other marketing decision of the organization. This entire important activity is undertaken by the channel of distribution established by the organization. A channel not only adds value to product and services but also creates customers and shareholder value, brand equity and market presence hence ROI.

## **2.4 Conceptual Framework**

The study was guided by the following conceptual framework. The conceptual framework stipulates the relationship between marketing strategies and performance of Media Houses in Kenya. The independent variable focuses on Marketing Strategies especially the marketing mix model; product differentiation strategy, pricing strategy, promotion strategy and distribution strategy. The dependent variable look in to; organizational performance with the chief interest to ROI as a baseline with such building blocks like market share, customer satisfaction, sales revenue, business development and customer retention of the Media Houses.

**Fig. 2.1: Conceptual Framework**

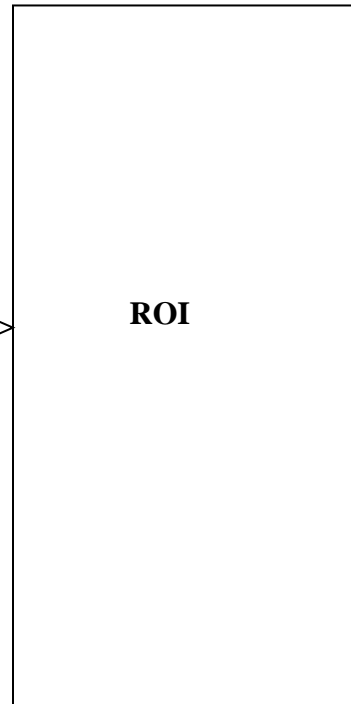
**Independent variable**

**Marketing Strategies**



**Dependent Variable**

**Organizational Performance**



The figure 2.1 denotes the main variables under study and how one influences the other. This entails marketing strategies as the interdependence variable and organizational performance as the dependence variable. Marketing strategies delve into; product differentiation strategy, pricing strategy, promotion strategy and distribution strategy. Organization performance on the other divide looks into return on marketing investment (ROI). The main focus is the media houses in Kenya.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter discusses research methodology that was used during the study. It presents the research design; target population, sampling design, research instruments, data collection procedures and data analysis procedures.

### **3.2 Research Design**

The study adopted a descriptive cross sectional survey design of the various Media Houses in Kenya as the unit of analysis. A descriptive research is adopted in order to scrutinize, illustrate and document aspects of circumstances as it logically occurs (Ngechu, 2004). This involves the collection of data to provide an account and depiction of situation. In this instance, there is no investigational manipulation or any arbitrary selection of groups. According to Cooper & Schindler (2006), in a cross sectional blueprint, either the entire population or a subset thereof is preferred, and from this set, the data is collected to help rejoin research objectives. Descriptive design addresses the what, question of the population under study. Cross sectional survey is a type of cross sectional design that engrosses the collection of information from any given sample of the population element (Ngechu, 2004).

A survey design attempts to gather qualitative and quantitative data from a subset of the entire population to describe the phenomena to find out individual's perception, attitude, and behavior pertaining to the elements under consideration (Mugenda & Mugenda, 2003). Cross sectional research design is chosen because it appeals and allows generalization a particular parameter. The data obtained is standardized to allow easy comparison to deduce the meaning. It explores the existing status of variables to understand how one influences the other. It is enhanced systematic description that is accurate, valid and reliable to look into the marketing strategies and performance of Media Houses in Kenya

### **3.3 Population of the Study**

According to Mugenda (2003), a population is a set of all units of analysis in one's problem area. It also refers to a set of people, elements, events, groups or households that are being investigated (Bryman & Bell, 2007). The target population is a group of individual to which the researcher would like to generalize the result (Mugenda & Mugenda, 2003). Basing on these

concepts, the population of the study consisted of the licensed Media Houses in the country. According to Communications Authority of Kenya (2015), there are 22 Media Houses in the county currently hence a census study.

### **3.4 Data Collection**

The study based on primary and secondary data for data collection. The primary data was collected using a semi-structured questionnaire with closed ended questions formulated in line with the objectives of the study. The open-ended questions facilitated the collection of factual information to aid in analyzing the data. These were based on a 5-point Likert-Scale. The researcher personally delivered the questionnaires to the heads of marketing department as termed by various media houses especially the marketing, sales and brand managers of the 22 Media Houses as respondents then collected them later, through the drop and pick soon after method. This ensured the capturing of all the issues required and also ensured high response rates. Secondary data was obtained from both internal and external sources through document analysis technique in the Media House, their documented records as well as from various published sources, the internet and websites of relevant Media Houses, organizations and institutions. These included periodicals, journals, existing case reports, administrative documents, press releases, economic surveys, and multimedia online resources.

### **3.5 Reliability and Validity**

The researcher established the reliability of the data collection mechanism through a pilot study with 2 questionnaires and data collected were coded in to the SPSS. Experts were consulted to ensure the reliability and validity of the research instrument. The cronbach's alpha coefficient (2004), was adopted to assess the internal consistency. The instrument was found reliable and valid at a 0.8 coefficient. The Standardization of the study was done through a standardised test instrument called Norm referenced test for harmonization. The researcher used the content validity index (CVI) which was scaled and modelled by computing or ranking the appropriateness of the items in the questionnaire by reading through their lucidity.

### 3.6 Data Analysis

The data gathered was checked for completeness and correctness followed by coding, tabulation and organizing. Descriptive statistics was used to find measures of central tendency (mean) and measures of dispersion (standard deviation). Section A: addressed demographic characteristics, Section B: established the extent to which marketing strategies affect organizational performance and Section C: looked into the relationship between marketing strategies and performance. The Statistical Packages for Social Sciences (SPSS) was used for data analysis. This helped in summarizing and analyzing the data gathered thus enabling the researcher to obtain underlying features of Media Houses. In addition, a regression model and Pearson's correlation were used to find out the relationship between marketing strategies and organizational performance of Media Houses in Kenya.

#### Regression Model

$$Y = \beta_a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: -

$Y$  – Organizational Performance (ROI)

$X_1$  – Product Differentiation Strategy

$X_2$  – Pricing Strategy

$X_3$  – Sales Promotion Strategy

$X_4$  – Distribution Strategy

$a$  – is the constant

$\varepsilon$  – Error term

## CHAPETR FOUR: DATA ANALYSIS, INTERPRETATION AND PRESENTATION

### 4.1 Introduction

This chapter outlines data analysis, presentation of the finding and interpretation of result. In order to simplify the discussion of the findings, the researcher presented tables and figures that summarize the collective reactions and views from the respondents. The chapter is organized as follows; first it looked at the rate of response and demographic analysis, followed by analysis of marketing strategies and finally the liaison or link between marketing strategies and organizational performance of media houses in Kenya.

### 4.2 The Response Rate

The unit of analysis was 22 licensed Media Houses. The 22 questionnaires sent to the Media Houses were fully marked and returned showing 100% response rate. According to Kothari (2008), a response of 70% and above is good for data generalization. This means that the response for this study was excellent and therefore adequate for data analysis and interpretation.

### 4.3 Reliability Analysis

The pilot study was conducted to pretest and ascertain the legitimacy and reliability of the data collection instrument using the 2 questionnaire before the main study. These 2 questionnaires were later on included to add to the number of the unit. The reliability of the questionnaire was gnarled using Cronbach's alpha value and the results are as shown in table 4.1. The result tabled gives an analysis of the outcome where the Cronbach's Alpha values were averaged to 0.83 to reflect the scale. This is up-scaled as acceptable according to George and Mallery, (2003). It is also closer to 1.0 denoting greater internal consistency of the elements under consideration.

**Table 4.1: Reliability Coefficients**

Scale	Cronbach's Alpha	No. of Items
Product Differentiation	0.84	16
Price	0.78	16
Promotion	0.83	16
Distribution	0.88	16

The finding shows that the instrument constantly gave far above the ground results and the scores averaging to 0.8325 accepted as good and highly within the required Cronbach's alpha coefficient of over 0.7 which give an assurance of an instrument's consistency and dependability.



Nachmias and Nachmias, (2006); Kothari, (2008) and Sekaran, (2006) note that a research instrument that has a comparatively high internal regularity with reliability coefficient of 0.8325 or higher is well thought-out as acceptable in most social science research scenarios.

#### 4.4 Demographic Characteristics

The demographic characteristics of the respondents and their respective media houses were analyzed and obtained in the form of tables showing their frequency along with cumulative percentages. The demographic characteristics included length of service showing how long the Media House has been operating in Kenya, respondent's position at their current media house and their level of experience. Table 4.2 shows results of the demographic findings. The duration of media house operation in Kenya was important for the study as this helps the media house to understand the local market dynamics thus adopting the most appropriate marketing strategies.

**Table 4.2: Media House Disaggregation**

<b>Characteristic</b>	<b>Frequency</b>	<b>Percent</b>
<b>Length of Media House Operation in Kenya</b>		
Less than 5 years	7	31.8
More than 5 years	15	68.2
<b>Respondent's Position</b>		
Brand Manager	6	27.3
Marketing Manager	9	40.9
Sales Manager	7	31.8
<b>Years of Work Experience</b>		
Below 3 years	4	18.2
4-6 years	7	31.8
7-10 years	4	18.2
10 years and above	7	31.8

The finding in Table 4.2 indicates apparently that 68.2% of the respondents categorically stated that their respective media houses have been in operation for over 5 years while 31.8% indicated that the media houses have been in operation for less than 5 years. The results indicate that majority of the media houses have been in operation in Kenya for more than 5 years therefore they understand the local market trends and the need of effective marketing strategies in order to have competitive advantage over other media houses.

Study findings shows that the respondents were the marketing managers (40.9%), sales managers (31.8%) or brand managers (18.2%). The respondents were therefore from same management

levels and all were related to marketing management. This implies that they have a clear picture of the effect of marketing strategies on the organizational performance of their respective media houses.

The study further sought after establishing the period of continuous service to the media house as a respondent basing on worked situation correspondingly. The result in table 4.2 indicates that 31.8% of the respondents have been working in the media houses for a period of between 4-6 years and 31.8% of the respondents have worked for more than 10 years. The 18.2% of the respondents indicated their duration of service is between 7 to 10 years and 18.2% indicated to their duration of service is less than 3 years. This shows that majority of the respondent have worked at their respective media houses for a period of 4 or more years and have enough understanding of their organization’s working and operations.

#### **4.5 Marketing Strategies and Organizational Performance**

The respondents’ feedback on the extent to which marketing strategies affect organizational performance have been analyzed and presented in tables illustrating their respective means and standard deviations. The major focus was on the 4Ps’ of marketing model; product differentiation strategy, pricing strategy; promotion strategy and distribution strategy

##### **4.5.1 Product Differentiation Strategy**

Table 4.3 presents the frequency distribution of respondents’ opinion on the extent to which product differentiation strategy has contributed to the organizational performance of the media houses in Kenya.

**Table 4.3: Product Differentiation Strategy**

<b>Product Differentiation</b>	<b>Mean</b>	<b>Std. Deviation</b>
a) The Differentiation Strategy helps in changing customer perception hence increase in sales	3.8947	1.0485
b) The Differentiation strategy helps in conveying product’s unique value	3.8783	1.1672
c) The Content development has enabled the media house to retain customers in the market hence increase in return on marketing investment (ROMI)	3.8421	0.8983

The result in Table 4.3 shows that product differentiation strategy influence organizational performance, it is depicted by changing customer perception towards the media house’s offerings

(mean=3.8947), it helps in conveying product unique value ( mean=3.8783) and it enables the media house to retain customers thereby increasing return on marketing investment (mean=3.8421) this supports (Kotler and Lee ,2008) views that the purpose of product differentiation strategy is to develop a market spot that prospective and latent customers see as exclusive.

#### 4.5.2 Pricing Strategy

The determinants of prices include business development, customer demand and attraction, the value for money among others. Table 4.4 presents the frequency distribution of respondents' opinion on the extent to which pricing strategy has contributed towards performance of media houses in Kenya.

**Table 4.4: Pricing Strategy**

<b>Pricing Strategy</b>	<b>Mean</b>	<b>Std. Deviation</b>
a) The business development stream is attributed to the pricing strategy	3.8947	0.9941
b) The customers are attracted to the prices offered by the media house	3.6316	1.0116
c) The client get the best value for money at the media house	3.5789	1.1698

The results in Table 4.4 indicates that pricing strategy has enhanced business development (mean = 3.8947); increased customers' attraction due to flexible pricing (mean = 3.6316) and ensure that media houses get the best value for money (mean = 3.5789). From the results, pricing strategy has enabled business development among the media houses, enhanced customer attraction and hence improved returns for the media houses. These findings were same as those of Colpan (2006) and Owomoyela et al. (2013) who established positive and significant relationship between price and business performance.

#### 4.5.3 Promotion Strategy

Table 4.5 denotes the frequency distribution of respondents showing their opinion as to what extent does sales promotion strategy contributed towards organizational performance of media houses in Kenya.

**Table 4.5: Promotion Strategy**

Promotion Strategy	Mean	Std. Deviation
a) The promotion strategy has enabled the media house to attain brand loyalty	4.1053	0.93659
b) The promotion strategy has improved customer satisfaction	4.3158	0.74927
c) The media house uses its own media to advertise	3.8421	0.89834

The result in table 4.5 shows that promotion strategy has enable the media to attain brand loyalty (mean=4.1053), it has also improved customer satisfaction (mean=4.3158) and the media houses in Kenya also use their own media channels to advertise thereby reaching out to larger audience hence brand awareness (mean=3.8421) this concurs with the views according to Gupta (2007), & Kotler (1997), the promotion strategy is meant to inform and attract new customers, while keeping the existing customers to increase their level of loyalty, rewarding loyal customers and increase organization's the market share by stimulating the use of company's product and services thereby increasing performance output.

#### 4.5.4 Distribution Strategy

Distribution strategy provides the media house with a platform for ensuring that the product is available where and when needed. The principle of accessibility addresses the key area of goods and service distribution. Table 4.6 denotes results of the findings from the respondents on their views and level of agreement basing on various aspects of distribution strategy used by various media houses to deliver services to clients, on a 5-pont Likert scale, strongly disagree was 1 while strongly agree was 5.

**Table 4.6: Distribution Strategy**

Distribution Strategy	Mean	Std. Deviation
a) The media houses' brand is recognized country wide resulting into brand identity	3.9634	0.9176
b) The media house has regional offices country wide boosting and enhances return on marketing investment (ROMI).	3.8759	0.9176
c) The distribution strategy is a key towards customer acquisition	4.1597	0.8983

The results in Table 4.6 shows that distribution strategy has increased customer acquisition (mean = 4.1597), increased brand identity as media houses are now identified countrywide (mean = 3.9634) and hence enhanced ROMI (mean = 3.8759). Kotler and Keller (2006) noted

that one of the most obliging benefits of using distribution strategy is its capacity to offer consumers a tailored made service delivery and this in turn aid in building trust and loyalty hence increasing the level of retention of clients towards brand asset.

#### 4.6 Inferential Statistics Analysis Findings

The data obtained from summarizing the responses obtained from the research questions were further analyzed by use of both Pearson’s correlation and multiple regression models. The findings are summarized as follows;

##### 4.6.1 Correlation of Main Variables

The Pearson Correlation analysis was conducted at 95% confidence level ( $\alpha = 0.05$ ) to find out the correlation between the variable under study. The statistical analysis was done using summated scales for both the marketing strategy and organizational as variables. The results in table 4.7, shows that the correlation coefficients denoting the relationships between the variables (Independent and dependent) are above 0.4 and below 0.8 (Pearson, 1990). This shows that the strength of the correlations is medium to strong. The highest correlation coefficient was at 0.758 which is less than 0.8; therefore there is no multi-collinearity problem in this study.

**Table 4.7: Pearson Correlation Analysis**

<b>Marketing Strategy</b>	<b>Performance</b>	
Product Differentiation	Pearson Correlation	0.519
	Sig. (2-tailed)	0.045
Price Strategy	Pearson Correlation	0.758
	Sig. (2-tailed)	0.001
Promotion Strategy	Pearson Correlation	0.647
	Sig. (2-tailed)	0.021
Distribution Strategy	Pearson Correlation	0.717
	Sig. (2-tailed)	0.011

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

The outcome in table 4.7 shows that all the independent variables that is (product differentiation strategy, pricing strategy, promotion strategy and distribution strategy) have a strong positive correlation on the dependent variable (organization performance). Pricing strategy had the strongest correlation on organization performance with ( $r = 0.758$ , and  $p < 0.05$ ) while product differentiation had the lowest correlation to organizational performance with a correlation of ( $r = 0.519$ ,  $p < 0.05$ ) meaning that if pricing strategy tops the marketing model and aligned in tune

with the market demand, it can account for increase in ROI with the least being product differentiation strategy and this can be modeled with dynamic technological innovations. The finding further shows that all the variables were significant at 95% level of confidence at an interval level of 2-tailed. This shows that all the forecasted variables under contemplation had a positive relationship with the dependent variable hence firms need to emphasize on the marketing strategies to enhance organizational performance.

#### 4.6.2 Regression of Main Variables against Organizational Performance

Regression analysis was used as one of the measures that are used to assess the primary constructs of the model on a quantitative scale. Regression model are a technique that enables researcher to assess the ability of an independent variable(s) over the dependent variable(s). As part of the analysis, Regression model was done and the results are as shown in Table 4.8, 4.9 and 4.10.

**Table 4.8: Model Summary<sup>b</sup>**

<b>Model</b>	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std. Error of the Estimate</b>
1	0.898 <sup>a</sup>	0.806	0.765	0.034

a. Predictors: (Constant), product differentiation, price, promotion and distribution strategy

b. Dependent Variable: Organizational Performance

The output in table 4.8 shows that the R-value is at 0.898 implying a positive direction of R is the relationship between the experimental and predicted values of the dependent variable. According to Saunders et al. (2012), the values of R series from -1 to 1 and the sign of R indicates the direction of the relationship (positive or negative). The absolute value of R indicates the potency of significance, with great absolute values indicating stronger relationships. Thus, the R value at 0.898 shows a stronger relationship between experimental and predicted values in towards a positive direction.

The fitted regression model shown in table 4.8 shows that marketing strategies had a positive and significant effect on organizational performance with a correlation coefficient of 0.898 at p-value of .001. The overall coefficient of determination R<sup>2</sup> was 0.765 signifying that the four independent variables in this study (product differentiation, price, promotion and distribution strategy), collectively account for 76.5% of change in performance of media houses in Kenya. The other remaining percentage of 23.5%, being accounted for by other factors not considered in

this study. Further research is therefore recommended to be conducted to probe the other factors that influence organizational performance of media houses in Kenya.

The ANOVA in table 4.9 illustrates whether the model can predict organizational performance using the independent variables.

**Table 4.9: ANOVA<sup>a</sup>**

<b>Model</b>	<b>Df</b>	<b>Sum of Squares</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	4	4.924	1.231	12.310	.002 <sup>b</sup>
Residual	18	0.190	0.100		
<b>Total</b>	<b>22</b>	<b>5.114</b>			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), product differentiation strategy, pricing strategy, promotion strategy and distribution strategy

The table 4.9 shows that F statistic (F=12.31) was significant at a 95% confidence level (Sig. F < 0.05). This means that the model has predictive power. There is statistical significant relationship between product differentiation, pricing, promotion and distribution strategy on organizational performance.

**Table 4.10: Regression Coefficients<sup>a</sup>**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	-0.980	0.108		-9.08	0.000
Product Differentiation	0.796	0.092	0.210	8.66	0.000
Price Strategy	1.017	0.069	0.270	14.67	0.000
Promotion Strategy	0.887	0.068	0.281	12.99	0.000
Distribution Strategy	0.941	0.051	0.440	18.44	0.000

a. Dependent Variable: Organization Performance

The regression model shows that taking all the factors (product differentiation, price, promotion and distribution strategy) constant at zero, performance of media houses would be -0.980. with results, statistically significant as P>0.05 at 0.000. The t-value of constant fashioned at (t = -9.08) level of significant at 95% that is (Sig. F< 0.05), thus ascertaining the fitness of the model. Using the results in table 4.10, the established regression equation by the study was;

$$Y = -0.98 + 0.796X_1 + 1.017X_2 + 0.887X_3 + 0.941X_4 + \varepsilon$$

Further, if other variables are kept steady, a unit increase in product differentiation will lead to a 0.7962 increase in performance of media houses. Likewise, a unit increase in pricing strategy will lead to a 1.017 increases in performance; a unit increase in promotion strategy will lead to a 0.887 increase in performance and a unit increase in distribution strategy will lead to a 0.941 increase in performance of media houses. These results imply that of the four variables studied; pricing strategy contribute more to the performance of media houses followed by distribution strategy, then promotion strategy and lastly product differentiation.

The study finding shows that at 5% level of significance and 95% level of confidence; product differentiation strategy will have a 8.66 level of significance, price strategy has 14.67 level of significance, promotion strategy has 12.99 level of significance and distribution strategy has 18.44 level of significance. The t-value is critical at 5%, the level of significance at  $k = 4$  degree of freedom is -9.079. The t value was calculated above -9.079, revealing that all the variables under consideration were significant meaning that they affect organizational performance. Statistically, there is a significant correlation between product differentiation strategy, pricing strategy; promotion strategy and distribution strategy on organization performance. These imply that there is a positive significant relationship between marketing strategies and organizational performance of media houses in Kenya and the media houses should put much effort and emphasis on the preferred smart marketing strategies desired backed by financial support to realize ROI.



## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION**

### **5.1 Introduction**

This chapter presents the final piece of the study. This chapter articulates the summarized findings from chapter four and relates them to the concepts and literature discussed in chapter two. It then highlights the conclusions based on specific research questions and the recommendations made thereof in the line of inferential outcome. It finally exudes the suggestions for further research beyond the variable and elements under consideration.

### **5.2 Summary of the findings**

The rationale of this study was to ascertain the extent to which marketing strategies affect organizational performance of media houses in Kenya. The study was informed by two research questions, namely; to what extent do marketing strategies affect organizational performance of media houses in Kenya? And what is the correlation between marketing strategies and organizational performance of media houses in Kenya? The study adopted a descriptive research design. The unit of analysis was the 22 licensed media houses in Kenya based on the report by Communication Authority of Kenya and Media Council of Kenya (2015), it adopted a census and the entire population was considered for analysis. The respondents were key managers in the marketing department of various media houses namely: brand managers, marketing managers and sales managers who were given the questionnaires for data collection and were of the same management level.

The response rate for the study was 100%. The quantitative data was analyzed using descriptive statistics, Pearson correlation and regression analyses. The data was organized according to the research objectives and presented using tables. The following are the summary of the key findings. The product differentiation strategy helps media houses in changing customer perception thereby increasing sales; it also helps in conveying unique product value resulting in customer retention. This increases market shares hence building organizational performance. Pricing strategy enhances business development, increases customer attraction due to flexible pricing which is demonstrated by the media houses to ensure that media houses get the best return on investment (ROI) and customers get the best value for money. These findings were same as those of Colpan (2006) and Owomoyela et al. (2013) who recognized a positive and significant link between price and business performance.

Promotion strategy enables media houses to attain brand loyalty thereby increasing sales. This has resulted into customer satisfaction bringing an assurance to customers while enhancing business performance in terms of ROI. The media houses also use its own media to reach out and widen the customer base in term of viewership and listenership's. The distribution strategy increases customer acquisition, it also increase brand identity as customers are able to identify media houses countrywide and hence enhanced ROMI. Kotler and Keller (2006) note that one of the most valuable benefits of using distribution strategy is its capacity to offer consumers a personalized relationship, the customer relationship created out of distribution has also been shown to increase the loyalty capacity which consumers hold towards personal retailers as a contributing factor to brand asset.

The result shows that marketing strategies has significant effects on organizational performance with a strong positive significance. Strategies take in product differentiation strategy, pricing strategy, promotion strategy and distribution strategy which form a building block of marketing mix model. It shows that various media houses in Kenya use marketing strategies at different wavelength in order to boost their organizational performance and this is evidenced on the findings. The marketing strategies collectively account for 76.5% of change in performance of media houses in Kenya. The other remaining percentage of 23.5%, being accounted for by other factors not considered in this study. It is eminent that further research should be conducted to probe the other factors that account for the remaining (23.5%) that seems to affect organizational performance of media houses in Kenya.

The regression model shows that taking all factors (product differentiation strategy, price strategy, promotion strategy and distribution strategy) constant at zero, organizational performance of media houses would be -0.980. The result is statistically significant at  $P > 0.05$  at 0.000. The t-value of constant produced ( $t = -9.08$ ) was significant at 95% level (Sig.  $F < 0.05$ ), thus confirming the strength of the model. Supplementary, if all the other variables are kept steady, a unit augment in product differentiation will lead to a 0.796 increase in performance of media houses. Likewise, a unit increase in pricing strategy leads to a 1.017 increase in organizational performance; a unit increase in promotion strategy leads to a 0.887 increase in organizational performance and finally, a unit increase in distribution strategy leads to a 0.941 and increase in performance of media houses. These results imply that of the four variables

studied; pricing strategy contributes more to the organizational performance of media houses followed by distribution strategy, then promotion strategy and lastly product differentiation.

### **5.3 Conclusion**

A firm's pride, strength and development depends greatly on its lean marketing strategies establishment and implementation, this would no doubt rely on the quality and effectiveness of the interplay of marketing mix model basing on the marketing investment and the return expected as a basis and blue print of business growth. Media sector in Kenya is among the most energetic markets in Sub-Saharan Africa. A growing middle class, decreasing illiteracy, ever increasing rural-urban migration, and the growing number of the cell phone usage as a platform for communication and content are all helping to create significantly new business frontiers for the media industry. These bring a prompts that marketing remains essential towards showcasing firm's offering thereby informing organizational performance through, promotion, maintaining and retaining clients for business success and sustainability (PwC, 2015).

The study found out that most media houses in Kenya use marketing strategies at different wave length in order to increase their organizational performance. These range from product differentiation strategy, pricing strategy, promotion strategy and distribution strategy with each having positive significant on the return on marketing investment and equally on organizational performance as a whole. In conclusion, there is a strong positive relationship between marketing strategies and organizational performance of the media houses in Kenya therefore they need to fully carry out market analysis so as to understand the media market, develop and implement realistic marketing strategies that embraces the 4ps of the marketing mix model to achieve organizational perceived benefits by increasing realization of return on marketing investment or return on investment to reflect on overall business performance

### **5.4 Limitations of the Study**

The study focused and delved on one respondent from each media house, this put probable limitation in terms of generalizing the results to substantiate other firms or department's contexts. The whole selection was skewed towards the generalization of results to the overall population. The narrowness and specificity of this study means that the results were based only on the media houses which may not be of much help to other sectors in terms of national and international contexts.

## **5.5 Recommendation**

The study found out that marketing strategies tremendously affect organizational performance and that there is a strong positive relationship between marketing strategies and organizational performance. These put in to perspective the (MMM) model namely; product, pricing, promotion and distribution strategy. The media houses should intensify their style of outreach thereby adopting lean modern marketing strategies that are realistic and time bound to increase organizational performance but with caution to ensure that control and sobriety is observed within the media industry. There are a lot of old and emerging media houses that use varied media channels in Kenya. One of the ways to gain popularity is through promotional strategy so as to make known of their brand through various vernacular stations in the quest of reach out to the untapped market through promotion strategy to commensurate with organizational performance, it should be done in a manner that improve business growth but also feature corporate image, national integration and cohesion and that hate speech should not arose as result of scramble for the market through product differentiation and innovation.

The pricing is a tool towards organizational prowess as indicated in the findings. Besides, from qualitative data gathered it showed that different media houses have often used unfair marketing tricks such as, above board pricing, below par or reducing prices below market rate and kick backs to achieve their selfish gain thereby baring other players such as young media firms in Kenya or old media houses from fairly competing, the government agencies and regulatory authorities should introduce measures to censure such occurrences to enhance growth for all media firms in Kenya.

## **5.6 Suggestions for further Research**

The objectives mainly focused on the variables under study, they tried to successfully delve and accomplished the intended purpose but these were only skewed to the extent and relationship that existed between the variables. Several areas that were not covered remained unclear and these require further research;

First, data was collected and were limited to only 22 licensed media houses in Kenya. The study further proposed that further research should be carried out to not only look into the media houses but also other organizations that are within the communication and media sector and

beyond that uses marketing strategies to enhance their performance and which might have been left out during the study due to scope and also other communication firms that that uses marketing strategies for business growth.

Second, since data collection was only limited to the use of semi-structured questionnaires, observations and interviews and as the main tools, more advanced data collection methods are therefore recommended for future research namely, comparative research, case study and sample study

There is a dire need to do more research on other factors that affect organizational performance which could be used alongside marketing strategies that might contribute to ROI in Media industry in Kenya.

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## APPENDICES

### Appendix I: List of licensed Media Houses in Kenya:

1. Royal Media Services
2. Kenya Broadcasting Corporation
3. Nation Media Group
4. Standard Group
5. Capital Group
6. KASS Media Group
7. Radio Africa Holding
8. Media Max
9. North Eastern Media and Telecommunication
10. Iqra
11. Radio France Intanationale
12. International Broadcasting Bureau-VOA
13. BBC-English & Kiswahili
14. Tran-world Radio
15. Kitanbo Communicatyion-Aljazeera
16. Sauti ya Rehema-SYR
17. Digitopia-Milele FM
18. Kenyatta University
19. Lolwe Television Networks
20. Hope Channel
21. Njata TV
22. Meru TV

**Source: (Communications Authority of Kenya-CAK, 2016)**

## Appendix II: Questionnaire

Dear Sir/Madam

You are kindly invited to participate in this research project. The survey should only take 5 – 8 minutes to complete. To ensure confidentiality of all responses, you are not obliged to provide your name. The information you give in response to this survey will be purely used for academic purpose.

### Section A. Demographic Information

1. Name of the Media House-----
2. How long has the Media House been operating in Kenya?
  - i. Less than 5years [ ]
  - ii. More than 5 years [ ]
3. What is your position at the Media House-----?
4. How long have you been working with the Media House?
  - i. Below 3 years [ ]
  - ii. 4-6 years [ ]
  - iii. 7-10 years [ ]
  - iv. 10 and above [ ]
5. What is the rate of return on marketing investment (ROMI) at the Media House basing on marketing strategies?
  - i. Below 20% [ ]
  - ii. 30-50% [ ]
  - iii. 60% and above [ ]

### Section B: Marketing Strategies

#### 6. To what extent do you agree with the following statements?

Use the key 1-5 for this sections as outlined below.

5. Strongly agree 4. Agree 3. Neutral 2. Disagree 1.strongly disagree

Statements	5	4	3	2	1
<b>Product Differentiation Strategy</b>					
The Differentiation Strategy helps in changing customer perception hence increase in sales					
The Differentiation strategy helps in conveying product's unique value					
The Content development has enabled the media house to retain					

customers in the market hence increase in return on marketing investment (ROMI)					
<b>Pricing Strategy</b>					
The business development stream is attributed to the pricing strategy					
The customers are attracted to the prices offered by the media house					
The client get the best value for money at the media house					
<b>Sales Promotion Strategy</b>					
The promotion strategy has enabled the media house to attain brand loyalty					
The promotion strategy has improved customer satisfaction					
The media house uses its own media to advertise					
<b>Distribution Strategy</b>					
The media houses' brand is recognized country wide resulting into brand identity					
The media house has regional offices country wide boosting and enhances return on marketing investment (ROMI).					
The distribution strategy is a key towards customer acquisition					

**Section C. Performance**

**7. To what extent do you agree with the following statements?**

<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>ROI</b>					
The effective marketing strategies has positive influence on return on investment (ROI)					
The effective marketing strategies have enabled the media house to sell more and attain positive return on marketing investment (ROMI).					
Marketing strategies results into customer retention hence return on investment					

**THANK YOU FOR YOUR RESPONSE**