

**MARKETING STRATEGIES AND GROWTH OF SMALL SCALE
RESTAURANTS IN KAKAMEGA COUNTY, KENYA**

BY

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any University for academic credit

Signed: Date:

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This project has been presented for examination with my approval as the appointed supervisor.

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DEDICATION

I dedicate this research project to my loving parents Henry Milimu and Gladys Milimu, my siblings Corazon and Larry, my wife Rehema and my daughter Atwiya who have been a great source of inspiration and joy throughout my endeavors to attain my full potential.

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LIST OF ABBREVIATIONS & ACRONYMS

GDP: Gross Domestic Product

SME: Small and Medium Enterprises

SPSS: Statistical Package for Social Sciences

RBV: Resource Base View

ABSTRACT

The role of small scale restaurants in Kenya's hotel industry cannot be taken for granted. Their growth can contribute to the nation's development and economic growth. For instance job through creation, rural development, entrepreneurship growth; and generation of big hotels. However, growth of small scale restaurants can only take place if it is supported by cost-effective marketing strategies. These strategies ought to be context-based and informed by scientific evidence. Marketing strategies utilized in small scale restaurants in Kakamega County and their growth trends are unknown due to lack of current empirical evidence. Given this situation, this study was designed and conducted in small scale restaurants in Kakamega County, Kenya. It involved 98 managers practicing in these establishments. The main objective of the study was to determine the influence of marketing strategies on growth of small scale restaurants. Data were gathered through a survey and was analysed using simple descriptive and inferential statistics and results presented in tables and figures. The findings obtained revealed that most preferred price strategy was basing price strategy on market survey and customer feedbacks, the most preferred promotion strategy was personal selling and sales promotion, most adopted people strategy was using customer satisfaction score cards to check the level of customer satisfaction and on product strategy the most preferred strategy was the restaurants constantly improving the quality of product offered to achieve marketing. On the relationship that existed between the study variables this study found that people and product marketing strategies were influencing factors in the growth of small scale restaurants in Kakamega County. No significant relationships were found between pricing, promotion strategies and growth of restaurants. Pearson correlation obtained a positive coefficient of correlation implying that people and product strategies had a positive effect on growth of small scale restaurants. Participants felt that location of restaurants, qualifications of managers and courses/skills undertaken, sources of finances and preferred dishes played an influencing role in growth of restaurants. This study recommends that both out dated and non-traditional marketing strategies must be practiced together to achieve the anticipated results. Door-to-door of mouth, decrease sales, signs, proprietary equipment, use of social media and radio announcement are influential marketing tools for eateries in Kakamega.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The present globalization market has made firms to see the internationalization of their events as a way to stay competitive (Azuayi, 2016; Naghi & Para, 2013). Marketing strategy (Burnett, 2008; Dumitru, 2012) is recognized globally as a significant tool for an organization to remain in competitive market environment. Owomoyela et al, (2013) perceive marketing strategy as technique of issuing a valuable goods and services that gratifies client's needs. It offers reasonable price, involves in wider supply and backs it up with operative promotion strategy (Owomoyela et al, 2013).

The present study was guided by The Resource Base View (RBV) theory by Barney in 1991. Barney (1991) explains how the firm uses its resources to apprehend and contrivance strategies that progress its competence and efficacy. The Resource Based View theory highlights the necessity for those firm resources as the essential elements of competitive advantage and development of organization (Barney, 1991).

Small scale restaurants in Kakamega town form a quite huge number of small and Medium Enterprises (SMEs,) (Yogo, 2013). These establishments sell products ranging from varied food, juices, smoothies, coffee, tea and snacks. Most of these restaurants employ between 10 and 99 employees. The hotel businesses in Kakamega town chiefly run as restaurants and these confines the prospective of development in the region because many holidaymakers choose superior hotel with lodgings. The challenges that arise in the hospitality industry are when the small scale restaurant owners' culture is not supporting the mission and the goals of the enterprise. The

challenges faced by the small scale restaurant owners may hamper their growth and profitability in business (Owomoyela et al, 2013).

1.1.1 Marketing Strategies

Marketing is commonly viewed as a process that aims to produce quality products and services aimed at addressing human beings' needs and desires (Whalley, 2010)..

Marketing strategy (Whalley, 2010) is considered as a reliable, suitable, and viable set of values through which a precise firm hopes to accomplish its long run client satisfaction.

Berkowitz (2014) defines strategy as a management procedure comprising the step taken at an organization's business and local levels to cultivate long-run master plan for existence and development. Allvine (2011) sees marketing strategy as a procedure of background a firm on a course that deals better prospects for long-run development in sales and profits.

Marketing strategies is a way of providing excellence product that contents client needs, present reasonable price and appealing in wider delivery and have a real promotion strategy (Adewale et al, 2013). Restaurants in Kenya find themselves in a competitive environment both locally and globally, implementing marketing strategies will enable businesses to be unique in terms of competition and growth. These strategies will also identify a business' goals in marketing and articulate how they will be realised within a certain period of time.

1.1.2 Business Growth

Business growth entails the process of improving some measure of an enterprise's success. Economic theorists at times differentiate two categories of business

development: organic and inorganic development. However in the case of SMEs, growth is supposed to be organic nature (Davidsson & Delmar, 1998). Organic growth is where business expands by increasing overall customer base as supposed to inorganic growth which entails mergers, amalgamations and acquisitions. Enterprise growth has been studied by researchers for many years. Most of the scholars propose that each enterprise has to surprise, then produce while fronting various encounters and crunches, and lastly mature and weakening (Gupta, Guha & Krishaswami, 2013).

According to Karppinen (2011) a business venture is fruitful if it is growing. The development and endurance antics of new companies will depend on their aptitude to study about their environment and match strategies to the changing configuration of that environment (Hult & Olson, 2011). Development is a vibrant pointer of a thriving enterprise. There are many factors which affect growth of an enterprise they include features of the businessperson, access to resources like cash, and human resource which differentiates it from a non-growing enterprise.

The business life cycle theory explains the growth of businesses; it describes stages under which a business goes through. Hult & Olson (2011) described five mutual stages of firm growth: birth, development, ripeness, revitalization and decline. However, the number of stages in business development is not consistent. Some theorists deliberate than five phases of industry life cycle. The growth of business is influenced by external and internal factors. Opening and operational a business includes likelihood of growth and sustainability of success as well as failure. Businesses have different speeds of growth and they can maintain in the similar stage for a definite period time. Empirical evidence shows that most businesses are unable to manage growth; instead they go out of the market quickly.

1.1.3 Hospitality Sector in Kenya

The overall development in the Kenyan frugality and stable increase in tourism incomes have steered to expansion and fresh hoards in guesthouses in Kenya. Notwithstanding the expansion of performance dimension schemes in the hotel trade, numerous investigators (Mongiello, 2001) have barbed to the disinclination of the hospitality business to embrace planned measures and trust exclusively on economic measures. Waal (2007) competes that general deficiency of administration assistances and know-how habitually brands organizations in emerging countries to quintessence more on presenting and replicating performance dimension structures from the Western domain, that are not constantly the greatest appropriate to indigenous circumstances.

1.1.4 Small Scale Restaurants in Kakamega County

A restaurant is a business establishment which cooks and serves food and drink to impending patrons in interchange for money. According to Kloppers (2005) Hospitality and Tourism business is one of the debauched rising industries probable to grow at a yearly rate of 3% worldwide. The utmost development rate will take place in emerging countries. Hotels are mandatory to embrace rapidly and progress their awareness, in order to be able to offer what the client want (Karlsson& Bjugert, 2010). According to Ongori, Iraro and Munene (2013) hospitality industry functions in a competitive setting in where clientele are more troubled on dependability and opportune service delivery. Additionally the objective of all such companies is to provide great value class services to patrons in order to effectively thrive and achieve their aims.

The restaurant and Hotel act cap 494 deals with permitting of hotels and restaurants in Kenya. It controls how small scale restaurants and hotels are functioning in Kenya. The hotels and small scale restaurants are categorized using star assessments. This is the joint system used internationally alternating from one to five star hotels. The government of Kenya is applying the star rating scheme used worldwide. This will guarantee the guest involvement is not conceded by overrated amenities.

1.2 Statement of the Research Problem

Marketing is very essential though strenuous, in developing countries like Kenya. Food and hospitality business is a vital fragment of SMEs in Kenya. Restaurants have contributed to the employment and provided market for the agricultural sector in terms of consumption of the food products. Restaurant enterprises face problems ranging from lack of enough capital, lack of efficient labour, poor management, fraud, marketing problems, research inefficiencies (Ebitu, 2016). According to the author these problems adversely affect the growth of SMEs. As per 2013 Global finance report, service sector contributes about 53.3% to the Kenyan GDP. Restaurant industry forms a significant portion of this contribution. In the last couple of years there has been a significant drop in the performance and growth of this sector. Reasons behind this include; poor marketing strategies adopted by different restaurants.

Several international studies have been carried out on the consequence of marketing strategies and development of small scale initiatives. These problems affect SMEs profit margin and sales volume. Enz (2011) conducted a study on the function of strategy in contending effectively with other guesthouses in the United States. The scholar outlined strategic responsibilities that a business unit manager must assume

and implement. Spillon and Panell (2006) did a study effect of marketing strategies on firm performance among SMEs argued on the linkages between marketing strategy and performance have been validated at firm and purposeful levels, although there is often similarity amid the two.

Studies that have been conducted on marketing strategies have focussed on specific aspects of organisational performance and not growth. Therefore the available studies are is not sufficient in explaining the influence of marketing strategies on growth of small scale restaurants in Kakamega County. Marketing strategies and performance are context specific and the findings in the previous studies having been done on different contexts may not be used to address the marketing strategies and growth of small scale restaurants in Kakamega County. This study aim to fill this information gap by responding the subsequent research question; what is the association between marketing strategies and growth of small scale restaurants in Kakamega County?

1.3 Objectives of the Study

The aim of the study was to define the association between marketing strategies and development of small scale restaurants in Kakamega County.

1.3.1 Specific Objective

The specific aim of this study was to decide the effect of marketing strategies on growth of small scale restaurants in Kakamega County

1.4 Value of the Study

The project will enable academicians and investigators add more information in this turf of marketing strategies. The results can be used as point reference in the future.

This study will be of inordinate prominence to the government predominantly the departments that are involved in supporting SMEs. The government shall formulate policies that will address challenges facing SMEs and implement policies to support business growth. These policies will govern the hospitality industry as a whole. The government will offer an empowering trade environment that is reassuring, facilitative and favourable for commercial accomplishments to prosper.

This study will be useful to the restaurant owners and managers in improving their business and achieve a sustainable growth. It will enable restaurant owners come up with better marketing strategies that will enable them be competitive. This will result in restaurants improving on performance by realising good profit margins. Through adopting the findings of this study, small scale restaurant managers will be able to maintain market share.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature and theoretical background of the study as illustrated and discussed by various scholars. The chapter highlights theories guiding the study, marketing strategies and growth of small businesses, research gap and lastly settles with a theoretical outline as basis of this research.

2.2 Theoretical Foundation

Marketing mix and Resource based View theory shall illustrate the impact of marketing to the growth of small scale restaurants. In service industries focus is being diverted from the target market to product itself.

Resource Based View theory

The Resource Base View (RBV) theory was proposed by Barney in 1991. The theory explains how the firm uses its resources to be able to implement strategies that advance competence and efficiency. The Resource Based View emphasizes on all assets, competences, organizational procedures, firm characteristics, and information as the main determinants of competitive advantage and growth of organization.

According to Whalley (2010), a resource can contribute to an accurate strategy if it permits a number of outside market tests of its worth. These tests include exclusivity, durability and competitive dominance (Whalley, 2010, p. 34). Whalley emphasizes the need for managers to strengthen their strategies on resources that pass are effective and efficient. The author reinforces also the importance of determining what valuable resources are.

4Ps Marketing Mix Theory

The marketing mix also identified as the 4Ps is a substance prototypical in marketing. Jerome McCarthy created the promotion 4Ps in the 1960s. Marketing as a discipline has continually evolved; there have been fundamental changes to marketing mix. 4Ps was used to explain the mix; nowadays more developed 7Ps adds much a needed additional layer of depth to the marketing mix as a set of trappings that the firm uses to follow its marketing aims in the objective market. In the late 1970s it was agreed by marketers that marketing mix should be updated. The extended marketing mix is used in service marketing; they include process, people and physical evidence.

2.3 Marketing Elements

2.3.1 Product Strategy

Customers buy diverse types of products and facilities to content numerous needs. According to Alderson (2011) product is a package of values containing various product structures and supplementary services. At the time of product preparation, the marketer has to think about the assistances the client will accumulate from the products. The product should work and it should be what the consumers are expecting to get. Wilson et al (2008) explains that product strategies' objectives includes positioning the product in the market so that it outlooks out from opposing brands; tell clientele what you outlook for; what you are and how you would like your patrons to appraise you. It also depicts market needs that may be served by different product offering. Small restaurants have their own unique products and services that stand out from its competitors.

2.3.2 Price Strategy

Price strategy is a very significant element of the marketing mix as it controls the industry's profit and development. Regulating the price of the product has a large influence on the marketing strategy and upsetting sales and request of a product. Price is the quantity of money that clienteles pay in interchange for product or service. Common approach for small industries is creating a inexpensive pricing impress by pricing their product lesser than their contestants. Although this may improvement early sales, low price typically likens to low value and this may not be what clients see in your product henceforth low pricing hampers the commercial from growing. A pricing strategy ought to be based on the product itself, reasonable environment, client demand and other products that you suggestion (Whalley, 2010).

2.3.3 Promotion Strategy

Promotion in marketing entails where you advertise and market your products. Potential customers are able to know you are selling and assist them in making a decision to purchase a product or service. In imperative to persuade customers to purchase your product, you need to clarify what it is, in what way to utilise it and why they must buy. The strategies will include marketing, individual selling, sales advertising or mixture of all these (Kotler et al,2006). The price and quality of a product in relation to competition affects nature of its promotional perspectives. Empirical studies have shown that customers prefer incentives other than price. Communications transmitted through mass media enhances advertising strategies (Gibson,1991). Media strategies entail choosing proper channels to promote products, they include newspapers, radio, outdoor advertising, magazines and direct mail

through which messages to do with a particular product/service are transmitted to the targets.

2.3.4 People Strategy

In business each person who comes into interaction with your client will make an impress. According to Smith (2008) many clients are not able to distinct the product or service from the staff that delivers it. The staff will have a thoughtful effect constructive or negative on client satisfaction. This strategy will include management of human resources management, strategies and practices and emerging customer concerned with culture in your trade.

2.4 Marketing Strategies and Growth of Business

Marketing is very critical in performance and growth of a business and also innovation playing a significant role. According to Marjanova and Stojanovski (2012) good marketing efforts contains sales and expansion, it also contributes immensely to the growth of market share in a competitive environment. Studies have shown links between marketing strategies and growth of business hence improving performance of business. For instance Spillan and Parnell (2006) acknowledge that the linkage between marketing strategies and performance have been authenticated at firm and departmental stages, although there is often correspondence amid the two. Growth can be measured based on growth, market share and profitability of the business. For instance, higher the indices result in greater performance of the business, and vice versa. Some strategies which could not affect growth of business are product, quality, marketing, communication and relationship marketing (Haghighinasab, et al, 2013).

Merriles, Thiele and Lye (2010) examined the marketing capabilities, antecedents and implications for business to business (B2B) SME performance, the study showed the effectiveness of modernism and classifying marketing competences, with novelty competence being the strongest cause of SME growth and performance. It established that market positioning and management competence act as allowing devices for building marketing competences.

Oluko et al (2014) examined the marketing plans that Safaricom Ltd has exploited to mechanism its extraordinary growth in terms of the marketplace share as well as achieving maximum profits in the telecommunication segment in both Kenya and East African region. The study found that numerous marketing mix and procedures were utilized by Safaricom which included auditing marketing, new product creation, innovation, pricing, place were found to enhance domination of Safaricom products over other telecom companies. A study conducted by Mbugua (2013) established that poor marketing affected the growth of SMEs but most small business entrepreneurs are not keen with marketing since they rely on the quality of their products as their marketing tool. Marketing strategies are great contributors to growth as well as to profits hence SMEs should think about their customers, current and potential (Kiveu, 2013). Mutambuki and Orwa (2014) in their study established that product branding, sales promotion and market positioning affect commercial fish farming under economic stimulus.

2.5 Conceptual Frame Work

The conceptual framework model on the marketing strategies determining growth of small scale restaurants as demonstrated in the following diagram.

Independent Variables

Dependent Variables

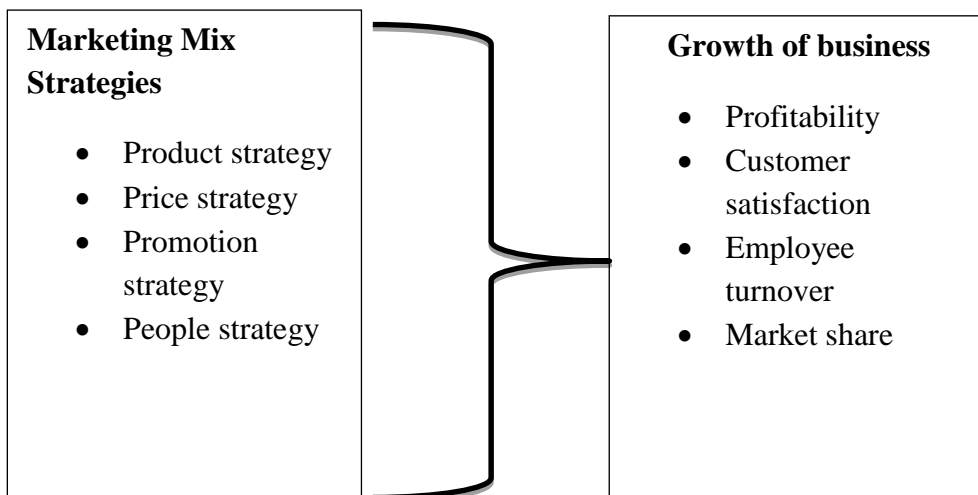


Figure 2.1 Conceptual Framework

2.6 Summary of Literature and Research Gap

Small businesses need to be intent and conscious of what is successful on in the business setting to be able address encounters the business might be facing. Business functions in overall setting and competitive setting. Overall environment issues includes party-political, financial, social, technical, environment, lawful, competitive setting factors include creditors, providers, competitors, clients and alternates. Restaurant trades face numerous encounters like anxiety, technological development, political and economic unpredictability. Previous studies conducted in other trades and hospitality business has deliberated strategies approved by the hotels to fluctuations in environment. However the dependent relationship amid marketing strategies and development of small scale eateries has not been brought out clearly.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section illustrates the methodology used in the study. The chapter presents the research design, population of the study, data collection and data analysis.

3.2 Research design

A research design is the inclusive strategy that you select to assimilate the diverse mechanisms of the study in an appropriate and reasonable way, thereby guaranteeing you efficiently addressed the study problem; it necessitates the blue print for the gathering, measurement and examination of data (Vaus, 2001). This projected study assumed the descriptive research design.

The research design also guarantees that the indication obtained allows you to efficiently address the study problem reasonably and as decidedly as possible. Furthermore research design permits close association between the variables and where conceivable derive valid assumptions, hence the most suitable for the study.

3.3 Population of the Study

The population of this study comprised all small scale restaurants in Kakamega town, registered and licensed by the County Government Of Kakamega. According to Kakamega County records there are about 120 registered small scale restaurants within Kakamega town. This population was chosen because most of them are either in growth or mature stage of the business product life cycle hence they have incorporated marketing activities. The target group of the study were managers and

owners of the restaurants as they are directly involved in the formulation and implementation of marketing strategies, hence they were conversant with the study.

The target population is small and manageable; the whole target population was used as the sample for the given study. Mugenda and Mugenda (2003) argue that if the population is small the whole population is to be undertaken so as to allow obtaining of valid and reasonable information. A census approach was undertaken so as to cover all the 120 small scale restaurants in Kakamega town.

3.4 Data Collection

The study used both secondary and primary data. The primary data was collected by the use of questionnaires. Questionnaires are a popular method for data collection as they are convenient and cost effective for obtaining a wide range of information (Mugenda and Mugenda, 2003). Furthermore to cover the research objectives, the questionnaires were subdivided each question referring to a specific research objective. Likert Scale was used to rate the attitudes of the respondent on the nature of marketing management strategies in their small scale restaurants. Secondary data were obtained from monthly management reports of the business.

3.5 Data analysis

According to Kombo and Tramp (2006) analysing data refers to the process of obtaining meaningful information from the data collected. The fully filled questionnaires were checked for comprehensiveness to ensure consistency; furthermore the data was edited, classified and coded. The gathered data was analysed by means of the (SPSS). To determine the association between the dependent variable (Growth of small scale restaurants) and the independent variables the classical linear

regression model was used. Both the dependent and independent variable was measured using descriptive statistics.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Whereby: **Y = GROWTH OF SMALL SCALE RESTAURANTS IN KAKAMEGA COUNTY;**

X1 = Price;

X2= Promotion;

X3= People;

X4=Product

B0, β_1 , β_2 , β_3 =Regression model coefficients.

ε = Error Term.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION OF THE RESULTS

4.1 Introduction

This chapter presents data analysis, findings and discussions on respondents' demographic information, marketing strategies practised in small scale restaurants and the growth of these establishments; relationships between the marketing strategies and growth, factors influencing growth in the restaurants, and chapter summary. The chapter begins by illustrating the response rate that was attained by this study.

4.2 Response Rate

The target sample size was 120 respondents encompassing restaurant administrators in Kakamega County. Survey questionnaires were finalized by 98 respondents, attainment a reply rate of 81% as shown in Table 4.1. According to Mugenda and Mugenda (1999), a reply rate of 50% is satisfactory for scrutiny and recording; a rate of 60% is good and a reply rate of 81% is excellent. This means that the rejoinder rate was outstanding and consequently satisfactory as basis for data analysis and analysis.

Table 4.1 Response Rate

Questionnaires	Frequency	Percent (%)
Response	98	81
Non-response	22	19
Total	120	100.00%

Source: Author, 2017

The data in Table 4.1 indicates that 98 questionnaires were submitted and fully completed hence, a response rate of 81%. This was adequate for study while 22 questionnaires were not returned, accounting to 19% of the questionnaires.

4.3 Respondents' Demographic Information

This section presents demographic info of the respondents.

4.2.1 Gender

This study required to identify gender of the respondents. This section presents data on this variable. The data are presented in Table 4.2

Table 4.2 Gender

Gender	Frequency	Percent (%)
Male	39	40
Female	59	60
Total	98	100.00

The data in Table 4.2 reveals that 60% of the respondents were female while 40% were males. This indicates that a larger percentage of the managers of the small scale restaurants in Kakamega County were females.

4.2.2 Age Bracket

This study wanted to find out the age brace of the defendants. The data on this variable are as displayed in Table 4.3.

Table 4.3 Age Bracket

Age bracket	Frequency	Percent (%)
21 – 30 Years	19	19
31 – 40 Years	23	23
41 – 50 Years	38	40
51 - 55 Years	9	9
Above 55 Years	9	9
Total	98	100.00

The data in Table 4.3 reveals that 40% of the targeted respondents were 41 to 50 years, 23% were 31 to 40 years, 19% were 21 to 30 years, 9 % were 51 to 55 year and 9% were aged above 55 years. On average the data indicate that majority of the managers in small scale restaurants of Kakamega County were aged between 31-50 years.

4.2.3 Level of Education

This study sought to find out the level of academic qualifications of the respondents.

The data are as shown in Table 4.4

Table 4.4 Level of Education

Level of Education	Frequency	Percent (%)
Primary	34	35
Secondary	50	51
Diploma	12	12
University	2	2
Total	98	100.00

Source: Research Data (2017)

The data provided indicates that 51% of the targeted respondents had secondary education, 35% had primary education, 12% had diplomas and only 2% had university education. These shows the respondents had achieved secondary education level.

4.2.4 Experience

This study sought to the experience of the respondents as shown in table 4.5.

Table 4.5 Experience

Period Served in the Position	Frequency	Percent (%)
Less than 5 years	11	12
5 – 10 years	50	51
10 – 15 years	16	16
above 15 years	21	21
Total	98	100.00%

Source: Research Data (2017)

The data indicates that 51% had experience of 5 to 10 years, 21% had worked for for 15 years and above, 16% had had worked for 10 to 15 years, while 12 % had served for less

than 5 years. The data indicate that the respondents had worked in the restaurants for a considerable length of time with majority working between 5-10 years. This data suggest that respondents were fully conversant with the restaurant operations. The data shows also that most small scale restaurants in Kakamega County maintain their employees for a longer duration hence low employee turnover.

4.4 Marketing Strategies Practised By Small Scale Restaurants in Kakamega County

This section presents findings on marketing strategies practised by small scale restaurants in Kakamega County. These included price, promotion, people and product strategies. Data on these variables were gathered using a Likert Scale. This scale comprised five levels as indicated in the key below.

The results are presented in terms of percentages, means and standard deviations.

4.3.1 Price Strategies

Data on price strategies practiced by small scale restaurants in Kakamega County were collected by this research. The data are presented in Table 4.6.

Table 4.6 Price Strategies

Statements	SA	A	N	D	SD	Mean	SD
Our restaurant has a bargaining pricing impression by pricing our product lower than our	35	44	12	9	0	4.206	0.541

The low pricing of food in our restaurant equates to quality of products produced	51	37	9	0	2	4.214	0.674
Our restaurant bases its pricing strategy on market survey and customer feedback	26	40	28	5	2	4.654	0.652
Our restaurant adjusts prices regularly to meet customer	3	47	46	14	2	4.358	0.574

Source: Research Data (2017)

According to the data presented in Table 4.6, many small scale restaurants in Kakamega County practiced all the four price strategies indicated in Table 4.6. As can be witnessed from the evidence in the table, many respondents' indicated, 'strongly agree', and 'agree' to the four statements on price strategies practised in their restaurants. Also, the respondents' mean scores on each of the price strategies, out of the expected mean score 5, was above 4. This finding suggests that the extent to which the small scale restaurants in Kakamega County practised the indicated price strategies (Table 4.6) was large.

However, as can be seen in Table 4.6, basing pricing strategy on market survey and customer feedback was the most preferred price strategy ($\bar{x} = 4.654$) practised in the small scale restaurants participating in this study. This was followed by a strategy focused on adjusting prices regularly to meet customer expectations ($\bar{x} = 4.358$); and the third strategy on low pricing of food in restaurant, equating to quality products ($\bar{x} = 4.214$). The fourth strategy in rank was a bargaining pricing impression by pricing product lower than competitors ($\bar{x} = 4.206$). The ranking is presented in Table 4.7.

Table 4.7 Ranking of Price Strategies

Price Strategies	Rank
Basing pricing strategy on market survey and customer feedback	1
Adjust prices regularly to meet customer feedback	2
Low pricing of food equates to quality of products produced	3
A bargaining pricing impression by pricing our product lower than our competitors	4

4.3.2 Promotion Strategies

This study examined the extent to which small scale restaurants in Kakamega County practised promotion strategies. The data collected on this item are indicated in Table 4.8.

Table 4.8 Promotion Strategies

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
There is a constant advertisement and promotion of our products	42	35	12	5	2	4.106	.531
There is planning, implementation and control of persuasive communication with customers	42	35	12	12	0	4.114	.574
Our restaurant engages in personal selling and sales promotion	28	47	14	3	5	4.552	.552
The price and quality of a product in relation to competition affects nature of its promotional perspectives	47	30	14	9	0	3.354	.474
Our restaurant/hotel uses newspapers, radio, outdoor advertising, magazines and direct mail to reach its customers	26	51	21	0	2	3.574	.674

Source: Research Data (2017)

Looking at the data in Table 4.8, the small scale restaurants in Kakamega County utilized all the five promotion strategies indicated. The strategies were incorporated in the restaurants to a large extent. This finding resulted from the respondents' mean score that was above average (>3) on each of the five promotion strategies (Table 4.8). The expected mean score on each of the strategies was 5.

Nonetheless, it appears the restaurants under study used personal selling and sales promotion strategy to a larger extent ($\bar{x} = 4.552$). These were followed by two promotion strategies that were used in the restaurants to a large extent. These included constant advertisement and promotion of products ($\bar{x} = 4.106$) and planning, implementation and control of persuasive communication with customers ($\bar{x} = 4.114$). These two were followed by use of newspapers, radio, outdoor advertising,

magazines and direct mail to reach to reach its customers strategy ($\bar{x} = 3.574$). The least, used to a large extent though, was the price and quality of product in relation to competition that affected nature of its promotional perspectives ($\bar{x} = 3.354$). A summary of restaurants' priority use of promotion strategies is ranked and presented in Table 4.9.

Table 4.9 Ranking of Promotion Strategies

Promotion Strategies	Rank
Personal selling and sales promotion	1
Planning, implementation and control of persuasive communication with customers	2
Constant advertisement and promotion of our products	3
Use of newspapers, radio, outdoor advertising, magazines and direct mail to reach its customers	4
The price and quality of a product in relation to competition	5

4.3.3 People Strategies

In this section, data sought on the extent to which small scale restaurants in Kakamega County practised people strategies are presented. This evidence is indicated in Table 4.10.

Table 4.10 People Strategies

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Our restaurant has customer satisfaction scorecards to check the level of customer satisfaction	35	35	12	16	1	4.358	.574
Customer feedback and complaints are promptly addressed	23	42	19	9	7	3.974	.974
There is a one on one interaction between our service providers and our customers	28	44	16	5	7	3.784	.554
There are policies and practices and developing customer oriented culture in our restaurant	23	33	21	16	7	4.251	.5421

The data in Table 4.10 shows that most restaurants in Kakamega County used customer satisfaction score cards to check the level of customer satisfaction. This finding was demonstrated by respondents' attainment of mean 4.358 on this item. In addition, the findings indicated that small scale restaurants in the area of study had policies and practices in line with customer oriented culture with a mean. This was revealed through a mean score 4.251. The findings also established customer feedback and complaints were promptly addressed with a mean of 3.974. Further the findings showed there was a one on one interaction between service providers and customers with a mean of 3.784. This shows people strategies are helpful in small scale restaurants in meeting customer satisfactions and expectations. A summary on people strategies as used in small scale restaurants in Kakamega County is ranked and presented in Table 4.11.

Table 4.11 Ranking of People Strategies

Promotion Strategies	Rank
Availability of customer satisfaction scorecards to check the level of customer satisfaction	1
There are policies and practices and developing customer oriented culture in our restaurant	2
Customer feedback and complaints are promptly addressed	3
There is a one on one interaction between our service providers and our customers	4

4.3.4 Product Strategies

This study attempted to find out the extent to which small scale restaurants in Kakamega County implemented product strategies as part of their marketing strategies.

Table 4.12 Product Strategies

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Our restaurant offers superior products	35	44	12	9.3	0	3.102	.431
Our restaurant constantly improves the quality of products offered	26	37	28	0	2	4.532	.574
There is flexibility on new introduction of new products	51	40	9	5	2	2.114	.552
Our restaurant uses customer reviews to enhance our product development	33	47	46	14	2	3.352	.414

Source: Research Data (2017)

As revealed in Table 4.12, small scale restaurants in Kakamega County constantly improved the quality of products as a marketing strategy to a greater extent. This was revealed by getting a mean score of 4.532 (out of the expected mean score 5) by respondents. Further, two product strategies were also used to a great extent. These included use of customer reviews to enhance product development ($\bar{x} = 3.352$) and offer of superior products ($\bar{x} = 3.102$). To a lesser extent (below average), the small scale restaurants under study made use of flexibility on new introduction of new products ($\bar{x} = 2.114$) as a marketing strategy. A summary of the product strategies implemented in small scale restaurants in Kakamega County, by ranking, is presented in Table 4.13.

Table 4.13 Ranking of Product Strategies

Product Strategies	Rank
Our restaurant constantly improves the quality of products offered	1
Our restaurant uses customer reviews to enhance our product development	2
Our restaurant offers superior products	3
There is flexibility on new introduction of new products	4

This section has presented analyses, findings and interpretations on the extent to which marketing strategies are practised by small scale restaurants in Kakamega County. The extent was analysed and interpreted based on four selected marketing strategies, namely, price, promotion, people, and product.

4.5 Growth of Small Scale Restaurants

This study made an attempt to examine the extent to which there was growth of small scale restaurants in Kakamega County. Managers (n= 98) working in these establishments responded to a questionnaire. The questionnaire incorporated six measure elements of growth in restaurants focused on market share, sales volume, and customer satisfaction levels; number of employees, net profit and customer loyalty. The scale comprised five levels as indicated in the key below.

Data gathered on growth of small scale restaurants in Kakamega County is shown in Table 4.14.

Table 4.14 Growth of Small Scale Restaurants

Statements	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Our restaurant has realized increase in market share	10	40	41	7	2	4.119	.414
There has been an increase in sales volume over the last five years	28	49	9	9	5	4.514	.314
Customer satisfaction levels have increased	38	27	17	9	9	4.135	.432
The number of employees in our restaurants has increased over the years	33	24	28	8	7	4.524	.544
Our restaurant since its inception has increased in net profit	28	40	12	10	9	3.431	.454
Customer loyalty has increased.	19	35	20	16	7	4.124	.324

According to the evidence in Table 4.14, the growth of small scale restaurants for each of the elements of measure was above average ($\bar{x} = > 3$). The expected mean score was 5. As it is evident in the table, the growth in the restaurants was exceedingly evident in two elements. These included an increase over years in the number of employees ($\bar{x} = 4.524$ and sales volume over the last five years ($\bar{x} = 4.514$). Increases in customer satisfaction levels ($\bar{x} = 4.135$) and loyalty ($\bar{x} = 4.124$) were found to be almost at the same pace of growth. Notably, increase in net profit ($\bar{x} = 3.431$) was above average but on the lower side of growth compared to the rest of the growth elements.

In order to obtain a holistic picture, all the respondents' scores on the six element growth measures were tested through the use of one-sample t-test. The results of this computation are presented in Table 4.15.

Table 4.15 T-test Outcomes on Respondents' Scores on Growth of Small Scale Restaurants

		N=98	
Mean	SD	SE Mean	95% CI
18.816	4.452	0.450	(17.924, 19.709)

In Table 4.15, the question relating to the overall growth of small scale restaurants produced a mean of 18.816 (expected mean was 30.0) with a standard deviation of 4.452. This result demonstrates that the overall development of small scale eateries in Kakamega County was minimal with a mean of 18.816 out of the expected mean 30.

4.6 Relationships between Marketing Strategies and Growth of Small Scale Restaurants in Kakamega County

The variables defining the independent variable (marketing strategies) were correlated against the dependent variable (growth of small scale restaurants). Correlation analysis assists the researcher to establish the nature of the relationship in order to make a valid conclusion and recommendation about the variables (Mugenda & Mugenda, 2003). Normally a correlation coefficient lies between +1 and -1. A positive correlation means the two items under test affect each other in a way that when one improves the other also improves and a negative correlation means that when one factor increases the other reduces (Mugenda & Mugenda, 2003). The test of significance in the relationship is done at either a significant value of 5% or 1% (Mugenda & Mugenda, 2003).

The specific marketing strategies correlated against growth comprised price, promotion, people and product. In order to make the comparisons, Pearson's correlation was used for computation. The test results for these comparisons revealed lack of significant relationships between price strategy ($r = 0.124$, $p = 0.224$), promotion strategy ($r = -0.025$, $p = 0.804$) and growth of the small scale restaurants. The results suggest that price and promotion marketing strategies do not influence the growth of small scale restaurants in Kakamega County.

However, significant positive relationships were found between people strategy ($r = 0.452$, $p = 0.000$), product strategy ($r = 0.504$, $p = 0.000$) and growth of small scale restaurants. This test results indicate that the two marketing strategies influenced the growth of small scale restaurants to a small extent.

4.6 Factors Influencing Growth of Small Scale Restaurants

This section sought to establish the issues impelling growth of small scale eateries in Kakamega County, Kenya.

Table 4.16 Factors Influencing Growth of Small Scale Restaurants

Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	SD
Location of Restaurants	16	49	26	7	2	4.123	.544
Qualifications of managers	19	49	18	9	4	4.524	.324
Training of staff	35	32	9.3	9	9	4.155	.452
Courses/skills offered by	19	40	28	3	7	4.326	.574
Sources of finance	28	42	16	4	9	3.521	.474

Preferred dishes	19	35	28	8	7	4.524	.324
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The data in Table 4.16 show that qualification of managers/owners and the preferred dishes had a mean of 4.524 with standard deviation of .324 respectively. The findings also established that courses offered by managers was a factor influencing growth of small scale restaurants with a mean of 4.326 while training of staff had a mean of 4.155. In addition location of the restaurant affected growth had a mean of 4.123. Sources of finance also a factor in influencing growth of small scale restaurant had a mean of 3.521. This shows that qualification of managers and owners majorly affects growth of small scale restaurants in Kakamega County.

4.8 Discussion of Findings

The findings revealed that on price strategies, most adopted strategy was the restaurants basing their pricing strategy on market survey and customer feedback, while the least adopted strategy was restaurant has a bargaining pricing impression by pricing their products lower than their competitors. On promotion strategies, the most adopted marketing strategy was the restaurant staff engages in personal selling and sales promotion and least effective strategy was the price and quality of a product in relation to competition affects nature of its promotional perspectives. The most adopted strategy in people strategies was the restaurants have customer satisfaction scorecards to check the level of customer satisfactions and the least adopted strategy was there is a one on one interaction between our service providers and our customers. On product strategies the most adopted strategy was the restaurants constantly kept on

In addition improving the quality of products offered while product strategy adapted to the least extent was that there was flexibility on introduction of new products. This thus implied that all the marketing mix strategies have a positive impact on growth of small scale restaurants apart from promotion strategies which had a weak negative relationship. The findings also showed that qualifications of the manager/ owner and preferred dishes served to the customers were factors to consider in influencing growth of small scale restaurants to a larger extent.

Mbugua (2013) also obtained similar findings and noted that poor marketing is a major constraint of micro and small enterprises. Mbugua notes that most of these businesses do not have structures for marketing their products and heavily rely on quality of their products to market their businesses.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter begins by presenting a summary of the findings arising from this study. Following the summary are conclusions, limitations, recommendations and suggestions for future research.

5.1 Summary

This study was conducted in small scale restaurants in Kakamega County, Kenya. It involved 98 managers practicing in these establishments. The data were gathered through a survey that involved respondents' completion of a questionnaire. The collected data were analysed using simple descriptive and inferential statistics.

Marketing strategies, four variables were utilized. These included pricing, promotion, people and product strategies. Using these variables, this study examined the extent to which small scale restaurants in the area of study practised the four marketing strategies. Also, whether or not, relationships existed between the four marketing strategies and growth in the study restaurants. Apart from marketing strategies, this study surveyed on factors influencing growth of the small scale restaurants.

5.2 Conclusions

This study found that the small scale restaurants in Kakamega County practiced the four selected marketing strategies to a large extent. These strategies were pricing, promotion, people and product. Based on analyses' outcomes, restaurants' mean score on each of the strategy statements was above 3 out of the expected mean 5. However, one of the statements had mean score 2.114, with a standard deviation of .552. This statement was

focused on flexibility during introduction of new products under the product marketing strategy. This result indicated that restaurants' practice on this element of marketing was minimal.

In view of growth, the current study found that the small scale restaurants in Kakamega County had grown with a mean score over 3 (expected mean 5) in all the six growth aspects that were measured. These included market share, sales volume, and customer satisfaction, number of employees, net profit and customer loyalty.

Regarding influence, pricing and promotion marketing strategies did not influence the growth of small scale restaurants in Kakamega County. This resulted from lack of significant relationships between pricing, promotion and growth of the restaurants. However, people and product are influencing factors in the growth of small scale restaurants. This conclusion was made out the analyses outcome that demonstrated significant positive relationships between people/product marketing strategies and growth in the restaurants.

Apart from marketing strategies (people and product), this study found additional factors that influenced growth of small scale restaurants in Kakamega County. These included location of restaurants, qualifications of managers and courses/skills undertaken, sources of finances and preferred dishes. Each of these items attained above average mean (>3) out of expected mean 5. The mean (above average) qualified each item as factor that influenced growth of small scale restaurants in the study area.

5.4 Recommendations

Both out dated and non-traditional marketing strategies must be experienced together to attain the anticipated results. Door-to-door of mouth, reduction sales, banners, proprietary

equipment, radio/television commercial and use of social media are influential marketing tools for restaurants in Kakamega. They must be stressed in the marketing approaches of eateries in Kakamega. This is because they are not only inexpensive but they might aid the eateries in Kakamega to have a superior access to a place market which is occasionally unnoticed by larger firms.

5.5 Recommendations for Further research

A superior sample size, possibly associating restaurants in Kakamega amid a industrialized and emerging nation could be used to offer a new insight into the impact of marketing strategies and the recital of restaurants in Kakamega.

5.6 Limitations of the Study

Accessibility to the restaurants located in the most rural areas of Kakamega County was challenging due to lack of or poor infrastructure. Also the data collection instrument was used to collect data and was completed through self-report of the participants. The participants could have potentially misrepresented their actual perception about marketing strategies and growth the restaurants. The design of the questions and the response set may also not have accurately represented the participants' responses. In-depth (case study) data were not collected due to lack of time and financial constraints. This means this study missed on insightful evidence on marketing strategies and growth of restaurants in Kakamega County.

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APPENDIX I: Questionnaire Guide

Section A: General Information

1. Gender: (Tick whichever is appropriate)

Male

Female

2. Age bracket: (Tick whichever is applicable)

Below 20 Years 21 – 30 Years

31 – 40 Years 41 – 50 Years

51 - 55 Years Above 55 Years

3. What is your highest level of education? (Tick whichever is appropriate)

Primary Secondary Diploma University

Other (Please

specify).....

4. For how long have you served in this restaurant/hotel?

Less than 5 years 5 – 10 years 10 – 15 years above 15
years

Section B: Marketing Strategies Practiced By Small Scale Restaurants

To what extent do you agree with the following statements in regard to the extent to which you use price strategies in your restaurant? For each statement, please tick your response using the scale 1-5 where; 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statement	1	2	3	4	5
Our restaurant has a bargaining pricing impression by pricing their product lower than their competitors					
The low pricing of food in our restaurant equates to quality of products produced					
Our restaurant bases its pricing strategy on market survey and customer feedback					
Our restaurant adjusts prices regularly to meet customer expectations					

To what extent do you agree with the following statements in regard to the extent to which you use promotion strategy in your restaurant? In each case, please tick your response using the scale 1-5 where; 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statement	1	2	3	4	5
There is a constant advertisement and promotion of our products					
There is planning, implementation and control of persuasive communication with customers					
Our restaurant engages in personal selling and sales promotion					
The price and quality of a product in relation to competition affects nature of its promotional perspectives					
Our restaurant/hotel uses newspapers, radio, outdoor advertising, magazines and direct mail to reach its customers					

To what extent do you agree with the following statements in regard to the extent to which you use people strategy in your restaurant? In each case, please tick your response using the scale 1-5 where; 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statement	1	2	3	4	5
Our restaurant has customer satisfaction scorecards to check the level of customer satisfaction					
Customer feedback and complaints are promptly addressed					
There is a one on one interaction between our service providers and our customers					
There are policies and practices and developing customer oriented culture in our restaurant					

To what extent do you agree with the following statements in regard to the extent to which you use product strategy in your restaurant? In each case, please tick your response using the scale 1-5 where; 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statement	1	2	3	4	5
Our restaurant offers superior products					
Our restaurant constantly improves the quality of products offered					
There is flexibility on new introduction of new products					
Our restaurant uses customer reviews to enhance our product development					

Section C: Growth of Small Scale Restaurants

To what extent do you agree with the following statements in regard to the growth of your small scale restaurant? In each case, please tick your response using the scale 1-5 where: 1- strongly disagrees, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

Statement	1	2	3	4	5
Our restaurant has realized increased market share					
There has been an increase in sales volume over the last five years					
Customer satisfaction levels have increased					
The number of employees in our restaurants has increased over the years					
Our restaurant since its inception has made a net profit					

To what extent do you agree with the following statements in regard to the factors influencing growth of your restaurant? In each case, please tick your response using the scale 1-5 where; 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree,

Statement	1	2	3	4	5
Location of Restaurants					
Qualifications of managers/owners					
Training					
Courses offered by managers/owners.					
Sources of finance					
Preferred dishes					

Kindly put down any other comment with respect to the subject of this study. _____

**Appendix II: List of Small Scale Restaurants Registered By Kakamega County
Government Revenue Allocation Office**

1. Mint restaurants.
2. Mombasa Guest house.
3. Kings Guest house.
4. Lush café
5. Katch fries.
6. Muho gardens restowal.
7. Africana café.
8. Stage café.
9. Ambwere café.
10. Tries center.
11. Jamii hostel.
12. Milimani resort.
13. Tumaini restaurant.
14. Western stew.
15. Gaden view restaurant
16. Snace stop café
17. Milk hotel.
18. Minchien café.
19. Edwards restaurant.
20. Kanis café.
21. Mid west
22. Hosest
23. Dogs café.
24. Milimani homesty/ food count
25. Jamindes restaurant
26. Chungila restaurant.
27. Alpha restaurant.
28. Belsibo restaurant.
29. Kuku joint restaurant.
30. Big bytes restaurants.
31. Bulls restaurant.
32. Hinch restaurants.
33. Chitch café.
34. Kakamega golf restaurant.
35. Masinde muliro university student center.
36. Empue café.
37. Kamadop restaurant.
38. Shieywe restaurant.
39. Louly restaurant.
40. Kakamega guest hour.

41. Vike guest house.
42. Kodose restaurant.
43. Hit guest house.
44. Diamond lock restaurant.
45. Malava restaurant.
46. Lumo Bwos
47. Bishop stam pastrial café.
48. West gate hotel.
49. Silver hot restaurant.
50. Saffi guest house.
51. Royal hotel.
52. Pentagon restaurant.
53. Rastopal restaurant.
54. Franka restaurant.
55. Kakamega friends restaurant.
56. Ambwere Alhance hotel
57. Isukuti restaurant.
58. Rondo retreat.
59. Siaya guest house
60. Green gaden restaurant.
61. Wigot Gaden restaurant.
62. Hotel Riversand
63. Pinecone hotel
64. Emavald Guest house
65. Good Samaritan INN
66. Sovereign hotel
67. El paso restaurant.
68. Twiga café.
69. Shammah hotel.
70. Acacia café.
71. Le comfort restaurant.
72. Homeland
73. Jumia café
74. Vittoria restaurant.
75. Canon Jacob ombara
76. Le savanna county restaurant.
77. Victoria comfort INN
78. Marada
79. St. John manor café.
80. Shalom café.
81. Hotel hippo buck
82. Thesha place
83. Samba man hotel
84. Creadex hotel

85. Jambo impala
86. Museum view restaurant.
87. Kakamega forest restaurant.
88. Mago guest house.
89. Eros guest house.
90. Biteve INN
91. Mulwanda café.
92. Sabatia restaurant.
93. Mona lisa guest house
94. Hotel dew church house
95. Havana guest house
96. All Africa golden hotel
97. The sunset place
98. Janoh guest house
99. Dreamhouse hotel
100. Hotel meryland
101. Generation guest house
102. Maseno equator hotel
103. Little eden restaurant.
104. Ose lottery
105. Surunga motel
106. St. Anna restaurant.
107. Alfrose restaurant.
108. Rulz Garden hotel
109. Botanics Guest house
110. Elsam mariot Guest house
111. Groove hut Apatmals
112. Triple trojam café
113. Cosy restaurant.
114. Western holiday Inn
115. Sooper guest house
116. Hotel salozas
117. Scottish totan
118. Joy guest house
119. Enigma café
120. Guad royal cafe

Appendix III: Research Letter



UNIVERSITY OF NAIROBI

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16 October 2017

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH
MICHAEL BUSIEKA MILIMU – REGISTRATION NO. D66/69140/2013

This is to confirm that the above named is a bona fide student in the Master of Science in Entrepreneurship and Innovations Management (Msc. Entrepreneurship & Innovations Management) option degree program in this University. He is conducting research on "*Marketing Strategies and Growth of Small Scale Restaurants in Kakamega County*".

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.


Jane Muturi

**For: Msc. Entrepreneurship and Innovations Management Co-Ordinator,
School of Business**

JK/nwk