# BOTTOM OF THE PYRAMID MARKETING STRATEGIES AND PERFORMANCE OF INSURANCE COMPANIES IN KENYA

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## DECLARATION

I hereby declare that the work contained in this research project report is my original work and has not been presented in any other university for a degree.

Signature: ________________________Date: ________________________________

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This project report is presented for examination with my approval as university supervisor.

Signature:…………………………………Date:…………………………………………

**DR. JOSEPH OWINO**

## DEDICATION

I dedicate this research study to my loving wife Florence, and my two daughters; Phoebe and Oprah for their endless love, support, and encouragement.

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## TABLE OF CONTENTS

## LIST OF TABLES

## ABSTRACT

The aim of the study was to establish the bottom of the pyramid marketing strategies and performance of insurance companies in Kenya. The specific objectives were to establish bottom of the pyramid marketing strategies adopted by insurance firms in Kenya, to establish the relationship between bottom of the pyramid marketing strategies and performance of insurance firms in Kenya. The study used cross sectional descriptive research design to determine relationship between variables of bottom of the pyramid marketing strategies and performance of insurance companies. Target population of interest in the study comprised of all the 55 insurance companies licensed to offer insurance services in Kenya. The study used primary data which was collected from the respondents using research instruments. The data was on BOP marketing strategies and performance of insurance companies in Kenya. Inferential statistics were used to analyze data collected from the insurance companies. Mean scores and frequencies used were descriptive statistics while multiple regression was used to establish relationship between dependent and independent variables. Two regressions were used to test independent variables influence on non-financial and financial performance. From the findings the study established that micro-insurance product for BOP is offered after a thorough market research to establish customers' needs. Further the study found that micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP. The study found that customers increase in numbers for the organization affected non-financial performance. The study further found that the organization growth aspect that increased non-financial performance was increase in number of branches at BOP. The study further concluded that the distribution channels for micro-insurance products are through institutions which host group structures. Based on the regression analysis there were positive beta coefficients with all study variables, customer satisfaction, organizational growth, market share, and innovations. In that vein the study concluded that any change made is expected to positively impact on non-financial effectiveness and efficiencies. The study recommends that for Insurance Company to serve Bottom of the Pyramid customers, a competitive marketplace, promotion, product, market penetration and development, pricing and personnel strategies must be adopted and implemented effectively. This would enable the firm to reflects how consumers perceive the product's/service's and organization's performance on specific attributes relative to that of the competitors.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

Bottom of the pyramid is the lowest strata according to World Bank Stratification of society on the basis of income. Bottom of the pyramid (BOP) is a big class of humanity characterized by poverty in the form of low incomes, low purchasing power, poor infrastructure and low literacy levels. Prahalad (2005) coined the “bottom of the pyramid” concept to provide an alternative perception towards the population at the base strata of world economic pyramid. Prahalad view on BOP is one that has fortunes and opportunities which business can utilize through entrepreneurship. By serving BOP, business will tap from a large pool of customers whose voluminous consumption would translate to profitability and at the same time serve as an ethical responsibility of reducing poverty levels (Jaiswal, 2008). Targeting BOP requires creativity and innovation in developing solutions to BOP customers ‘needs. Nakata et al. (2012) posits that entry, survival and performance at BOP calls for development and implementation of unique production, marketing and operational strategies which are tailored to meet social, economic, political and psychological BOP needs. The study focuses on marketing strategies adopted by insurance companies serving BOP and relating them to performance of insurance companies.

The study is anchored on Innovation Diffusion Theory (Murray, 2009) and Disruptive Technology Theory (Christensen, 1997). Innovation diffusion theory ( IDT) explains how new product innovations are embraced by customers. Innovations are embraced if they have features and attributes which address the need of targeted customers and are radically unique to those of competitors (Chickweche et al., 2012). Disruptive technology theory (DTT) focuses on radical innovations which arise from technology application. Disruptive technology leads to unique products in the market which are affordable, simpler and more convenient to use. Gebuer et al. (2013) posits that innovations at BOP are positively disruptive and sustainable.

Insurance industry in Kenya is classified under financial sector together with Banks, Capital Market and Retirement Benefits. Association of Kenya Insurance (AKI) 2016, indicates that there are 55 registered insurance firms in the industry (See Appendix 1). Financial Sector Stability report (FSS) 2014, indicates that insurance has a penetration of 3.1% of Gross Domestic product (GDP). This is low compared to other leading economies in Africa. Low market penetration coupled with the high number of industrial players provides an environment of intense competition which demands that insurance firms increase GDP penetration by venturing into low end markets or the bottom of the pyramid. BOP market segment requires that insurance firms design marketing strategies that are appropriate to the segment for penetration, survival and performance.

### 1.1.1 Marketing Strategies

Marketing strategies defines how the marketing activities of an organization are designed, executed and controlled in order to achieve the desired marketing and organizational goals. The strategies are influenced by factors internal and external to the organization (Meidan, 1982). Internal factors includes the strategic decisions on market growth; market penetration; profit growth; operation cost management; and market leadership (Wood, 2007). External factors are largely competitive based and includes; market size, competitors actions, customer behavior and sophistication, legislations and dynamism of the environment (Porter et al., 2006). The traditional 4ps of marketing; Product, Price, Promotion and Place form the foundation of organization marketing strategy (Chikweche et al., 2011). Anderson and Billon (2007) have equated the 4A's of marketing strategies; Acceptability; Affordability, Awareness and Availability to the 4Ps arguing that the two strategies can be applied to achieve similar marketing outcomes.

Product strategy involves incorporating appropriate product attributes which address the needs of a market segment when designing a product. The attributes of a product includes quality, packaging, size, shape, color and usage (Saroja et al., 2008). Product quality is attained through compliance to established standards and benchmarks. Meeting customer quality expectations excellently leads to customer satisfaction (Amron et al., 2017). Packaging, size, shape and color provide an outward image of a product which influences user imagery (Wood, 2007). Usage attribute is the expected level of performance of a product. Usage attribute is a function of product ingredients and mechanisms involved in making the product. Attributes of a product influence its acceptability which in turn determines brand image of a product (Hossain, 2007).

Pricing strategy deals with the value which a customer attaches to the product or service. Highly priced products are associated with high value, quality, superior packaging and high performance (Saroja et al., 2008). Price is the single most aspect of a product which influences customer buying decision. Saroja et al.(2008) posits that despite being price conscious, customers are willing to pay relatively more for a product which is of quality and which improves their overall quality of life. Pricing strategy is influenced by competitor's action, industrial trends, organizational positioning, target market and legislation (Radermacher et al., 2011).Pricing as a marketing strategy is adopted by organizations advancing a cost leadership strategy in the market (Porter et al., 2006). Operational efficiency and economies of scale strategies enables organizations to have a low unit production cost, hence the ability to offer products at a lower price in the market compared to competitors. Anderson et al. (2007) posits that pricing strategy focuses on affordability of a product or service in the targeted market segment.

Promotion strategy entails dissemination of information about the products attributes to customers. Promotion strategy activities includes; advertisement, sales promotion, brochures, billboards, word of mouth and Corporate Social responsibility (Rhaman, 2014). Promotion strategy positions the product as a brand in the customers' mind by frequently communicating the products or the brand attributes. Promotion strategy adopted by an organization is influenced by technology, target audience, product life cycle and promotional objectives. Technological influence to promotion is largely on application of internet as a communication tool. Internet enables global and 24/7 advertisement at minimal cost (Namanda, 2017). Internet promotions allows for clarification and enquiries regarding pricing, quality, ordering and delivery. Target audience influences promotion strategy on information content, technology application and timings (Radermacher et al, 2011). Target audience information need is influenced by; levels of income, gender, age, organizational structure, organization culture and overall marketing objectives. Product life cycle calls for different promotion strategies development and execution. New innovations would call for sales promotion, direct selling and brand loyalty for market penetration (Rahman et al, 2013). Organizational objectives which influence promotion strategies include; market penetration, competition, brand reinforcement and innovations. Anderson et al (2007) posits that promotion increases product or service awareness through provision of information to customers' leading to increase in customer's knowledge on the product.

Place strategy is the availability of the product through distribution channels adopted by the organization. Saroja et al (2008) posits that the traditional distribution channels of agent, stockists and stores are being replaced by information and communication technological modes of distribution. Effective distribution increases customer's convenience enables wide coverage of market and is cost effective. Nature of the product category influences the distribution strategy to be adopted. Mobile phones, banking and health care would conveniently utilize internet distribution because they are transaction based. Insurance services would adopt agent systems because of many enquiries and clarifications required (Amron, 2017).

### 1.1.2 Organizational Performance

Managers in organizations have a burden of ensuring organizational performance and adequately addressing stakeholder's interests. Performance of organization nowadays is multidimensional involving financial and non-financial measures (Namanda, 2017). Organizations with high performance generates benefits to all the stakeholders; profits, growth and wealth creation for shareholders; quality goods and services for customers; motivation and growth prospects for employees; transparency, accountability and corporate social responsibility for the community.

Kapkan& Norton (1992) balance score card tool is currently used for evaluating organizational performance because it incorporates both financial and non-financial performance measures. Financial perspectives measures includes; Total Revenue (TR) or sales, Return on Investment (ROI), Return on Assets (ROA) and Profit Rate Percentage (PRP). Non-financial perspectives measures include; customers, internal business process or organizational plus learning, growth and market share.

Organizational performance is linked by Schreder (2015) to organizational strategy. Crafting and implementation of viable strategies provides a direction on how resource are acquired, organized and allocated to internal units of an organization where activities are based (Johnson et al, 2004). Key organizational strategies linked to performance to performance by Schreder includes; marketing strategies, operation strategies, financial strategies and organizational development. The strategies though aligned to separate functional units in the organization are coordinated and synchronized to produce synergy (Daft, 2010). Organizational performance is therefore an outcome of how well the organizational strategies are implemented (Nyamoita, 2015). The study focuses on market strategies at BOP and their influence on organizational performance.

### 1.1.3 Insurance Industry in Kenya

Insurance Act cap 487, Laws of Kenya is the legal framework that creates the insurance industry. Subsidiary legislations to this law have created the office of Commissioner for Insurance and Insurance Regulatory Authority (IRA). Commissioner of Insurance office links the industry to government and other stakeholders and is the final arbitrator in insurance disputes. IRA creates and enforces regulatory policies in the industry and provides broad guidelines for insurance businesses. Association of Kenya Insurance

(AKI) is the self-regulatory lobbying body of insurance practitioners which advocates for the rights of stakeholders in the industry. Insurance Institute of Kenya (IIK) is the professional body which undertakes professional insurance curriculum development, training and profession examinations for the industry.

Financial Sector Stability report (2014) provides that Insurance Industry plays a critical role in economic development by providing savings channels and increasing financial participation and deepening. Despite a low market penetration of 3.1% of GDP, the industry potential is depicted by a growing interest from global strategic partners which has resulted to mergers and acquisitions. Government's efforts of stabilizing the industry have increased the minimum capital requirement to Ksh.600 million through Finance Bill of 2015. This has further necessitated mergers and acquisitions (see appendix III). Competition in the industry is high due to a small market size and many numbers of players. Increased competition and government strategy of increasing financial participation and deepening have made it imperative for the insurance industry to turn to the bottom of the pyramid as an alternative market segment.

Insurance firms in Kenya have ventured into BOP market segment by producing micro-insurance products which target BOP. Micro-insurance products require marketing strategies unique to BOP customers and a highly competitive market segment. Insurance companies use 4Ps to craft marketing strategies appropriate to BOP. The products are specifically designed to BOP customer need while the prices are aligned to their low incomes. Distribution channels are organized around group structures and intermediary institutions while promotion strategy largely uses direct communication or word of mouth.

## 1.2 Research Problem

Bottom of the pyramid concept has gained global attention since 2002 when Prahalad configured it as a business fortune which multinationals and local organizations can focus onto enhance their performance. The convergence of profitability, poverty alleviation, ethics and corporate social responsibility at BOP makes it a complex arena to industrial players and an interesting area of study to researchers and scholars. BOP has attained global status as a strategy of emancipating the wretched of the earth form from poverty through economic empowerment. Global research on BOP is scattered across several continents and academic fields. BOP concept modifies conventional concepts and approaches from top of the pyramid and makes them relevant to BOP. Landrum (2007) advanced the global complexities of BOP which companies need to address when entering BOP market segment. The complexities include; poverty level and low purchasing power, culture and beliefs, technological applications, appropriate innovations and unique customer behavior. Performance at BOP calls for development and implementation of appropriate strategies because the market segment is complex and unique.

Insurance business in Kenya is faced with structural challenges of increasing GDP penetration. Most of the insurance products are designed with an attitude oriented to income levels and ability or inability to afford insurance premiums (Saroja et al, 2007). The products are designed to address clienteles of high and middle income levels and condemning those at the bottom of the pyramid as un-insurable (AKI, 2016). The perception has however changed after Prahalad (2005) highlighted the potential fortunes at BOP. BOP is currently being viewed as a market segment with unlimited potential if appropriately targeted and managed. Companies from various sectors in economy are venturing in BOP market segment leading to increase in competition. With increased competition it has become imperative for companies including those in insurance to develop marketing strategies which ensures market penetration, increased market share, profitability and sustainable growth.

Several studies on BOP and Insurance have been undertaken by various academicians and researchers. Ahuja (2005) researched on trends and strategies on micro-insurance in India. The exploratory research envisaged to establish the development of micro-insurance in India with an objective of enhancing it. The findings of the study were that on the supply side there were few firms and products on micro-insurance while on demand side, pricing and knowledge of insurance by customers were a deterrent to growth of micro-insurance. Radermcheret al (2011) studied on ethics application in micro-insurance in Germany. The study was a survey of insurance firms in Germany offering micro-insurance products with a focus on ethical considerations in marketing strategies of pricing, product development, distribution and promotion. The study investigated on the unethical practices associated with insurance companies offering micro-insurance products for low end market at BOP. Unethical practices investigated included; exploiting customers' fears through product strategy; manipulation of information through promotion; skewed distribution; under pricing or overpricing and hidden sales in bundles of loans. The findings of the study were that intense competition resulted to unethical practices at BOP. The recommendations were an effective control of micro-insurance business at BOP.

Saaty (2012) carried out an empirical analysis of the strategies undertaken by insurance companies in Saudi Arabia to enhance customer loyalty and customer retention. Data was collected through use of questionnaires from 80 employees of different insurance companies. The study segmented the market on the basis of income levels resulting to BOP market segment. The respondents identified quality service delivery to be critical in enhancing customer loyalty and customer retention at BOP. The study provided that, the level of trust which the employees developed on the company and its products, influences level of customer loyalty.

Chickwecha *et al.* (2011) investigated on branding at the bases of the pyramid. The objective of the study was to examine BOP customers' perception on branding. The study used convenient sampling to collect data from focus groups at BOP. Key findings were that, BOP customers identified brands of the commodities they have trust in and that social groups were critical in enhancing brand development. Odemba(2013) researched on factors affecting uptake of life insurance products in Kenya. The study's objective was to determine the environmental factors influencing uptake of life insurance. Descriptive cross-section survey research method was used on 48 registered insurance companies. The study revealed that high premiums, nature of the customer service, nature of insurance product and insurance distribution channels influence uptake of life insurance. Previous studies undertaken on BOP and insurance companies have failed to link marketing strategies and performance of insurance companies at BOP. This study sought to fill this gap by answering the following research questions; which are the bottom of the pyramid marketing strategies adopted by insurance companies in Kenya? What is the influence of bottom of the pyramid marketing strategies to performance of insurance firms in Kenya?

## 1.3 Objectives

i. To establish bottom of the pyramid marketing strategies adopted by insurance firms in Kenya?

ii. To establish the relationship between bottom of the pyramid marketing strategies and performance of insurance firms in Kenya?

## 1.4 Value of the Study

The study may add value to the existing one on bottom of the pyramid by answering the research questions. The theoretical framework used in the study will be enriched when applied to the study opening up ways for their further validation. Findings of the study may be of importance to the industry players especially the regulatory bodies in the insurance industry. Insurance Regulatory Authority (IRA) may use the knowledge gained from the study to modify and strengthen the existing Micro-insurance Act. Insurance Institute of Kenya (IIK) may use the study findings to formulate training and learning curriculums and methods which will be tailored towards enhancing micro-insurance in the insurance business.

Financial sector players; Banks, Retirement Benefits and Capital Market Authority may utilize knowledge gained from the study to develop collaborative and mutual working relationships with insurance companies in micro-insurance business. The mutual collaborative working relationships may contribute to a higher multiplier effect to the economy. NGO's and church based organizations may use knowledge of the study since they act as nodal points for group micro-insurance schemes at BOP. Researchers and scholars may use the study as a basis of further researcher on how to enhance micro-insurance at BOP. Government may find the study to be of use in its endeavours to increase finance deepening, inclusiveness and participation in the economy by involving low-end segment of the society.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

The chapter contains literature review on bottom of the pyramid marketing strategies and performance of insurance companies in Kenya. Theoretical framework to guide the study as well as empirical review constitutes the content of the chapter.

## 2.2 Theoretical Foundation

Innovation and technology theories are used in the study because bottom of the pyramid market segment requires products innovations and application of appropriate technology. The theories used are; innovation diffusion theory and disruptive technology theory.

### 2.2.1 Innovation Diffusion Theory

Innovation Diffusion Theory (IDT) explains acceptability and spread of innovation products in large or small societies. Rogers (2003) posits that innovations or new technology on goods and services will only be of value if they are accepted by customers and that the acceptability should be at a high rate across the society for economic viability. Innovation diffusion involves decision making on whether to accept or reject an innovation. The main elements which influences diffusion of innovation or technology are; nature of innovation, communication channels, time and social systems. Nature of innovation involves; compatibility to existing values or past experiences; complexity in use; trial-ability or the degree of experimentation; and observability or the degree which the results of innovation are visible.

Acceptance or rejection decision in innovation involves the processes of; knowledge, persuasion, decision, implementation and confirmation. Knowledge is after initial encounter with innovation where the individual forms a perception. A positive perception inspires or persuades the individual to develop interest on the innovation leading to information search. Decisions to accept or reject an innovation are made after analysing the information. Implementation involves buying the idea, product or innovation while confirmation is continued usage of the innovation. ITD theory is applicable to Bottom of the Pyramid (BOP) market segment because innovations are continuously made and require timely diffusion and high adoption rate (Prahalad, 2005). Adoption process of; early adopters, early majority, later majority and laggard is applied at BOP. Early adopters and early majority are suitable to innovation diffusion at BOP because high innovation rate which leads to short product life cycle.

### 2.2.2 Disruptive Technology Theory

Disruptive Technology Theory (DTT) of Chrisrensen (1997) explains ability of innovation to fundamentally change the market or customers dynamics by introducing new concepts and approaches which with time outsmarts the existing. DTT serves to explain why big and profitable organizations risk their sustainability and lose ground to small start-ups through disruptive innovations. The theory describes successful large organizations as myopic since they fail to conceptualize the impact of start-up innovations which are a threat to their survival.

DTT has four main elements; incumbent in a market improve along a trajectory of innovation; the pace of sustaining innovation overshoots customer needs; incumbents have the capability to respond but fail to exploit it; and incumbents flounder as a result of the disruption. DTT views innovation to be sustained through a continuous improvement process whose pace is higher than customers' needs. In this view, organizations introduce new goods and services to the market simultaneously to surprise of customers. Large successful organizations ignore the new products and fail to take counter innovation hence they eventually fail and their positions are taken by new entrants to the market which applies disruptive technology.

DTT is applicable to bottom of the pyramid concept because new start-ups at BOP introduce new products which large organizations ignore. Marketing strategies which fit BOP need to be crafted and aligned to quick innovations which overshoot customer needs. With continuous innovations and introduction of new products and services, advertisement, promotion, pricing and distribution are an imperative in BOP. Insurance companies at BOP need marketing strategies to enhance diffusion of innovations because product life cycle is short due to continuous innovations by competitors.

### 2.3 Bottom of the Pyramid Concept

Bottom of the Pyramid (BOP) concept is no longer about poverty at the bottom social strata of 4 billion people propagated by World Bank report (1995). It's about the fortunes existing at these strata of the society. Prahalad.C.K. (2005) advocates for shift of perception about the bottom of the pyramid as poor people with low income levels who are in need of generosity since they are victims of poverty. Prahalad's new proposition is that BOP has fortunes and lives of people at BOP can be transformed if private companies and multinationals could focus their investment to BOP market segment. With adoption of the proposed perception, BOP would cease to be a theatre of Government and Non-governmental organizations and become an emerging market for private companies and multinationals (Ahuja, 2005). Private sector businesses and entrepreneurs should exploit the opportunities in the invisible market of BOP through creativity and innovation, technological developments and application of appropriate business models to produce goods and services compatible to BOP market segment needs.

Insurance companies in Kenya have entered the emerging market of BOP by introducing micro-insurance. Micro Insurance is the packaging of insurance for the low income segment of the society with the objective of enabling them manage risks in accidents, illness, theft, death, fire and natural disasters such as flood and draught (IRA, 2010). Micro-insurance targets the informal sector of BOP which is engaged in "jua kali" sector, farmers, farm workers and house helps among others. Micro-insurance underwrites group risks as opposed to individual risks. Micro-insurance targets groups which have well laid group structures (Ahuja, 2005). Such groups operate through social welfare, "chamas" and trade associations. The structured groups buy micro-insurance products directly from intermediary institutions offering other services such as banks, church bodies, NGOs, micro-finance institutions, savings & credit societies (SACCOS), insurance brokers and agencies. Micro-insurance products from insurance companies in Kenya covers risks in; livestock and crop, health, funeral and life insurance. Intermediary institutions which also include mobile money transfer providers serve as premium collection and claims payment points. IRA (2013) has provided regulations to guide micro-insurance business carried between insurance companies and intermediary institutions.

## 2.4 Bottom of the Pyramid marketing Strategies and Performance of Insurance Companies

Marketing strategies adopted by insurance companies influence performance of micro-insurance business (Nakata, 2012). The strategies influence product acceptability, innovation diffusion, promotion and channel effectiveness. The 4Ps of product, price, promotion and place are the commonly used marketing strategies at the bottom of the pyramid by insurance companies.

Product strategy involves designing the product or service with the appropriate attributes which directly address the needs of the targeted customer (Wood, 2007). Market research and market intelligence feedback enables the organization to determine the attributes gaps which constitute the customer needs. Product strategy therefore is a process of identifying the needs gap and closing it by designing quality products with attributes which to satisfy the customer. Micro-insurance products are designed with the customer in mind. Agricultural and livestock products are designed to cover the risk associated with negative weather and climatic changes; health products cover common ailments arising from hygiene conditions; personal accidents products provide cover for industrial and transport usually at BOP. Products strategy leads to product compatibility which influences ease in acceptance, increase in sales or absorption and hence profitability which arise from volume of premiums.

Pricing strategy in BOP address affordability by customers of low income status. Premiums for micro-insurance products are aligned to customers ‘low incomes. Apart from the low incomes, irregularity of cash flow to BOP customer poses a challenge in pricing and payment of premiums. Cash receipts are at times seasonal or attached to group activities. Ahuja (2005) posits that strategic alliances with banks, Sacco's, church based organizations and other agency regularizes the monthly premiums payment on behalf of customers at BOP. Appropriate strategic alliance with intermediary institutions increases micro-insurance product uptake leading to increased market share, improved premiums collection and hence enhanced firms cash flows position and profitability.

Promotion marketing strategy disseminates information and knowledge about the product to the customers thereby enabling them to make purchase decisions. Promotion activities of advertisement, sales, promotion, bill boards, word of mouth, brochures and corporate social responsibility provide the necessary information on micro-insurance to customers at BOP. Group structures through which micro-insurance operates are targeted in promotion strategies because micro-insurance products are channelled through structured groups and intermediaries. Brochures, direct marketing communication and word of mouth are more pronounced promotion strategies for micro-insurance (Chickweche, 2011). Brochures are used by intermediaries of micro-insurance at banks, agents, Sacco's or church organizations to disseminate information on micro-insurance to individuals and groups. CSR marketing tool is used to build the image of the organization and to create trust to customers at BOP. Rahman (2014) observes that CSR increases effectiveness of direct marketing communication and word of mouth. Promotion strategy enables market penetration, positioning and introduction of new micro-insurance products at BOP. Performance of insurance companies is enhanced through improved market share, increased sales and maintain a sustainable growth.

Place marketing strategy deals with the distribution channels or the points of sale and contact between the customer and micro-insurance providers. Distribution channels used for micro-insurance products are the institutional networks which provide the roles of service delivery, premium collection and risk settlement (Prahalad, 2005). The distribution channels used are near the customers at BOP and offer other related services of social welfare improvement. Strategic alliances between micro-insurance service provider and organizations hosting the structured groups reduces the transaction cost, lowers operational risk, ensures quality service delivery and helps in sale of micro-insurance products leading to increased sales, improved premium collection and effective claims settlement.

## 2.5 Empirical Review

Bottom of the pyramid is an emerging market segment which has provided a new frontier to researchers and scholars. Literature on BOP touches every aspect of business and industry including insurance. Ahuja (2005) studied on trends and strategies of micro-insurance extension in India. The study describes micro-insurance as one with unique characteristics of; premiums based on group risk rating as opposed to individual risk rating, low value product involving modest premium and benefit package; and active involvement of intermediary agencies representing structured group. The study advocates for enhancement of nodals which are institutions that co-houses structured groups that use micro-insurances. The nodal which serve as distribution channels are described to be efficient in premium collection and claims settlement. Premium rates and their flexibility are cited in the study as critical to determining affordability and congruence in timing of premium payment.

Rahman, M. (2014) investigated on advertising to bottom of the pyramid customers with a focus on corporate social responsibility. The study was carried out in Bangladesh with the objective of determining whether Corporate Social Responsibility (CSR) enhances effectiveness and advertisement at BOP. Marhatterbt (2004) observes that CSR enhances corporate brand image and creates trust and confidence about of organization's products. The organizations and its products are summed together by the customer thereby raising companies profile and enhances effectiveness of advertisement. The study concluded that advertising had more effectiveness and impact where the organization is visibly engaged in CSR activities.

Nakata et al. (2012) developed a contextualized model of enhancing new product adoption at the base of the pyramid. The model which is contextualized to BOP is founded on the conceptual framework and research propositions of; poverty based on deprivation of incomes, products and knowledge; and adoption which includes likelihood speed and diffusion. The model in the study recognizes that innovation diffusion is critical for organizational innovations to be of beneficial value. Marketing environment and new product attributes are viewed as moderating factors to diffusion. Marketing environment factors includes interpersonal promotion, distribution and flexible payment plans. New product moderating attributes included in the model were affordability, comprehensibility, adaptability and relative advantage. The findings of the study were that the moderating variables positively moderated poverty and can be leveraged by firms to enhance interest on their products by customer at BOP.

Amron, et al. (2017) developed marketing strategies in insurance property business focusing on low-end market. The study's objective was to develop a customers' approach in the marketing strategies. The study involved 130 respondents in insurance of properties designed for BOP. The study suggests that insurance companies at BOP need to provide attention and focus to the customer when developing property insurance. Customer focus will lead to an increase in customer satisfaction and more adoption on the property goods at BOP. The marketing of strategies recommended for adoption are those which leads to; loyalty, corporate image, service quality and trust.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter covered in detail a systematic description of the methodology that was used to conduct the research. It described the procedures that were used to undertake the research. It covered the research design, target population, research instruments, data collection procedures and analysis.

## 3.2 Research Design

Research design is the plan and structure of investigation which was used to obtain answers to research questions. The study used cross sectional descriptive research design to determine relationship between variables of bottom of the pyramid marketing strategies and performance of insurance companies. Cooper and Schindler (2008) posits that descriptive research design organizes data in an effective and meaningful way by tabulation of frequencies on research variables or their interaction.

Cross-sectional research allowed collection of data at one point in time across all firms licensed to offer insurance services. Cross-sectional research allowed the researcher to generate the findings to the firms in similar situation. The cross sectional descriptive research was a survey because all the firms involved in insurance industry in Kenya were involved.

### 3.3 Target Population

Target population is the wider population on which the researcher will generalize the results of the study. Population comprises of the entire group of events or objects which share a common observable characteristic (Mugenda and Mugenda, 2003). Target population of interest in the study comprised of all the 55 insurance companies licensed to offer insurance services in Kenya (see appendix I). The target respondents for the study comprised of senior managers in insurance companies; managing directors or authorized representatives, departmental heads in market, finance and business development managers making a total of 55 respondents.

### 3.4 Data Collection

The study used primary data which was collected from the respondents using research instruments. The data was on BOP marketing strategies and performance of insurance companies in Kenya. Questionnaire was used to collect the data relevant to research question and objectives. Questionnaire enabled the researcher to focus on the area of interest and importance to the research (Leading, et.al. 2001). Open-ended structured and unstructured questions were used in the questionnaire. Coopers & Schindler (2006) posits that structured questions saves time for data collection while unstructured questions allows for in-depth enquiry thereby enhancing quality of data collected. Reliability and validity of the questionnaire was done through pre-testing with selected insurance companies by the researcher.

The questionnaire was administered directly to the respondents. The respondents involved comprised of senior managers in insurance companies; managing director or authorized representative, departmental heads in market, finance and business development. Questionnaire was structured into section A and section B and C. Section A was general information of respondents. Section B was on BOP marketing strategies while section C was on financial and non-financial performance of insurance companies. Likert scale ranging from 1-5 was used in the questionnaire to indicate respondents view on the marketing strategies of 4Ps and non- financial and financial performance.

### 3.5 Data Analysis

Inferential statistics were used to analyze data collected from the insurance companies. Mean scores and frequencies used were descriptive statistics while multiple regression was used to establish relationship between dependent and independent variables. Two regressions were used to test independent variables influence on non-financial and financial performance. The model to be used in analysis was expressed as follows:

$Y_1 = a + ß_1X_1 + ß_2X_2 + ß_3X_3 + ß_4X_4$..................................................+ $\mu$

$Y_2 = a + ß_1X_1 + ß_2X_2 + ß_3X_3 + ß_4X_4 + ß_5X_5$..................................................+ $\mu$

Where;

$Y_1$ = Insurance company's non-financial performance – growth, customer Satisfaction, market share, and innovations.

$Y_2$ = Insurance company's financial performance - Return on sales (Profit / total Sales), Return on assets (Profit / total assets), General profitability of the firm, cash flow excluding investment and financial risk position

$ß_1$- $ß_5$ = Beta co-efficient used to explain sensitivity of variable Y to predictors

$X_1$-$X_5$ = are the predictors – product, price, promotion and place.

$\mu$ = error term which captures unexplained variations

a = constant term

# CHAPTER FOUR: DATA ANALYSIS, AND FINDINGS

## 4.1. Introduction

This chapter presents the analysis of the primary data collected from the administered questionnaires. The collected data was edited and cleaned for completeness and consistency in preparation for coding. Once coded, the data was keyed into the Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics such as means and standard deviations were used to analyze the data. The study also used inferential statistics to discuss the findings. Regression analysis was used to test the relationship between the variables under study in relation to the objectives of the study. Analysis of variance (ANOVA) was also done to confirm the findings of regression analysis.

## 4.2 Response Rate

A total of 55 questionnaires were administered of which 50 were filled and returned back making a response rate of 90.9% as shown in the Table 4.1.

**Table 4.1. Response Rate**

| Response rate | Frequency | Percentage |
|---|---|---|
| Completed and Returned | 50 | 90.9 |
| Not Returned | 5 | 9.1 |
| **Total** | **55** | **100** |

**Source: Research Data (2017)**

The study managed to obtain 50 completed questionnaires representing 90.9% response rate. This response was adequate to allow the researcher to continue with the analysis.

### 4.3 General Demographics

This section covers the general demographics of the respondents. The demographics discussed are gender, respondent's age, and the education qualification. The findings are discussed in subsequent heading

#### 4.3.1. Respondents Gender

The respondents were requested to indicate their gender. Accordingly, the findings are as presented in the Table 4.7.

**Table 4.2. Respondents Gender**

| | **Frequency** | **Percentage (%)** |
|---|---|---|
| Male | 35 | 70 % |
| Female | 15 | 30 % |
| **Total** | **50** | **100.0**% |

**Source: Research Data (2017)**

From the findings, majority (70%) of the respondents were male and 30% of the respondents were female. This implies that even though most of the responses emanated from males there was gender disparity with regard to females.

#### 4.3.2. Respondents Age

The study sought to establish the age of the respondents and the findings are as shown in Table 4.3

**Table 4.3. Respondents Age**

| | **Frequency** | **Percentage (%)** |
|---|---|---|
| 18-25 years | 3 | 6% |
| 26-33 years | 16 | 32% |
| 34-41 years | 26 | 52% |
| Over 42 years | 5 | 10% |
| **Total** | **50** | 100% |

**Source: Research Data (2017)**

According to the findings, 52% of the respondents were between 34-41 years, 32% were between 26-33 years, 10% were over 42 years, and 6% of the respondents were between 18-25 years old. This depicts that most of the respondents were middle aged and thus could offer high quality information because of their experience.

### 4.3.3 Respondents Level of Education

The respondents were requested to indicate their level of education. The findings on analysis of respondents level of education has been presented on Table 4.4

**Table 4.4. Respondents Level of Education**

| | **Frequency** | **Percentage (%)** |
|---|---|---|
| Undergraduate | 7 | 14% |
| Graduate | 31 | 62% |
| Post graduate | 12 | 24% |
| **Total** | **50** | 100% |

**Source: Research Data (2017)**

From the findings, majority (62%) of the respondents were graduates, 24% were graduates, while 14%were undergraduate. This implies that respondents were well knowledgeable with majority having degrees and hence higher chances of getting reliable data.

## 4.4 Bottom of the Pyramid Marketing Strategies

One of the objectives of the study was to establish bottom of the pyramid marketing strategies adopted by insurance firms in Kenya and this section discusses the result. The analysis of the data was done using means and standard deviations. The means recorded were interpreted as follows: (1) Not at all, (2) To a small extent, (3) To some extent, (4) To a large extent and (5) To a very large extent.

### 4.4.1 Product Strategy

On the extent to which product strategy has been adopted by insurance companies, the results of the study are as shown in Table 4.5

**Table 4.5. Product Strategy**

| Product Strategy | Mean | Std. Dev. |
|---|---|---|
| Micro-insurance product for BOP are offered after a thorough market research to establish customers' needs | 4.70 | 0.48 |
| Innovation and creativity are continuously carried out leading to introduction of new micro-insurance products | 4.30 | 0.67 |
| Micro-insurance products are offered to cater for various categories of risks at BOP | 4.30 | 0.82 |
| Customer satisfaction is high because micro-insurance has attributes which meets customer's expectations | 4.30 | 0.95 |
| Micro-insurance products are offered alongside other products like credit | 4.20 | 0.03 |

**Source: Research Data (2017)**

The statement that micro-insurance product for BOP are offered after a thorough market research to establish customers' needs was the most rated with a mean of (*M*= 4.70, *SD*= 0.48) indicating it was adopted to a very large extent. It is followed by the statement that customer satisfaction is high because micro-insurance has attributes which meets customer's expectations with a mean of (*M*= 4.30, *SD*= 0.95), micro-insurance products are offered to cater for various categories of risks at BOP with a mean of (*M*= 4.30, *SD*= 0.82) and innovation and creativity are continuously carried out leading to introduction of new micro-insurance products with a mean of (*M*= 4.30, *SD*= 0.03) indicating they were adopted to a large extent. The least rated statement was that Micro-insurance products are offered alongside other products like credit (*M*= 4.20, *SD*= 0.59) implies that it was rated to a large extent. However, the respondents had varying opinions as evidenced by the standard deviations recorded. For instance, the respondents differed more on the statement that micro-insurance products are offered alongside other products like credit with a standard deviation of 0.03 while they agreed more on the statement that the micro-insurance product for BOP are offered after a thorough market research to establish customers' needs with a deviation of 0.48. This depicts that micro-insurance product for BOP are offered after a thorough market research to establish customers' needs.

### 4.4.2 Pricing Strategy

The results of the study on the extent to which pricing strategy has been adopted by insurance companies are as shown in Table 4.6

**Table 4.6. Pricing Strategy**

| Pricing Strategy | Mean | Std. Dev. |
|---|---|---|
| Micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP | 4.60 | 0.70 |
| Micro-insurance product pricing is group based to enable low risk and moderate premiums | 4.40 | 0.97 |
| Premium payment on micro-insurance products is anchored to institutions and intermediaries dealing with structured groups at BOP | 4.30 | 0.48 |
| Pricing on micro-insurance products is reflective of the low value benefits associated with the product | 4.30 | 0.67 |
| Prices on micro-insurance products are held stable and low over a lengthy period of time due to high competition at BOP market segment. | 4.20 | 0.52 |

**Source: Research Data (2017)**

The study sought to determine the extent to which pricing strategy has been adopted by insurance companies. The most rated statement was that micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP with a mean of (*M*= 4.60, *SD*=0.70), followed by the statement that the micro-insurance product pricing is group based to enable low risk and moderate premiums a mean of (*M*= 4.40, *SD*= 0.97) indicating that it was practiced to a large extent. Pricing on micro-insurance products is reflective of the low value benefits associated with the product and the premium payment on micro-insurance products is anchored to institutions and intermediaries dealing with structured groups at BOP to a large extent with the mean of(*M*=4.30, *SD*= 0.67) and (*M*=4.30, *SD*= 0.48)respectively. The least rated statement was that the prices on micro-insurance products are held stable and low over a lengthy period of time due to high with a mean of (*M*=4.20, *SD*= 0.52).The respondents had varying opinions as evidenced in by the registered standard deviations. The statement the Micro-insurance product pricing is group based toenable low risk and moderate premiums had a high the largest standard deviation (0.97) whilethestatement the prices on micro-insurance products are held stable and low over a lengthy period of time due to high competition at BOP market segment registered the lowest standard deviation of (0.52). This depicts that micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP.

### 4.4.3 Promotion Marketing Strategy

The findings of the study on the extent to which promotion marketing strategy has been adopted by insurance companies is as shown in Table 4.7

**Table 4.7. Promotion Marketing Strategy**

| Promotion Marketing Strategy | Mean | Std. Deviation |
|---|---|---|
| Promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media | 4.20 | 0.63 |
| Corporate Social Responsibility (CSR) is used to reinforce other promotional activities | 4.20 | 0.79 |
| Promotion strategies used serve to provide information to current and potential clients at BOP on micro-insurance product | 4.20 | 0.79 |
| Branding is used in promotion where group of micro-insurance products from one insurance company are promoted together | 4.10 | 0.88 |
| Promotion strategy aims at achieving positioning of micro-insurance product in the customer's mind | 4.00 | 0.94 |

**Source: Research Data (2017)**

The statements that the promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media to a large extent with the mean of the (*M*=4.20, *SD*=0.63). The statements Corporate Social Responsibility (CSR) is used to reinforce other promotional activities and Promotion strategies used serve to provide information to current and potential clients at BOP on micro-insurance product registered a mean of (*M*= 4.20, *SD*= 0.79) respectively, indicating they were also adopted at a large extent in each case. The Branding is used in promotion where group of micro- insurance products from one insurance company are promoted together to a large extent with a mean of (*M*= 4.10, *SD*= 0.88), and Promotion strategy aims at achieving positioning of micro-insurance product in the customer's mind was adopted to a large extent with a mean of (*M*=4.00, *SD*=0.94). The respondents differed the least on the statement that the promotion strategy for micro-insurance at bottom of pyramid is largely on brochures, word of mouth and direct market as opposed to print and electronic media as shown by the least standard deviation of (0.63) while they differed more on the statement that the promotion strategy aims at achieving positioning of micro-insurance product in the customer's mind with a standard deviation of (0.94). This depicts that the promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media.

### 4.4.4 Place Marketing Strategy

The study further sought to know the extent to which place marketing strategy has been adopted by insurance companies. The findings of the study are as shown in Table 4.8.

**Table 4.8. Place Marketing Strategy**

| **Place Marketing Strategy** | **Mean** | **Std. Dev.** |
|---|---|---|
| Distribution channels for micro-insurance products is through institutions which host group structures | 4.40 | 0.70 |
| Micro-insurance products are anchored to other products offered by institutional social networks | 4.30 | 0.90 |
| Institutional networks of banks, NGOs and church organizations serve as critical intermediaries for premiums collection and claims settlement | 4.30 | 0.90 |
| Structured groups and social institutional networks provide emotional confidence to BOP customers | 4.20 | 0.80 |
| Technological devices of mobile phones and internet provide critical channels in distribution of micro- | 4.10 | 0.70 |

| |
|---|
| insurance products |

**Source: Research Data (2017)**

Majority of the respondents agreed to a large extent that the distribution channels for micro-insurance products is through institutions which host group structures as shown by a mean of (M=4.40, SD=0.70).The micro-insurance products are anchored to other products offered by institutional social networks, institutional networks of banks, NGOs and church organizations serve as critical intermediaries for premiums collection and claims settlement were adopted to a large extent as shown by a mean of 4.30 in each case, followed by the structured groups and social institutional networks provide emotional confidence to BOP customers as shown by a mean of (M=4.20, SD=0.80), and that the Technological devices of mobile phones and internet provide critical channels in distribution of micro- insurance products as shown by a mean of (M=4.10, SD=0.70). This depicts that a large extent that the distribution channels for micro-insurance products is through institutions which host group structures.

### 4.5 Organizational Performance

In this section, the study sought to know how the respondents rated the organizational performance the level of achievement in the following non-financial and financial performance indicators in your organization for the last three years. Different parameters were used to measure the organization performance of the firm. The performance parameters mean scores were interpreted as follows: (1) Not at all successful, (2) To a small extent successful, (3) To some extent successful, (4) To a large extent successful and (5) To a very large extent successful. The results of the study are as shown in subsequent sections;

### 4.5.1. Customer Satisfaction

The findings of the study on the extent to which customer satisfaction increased organization non-financial performance are as shown in Table 4.9

**Table 4.9. Customer Satisfaction**

| **Customer Satisfaction** | **Mean** | **Std. Dev.** |
|---|---|---|
| Customers increase in numbers for the organization | 4.70 | 0.48 |
| Existing customers buying newly introduced micro-insurance products | 4.50 | 0.53 |
| Customers introducing new clients to our micro-insurance products | 4.50 | 0.53 |
| Customer satisfaction increase through reduced complaints | 4.40 | 0.52 |
| Loyalty where existing customers don’t switch to competitors | 4.40 | 0.52 |

**Source: Research Data (2017)**

The most rated statement was customers increase in numbers for the organization with a mean of (M= 4.70, SD= 0.48). The existing customers buying newly introduced micro-insurance products, and the customers introducing new clients to our micro- insurance products to a large extent with a mean of (M= 4.50, SD= 0.53) in each case, followed by the customer satisfaction increase through reduced complaints and the loyalty where existing customers don’t switch to competitors to a large extent with the mean of (M=4.40, SD= 0.52) in each case. This depicts that customers increase in numbers for the organization influenced performance.

### 4.5.2. Organizational Growth

The findings of the study on the extent to which organization growth increased organization non-financial performance are as shown in Table 4.10.

**Table 4: 10: Organizational Growth**

| Organizational Growth | Mean | Std. Dev. |
|---|---|---|
| Increase in number of branches at BOP | 4.80 | 0.49 |
| Acquisition of business from competitors | 4.70 | 0.47 |
| Increase in number of agents and intermediaries | 4.70 | 0.48 |
| Increase in number of business assets | 4.60 | 0.52 |
| Increase in number of employees | 4.50 | 0.53 |

**Source: Research Data (2017)**

From the findings in table 4.10, the organization growth aspect that increased non-financial performance was increase in number of branches at BOP at a very large extent with a mean of (*M*= 4.80, *SD*= 0.49).This was followed by acquisition of business from competitors, and increase in number of agents and intermediaries to a very large extent as supported by a mean of (*M*= 4.70, *SD*= 0.47 and *M*= 4.70, *SD*= 0.48) respectively. Further increase in number of business assets was seen to increase performance to a very large extent as shown by the mean of (*M*= 4.60, *SD*= 0.52). The increase in number of employees was the least rated statement as evidence by a mean of (*M*= 4.50, *SD*= 0.53). However, it still increased performance to a large extent. This depicts that the organization growth aspect that increased non-financial performance was increase in number of branches at BOP.

### 4.5.3. Market Share

The findings of the study on the extent to which market share increased organization non-financial performance are as shown in Table 4.11

**Table 4.11. Market Share**

| Market Share | Mean | Std. Dev. |
|---|---|---|
| Growth in market share | 4.23 | 0.65 |
| Increase in number of distribution channels | 4.35 | 0.56 |
| Opening of new market territories | 4.63 | 0.32 |
| Increase in number of new agency business | 4.02 | 0.26 |
| Increase in new clients from competitors | 4.30 | 0.46 |

**Source: Research Data (2017)**

From the findings in table 4.11, the respondents indicated to a very large extent that opening of new market territories increased performance (mean=4.63). In addition the respondents indicated to a large extent that increase in number of distribution channels increased performance (mean=4.35), followed by increase in new clients from competitors (mean=4.30), growth in market share (mean=4.23), and increase in number of new agency business (mean=4.02). This depicts that to a very large extent that opening of new market territories increased performance.

### 4.5.4. Innovations

The findings of the study on the extent to which innovations increased organization non-financial performance are as shown in Table 4.12.

**Table 4.12. Innovations**

| Innovations | Mean | Std. Dev. |
|---|---|---|
| Introduction of new micro-insurance product at BOP | 4.63 | 0.32 |
| Enhancement of existing micro-insurance products | 4.75 | 0.24 |
| Technological incorporation in micro-insurance products delivery and previous payment | 4.12 | 0.59 |
| Introduction of new institutional strategic partners in micro-insurance | 4.23 | 0.25 |
| New methods in group structures management | 4.20 | 0.34 |

**Source: Research Data (2017)**

From the findings in table 4.12, the respondents indicated to a very large extent that enhancement of existing micro-insurance products increased performance (mean=4.75), and by introduction of new micro-insurance product at BOP (mean=4.63). In addition the respondents indicated to a large extent that introduction of new institutional strategic partners in micro-insurance (mean=4.23), followed by new methods in group structures management (mean=4.20), and technological incorporation in micro-insurance products delivery and previous payment (mean=4.12). This depicts that to a very large extent that enhancement of existing micro-insurance products increased performance.

### 4.5.5. Financial performance

The findings of the study on the extent to which parameters have increased the financial performance of the insurance companies are as shown in Table 4.13.

**Table 4.13. Financial Performance**

| Parameters | Mean | Std. Dev |
|---|---|---|
| Return on sales (Profit / total sales) | 4.69 | 0.21 |
| Return on assets (Profit / Total Assets) | 4.74 | 0.19 |
| General profitability of the firm / sales growth | 4.80 | 0.24 |
| Cash flow excluding investments | 4.58 | 0.20 |
| Financial risk position | 4.66 | 0.29 |

**Source: Research Data (2017)**

From the findings in table 4.11, the respondents indicated to a very large extent that general profitability of the firm / sales growth increased financial performance of the insurance companies (mean=4.80), followed by Return on assets (Profit / Total Assets) (mean=4.74), Return on sales (Profit / total sales) (mean=4.69), Financial risk position (mean=4.66), and Cash flow excluding investments (mean=4.58).This depicts that to a very large extent that general profitability of the firm / sales growth increased financial performance.

### 4.6. Relationship between bottom of the pyramid marketing strategies and non-financial performance of insurance firms in Kenya

The researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on non-financial performance of Insurance companies. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (non-financial performance of Insurance companies) that is explained by all the four independent variables (customer satisfaction, organization growth, market share, and innovations).

### 4.6.1. Model Summary

The table 4.14 provides the model summary of the relationship between the predictor variables and non-financial performance of Insurance in Kenya. The findings are as shown below:

**Table 4.14. Model Summary**

| Model | R | R2 | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.797 | 0.845 | 0.592 | 0.043 |

**Source: Author (2017)**

The four independent variables that were studied, explain only 84.5% of the non-financial performance of Insurance companies as represented by the $R^2$. This therefore means that other factors not studied in this research contribute 15.5% of the non-financial performance of Insurance companies. Therefore, further research should be conducted to investigate the influence of other factors on non-financial performance of Insurance companies.

### 4.6.2. ANOVA Results

The table 4.15 provides the ANOVA results of the relationship between the predictor variables and non-financial performance of Insurance in Kenya. The findings are as shown below:

**Table 4.15.ANOVA of the Regression**

| **Model** | | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
|---|---|---|---|---|---|---|
| 1 | Regression | 88.192 | 4 | 22.048 | 9.475 | .0031 |
| | Residual | 107.042 | 46 | 2.327 | | |
| | **Total** | **195.234** | **50** | | | |

The significance value is 0.031 which is less than 0.05 thus the model is statistically significant in predicting how various parameters (customer satisfaction, organization growth, market share, and innovations) affect non-financial performance of Insurance companies. The F critical at 5% level of significance was 2.327. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant.

### 4.6.3. Regression Coefficients

The table 4.16 provides the regression coefficients on the relationship between the predictor variables and non-financial performance of Insurance in Kenya. The findings are as shown below:

**Table 4.16. Regression Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.127 | 0.2235 | | 5.132 | 0.000 |
| | Customer satisfaction | 0.652 | 0.1032 | 0.1032 | 7.287 | .000 |
| | Organizational growth | 0.587 | 0.3425 | 0.1425 | 3.418 | .000 |
| | Market share | 0.445 | 0.2178 | 0.1178 | 4.626 | .000 |
| | Innovations | 0.339 | 0.1937 | 0.0937 | 4.685 | .000 |

Multiple regression analysis was conducted to determine the influence of various parameters on non-financial performance of Insurance companies and the four variables. As per the SPSS generated table below, regression equation

($\mathbf{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$) becomes:

($Y = 1.127 + 0.652X_1 + 0.587X_2 + 0.445X_3 + 0.339X_4 + \varepsilon$)

According to the regression equation established, taking all factors into account (customer satisfaction, organization growth, market share, and innovations) constant at zero, the non-financial performance of Insurance companies was 1.127. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in customer satisfaction led to a 0.652 increase in the non-financial performance of

Insurance companies; a unit increase in organizational growth led to a 0.587 increase in non-financial performance of Insurance companies, a unit increase in market share led to a 0.445 increase in non-financial performance of Insurance companies, and a unit increase in innovations led to a 0.339 increase in non-financial performance of Insurance companies.

This infers that customer satisfaction contributed the most to the non-financial performance of Insurance companies. At 5% level of significance and 95% level of confidence, customer satisfaction, organization growth, market share, and innovations were all significant practices to increased non-financial performance of Insurance companies.

### 4.7. Relationship between bottom of the pyramid marketing strategies and financial performance of insurance firms in Kenya

The researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the financial performance of insurance companies. The researcher applied the statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions for the study. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (financial performance) that is explained by all the five independent variables (Return on sales, Return on assets, General profitability of the firm, cash flow excluding investment and financial risk position).

### 4.7.1. Model Summary

The table 4.17 provides the model summary of the relationship between the predictor variables and Financial Performance of Insurance in Kenya. The findings are as shown below:

**Table 4.17. Model Summary**

| Model | R | R2 | Adjusted R Square | Std. Error of the Estimate | F | P-value |
|---|---|---|---|---|---|---|
| 1 | .930[a] | .864 | .858 | .239 | 0.434 | .000 |

a. Predictors: (Constant), Return on sales, Return on assets, General profitability of the firm, cash flow excluding investment and financial risk position.

b. Dependent Variable: Financial Performance of Insurance in Kenya

From the analysis in the table above $R^2$=0.864, i.e. 86.4% variation in the Financial Performance of Insurance in Kenya is explained by predictors in the model. However 13.6% variation unexplained in Financial Performance of Insurance in Kenya is due to other factors not in the regression model. From this test result the model is a good model and can be used for estimation purposes. From the findings shown in the table above there was a strong positive relationship between the study variables as shown by R=0.930, i.e. 93% this indicates that there is a significant relationship between the predictor variables and Financial Performance of Insurance in Kenya.

### 4.7.2. ANOVA Results

The table below provides the ANOVA results of the relationship between the predictor variables and Financial Performance of Insurance in Kenya. The findings are as shown below:

**Table 4.18. ANOVA of the Regression**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 13.245 | 5 | 2.649 | 46.474 | .023[a] |
| | Residual | 2.565 | 45 | 0.057 | | |
| | **Total** | **15.81** | **50** | | | |

a. Predictors: (Constant), Return on sales, Return on assets, General profitability of the firm, cash flow excluding investment and financial risk position.

b. Dependent Variable: Financial Performance of Insurance in Kenya.

The significance value is 0.023 which is less than 0.05 thus the model is statistically significance in predicting how the factors (Return on sales, Return on assets, General profitability of the firm, cash flow excluding investment and financial risk position) influence Financial Performance of Insurance in Kenya. The F critical at 5% level of significance was 2.01. Since F calculated is greater than the F critical (value = 46.474), this shows that the overall model was significant.

### 4.7.3. Regression Coefficients

The table 4.19 provides the regression coefficients on the relationship between the predictor variables and Financial Performance of Insurance in Kenya. The findings are as shown below

**Table 4.19. Regression Coefficients**

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | T | Sig. |
| Model 1(Constant) | 0.181 | 0.416 | | 0.192 | 0.847 |
| General profitability of the firm / sales growth | 0.469 | 0.100 | 0.383 | 4.69 | 0.033 |
| Return on assets | 0.140 | 0.014 | 0.157 | 0.002 | 0.015 |
| Return on sales | 0.309 | 0.086 | 0.317 | 0.027 | 0.013 |
| Financial risk position | 0.350 | 0.110 | 0.159 | 0.039 | 0.029 |
| Cash flow excluding investments | 0.339 | 0.129 | 0.163 | 0.028 | 0.021 |
| a. Financial Performance of Insurance in Kenya | | | | | |

Multiple regression analysis was conducted as to determine Financial Performance of Insurance in Kenya and the five variables. As per the SPSS generated table below, regression equation

($\mathbf{Y} = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes:

($Y= 0.181+ 0.469X_1+ 0.140X_2+ 0.309X_3+ 0.350X_4+ 0.339X_5+ \varepsilon$)

According to the regression equation established, taking all factors into account (Return on sales, Return on assets, General profitability of the firm, cash flow excluding investment and financial risk position) constant at zero, Financial Performance of Insurance in Kenya will be 0.181. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in General profitability of the firm /

sales growth will lead to a 0.469 increase in Financial Performance of Insurance in Kenya; a unit increase return on assets will lead to 0.140 increase in Financial Performance of Insurance in Kenya, a unit increase in return on sales will lead to a 0.309 increase in Financial Performance of Insurance in Kenya, a unit increase in financial risk position will lead to 0.350 in Financial Performance of Insurance in Kenya while a unit increase in cash flow excluding investments will lead to a 0.339 increase in Financial Performance of Insurance in Kenya. This infers that general profitability of the firm/ sales growth contributes the most to the Financial Performance of Insurance in Kenya, followed by return on assets. At 5% level of significance and 95% level of confidence, General profitability of the firm, Return on assets, Return on sales, financial risk position and cash flow excluding investment were all significant on Financial Performance of Insurance in Kenya.

### 4.8. Discussion of Findings

The study established that micro-insurance product for BOP are offered after a thorough market research to establish customers' needs. This agrees with a study by Ahuja, (2005) who stated that private sector businesses and entrepreneurs should exploit the opportunities in the invisible market of BOP through market research to get information on customers' needs, creativity and innovation, technological developments and application of appropriate business models to produce goods and services compatible to BOP market segment needs. The study further established that that micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP. This agrees with a study by Nakata, (2012) who stated that most organization offer goods at affordable prices to attract customers. Prahalad (2005) advocates for shift of perception about the bottom of the pyramid as poor people with low income levels who are in need of generosity since they are victims of poverty.

The study found that the promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media. This agrees with a study by Chickweche, (2011) who stated that brochures, direct marketing communication and word of mouth are more pronounced promotion strategies for micro-insurance. Brochures are used by intermediaries of micro-insurance at banks, agents; Sacco’s or church organizations to disseminate information on micro-insurance to individuals and groups. The study found that that a large extent that the distribution channels for micro-insurance products is through institutions which host group structures. This agrees with a study by Prahalad, (2005) who stated that distribution channels used for micro-insurance products are the institutional networks which provide the roles of service delivery, premium collection and risk settlement.

The study found that customers increase in numbers for the organization influenced performance. This agrees with a study by Wood, (2007) who argued that products strategy leads to customer’s satisfaction and thus they are able to purchase more products. This in turn increases ease in acceptance, increase in sales or absorption and hence profitability which arise from volume of premiums. The study further established that the organization growth aspect that increased non-financial performance was increase in number of branches at BOP. This agrees with a study by Prahalad, (2005) who stated that increase in organization branches reduces the transaction cost, lowers operational risk, ensures quality service delivery and helps in sale of micro-insurance products leading to increased sales, improved premium collection and effective claims settlement.

The study found that to a very large extent that opening of new market territories increased performance. This agrees with a study by Marhatterbt (2004) who stated that increasing organization diversification has an impact on facilitating the expansion of the organization leading to increased organization performance. The study further established that to a very large extent that enhancement of existing micro-insurance products increased performance. This agrees with a study by Rahman (2014) who views innovation to be sustained through a continuous improvement process of the products whose pace is higher than customers' needs. In this view, organizations introduce new goods and services to the market simultaneously to surprise of customers.

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents a summary of the key findings of the study as well as the conclusions, limitations of the study, and recommendations for further research.

## 5.2 Summary of Findings

The main intent of this research was to establish the bottom of the pyramid marketing strategies adopted by insurance firms in Kenya, and to establish the relationship between bottom of the pyramid marketing strategies and performance of insurance firms in Kenya. On the question of whether the firms had adopted pyramid marketing strategies adopted by insurance firms in Kenya, all the respondents answered to the affirmative meaning that all the firms sampled had recognized the importance of bottom of the pyramid marketing strategies adopted by the insurance firms in Kenya.

From the findings the study established that micro-insurance product for BOP is offered after a thorough market research to establish customers' needs. Further the study established that micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP. In addition the study established that promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media. The study further found that the distribution channels for micro-insurance products are through institutions which host group structures.

The study found that customers increase in numbers for the organization affected non-financial performance. The study further established that the organization growth aspect that increased non-financial performance was as a result of increase in number of branches. The study also established that to a very large extent that opening of new market territories increased performance. The study further established that to a very large extent that enhancement of existing micro-insurance products increased performance. The study established that customer satisfaction contributed the most to the non-financial performance of Insurance companies. At 5% level of significance and 95% level of confidence, customer satisfaction, organization growth, market share, and innovations were all significant practices to increased non-financial performance of Insurance companies.

The study established that to a very large extent that general profitability of the firm / sales growth increased financial performance. The study further established that general profitability of the firm/ sales growth contributes the most to the Financial Performance of Insurance in Kenya, followed by return on assets. At 5% level of significance and 95% level of confidence, general profitability of the firm, Return on assets, Return on sales, financial risk position and cash flow excluding investment were all significant on Financial Performance of Insurance in Kenya.

### 5.3. Conclusions

The study concluded that micro-insurance product for BOP is offered after a thorough market research to establish customers' needs. Further the study concluded that micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP. In addition the study concluded that promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media. The study further concluded that the distribution channels for micro-insurance products are through institutions which host group structures.

Based on the regression analysis there was positive beta coefficients with all study variables, customer satisfaction (0.652), organizational growth (0.587), market share (0.445), innovations (0.339). In that vein the study concludes that any change made is expected to positively impact on non-financial effectiveness and efficiencies.

The study concluded that to a very large extent that general profitability of the firm / sales growth increased financial performance. The study further established that general profitability of the firm/ sales growth contributes the most to the Financial Performance of Insurance in Kenya, followed by return on assets. At 5% level of significance and 95% level of confidence, General profitability of the firm, Return on assets, Return on sales, financial risk position and cash flow excluding investment were all significant on Financial Performance of Insurance in Kenya.

## 5.4. Recommendations

The study recommends that for Insurance Company to serve bottom of the pyramid strategies a competitive marketplace, promotion, product, market penetration and development, pricing and personnel strategies must be adopted and implemented effectively. This would enable the firm to reflects how consumers perceive the product's/service's and organization's performance on specific attributes relative to that of the competitors.

The study also recommends that Insurance Companies have to reinforce and modify customers' perception on its image. Marketing strategies plays a pivotal role in marketing as they link market analysis, segment analysis and competitive analysis to internal corporate analysis.

### 5.5. Limitations of the Study

Most of the respondents approached were reluctant in giving information since firm information is proprietary and confidential. The researcher tackled the problem by assuring the respondents that the data will be used for academic purpose only and would be treated with utmost confidentiality.

Another limitation faced was that the researcher had no control of the accuracy of the data provided. The researcher used the data as provided but made calls to clarify any ambiguous answers provided by the respondents.

The respondents from the Insurance Companies were senior managers with busy working schedules which delayed the data collection process. The researchers used drop-and-pick-later method so as to give the respondents adequate time to fill in the questionnaires.

### 5.6. Recommendation for further study

The study determined the bottom of the pyramid marketing strategies adopted by insurance firms in Kenya, and their influence on performance of insurance firms in Kenya. The study recommends that other studies should be done on the BOP strategies and performance on other sectors of the economy like the banking industry for comparative analysis. It also suggests that future research replicates this study in other developing countries in Africa for better understanding and comparative analysis.

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## APPENDIX I: QUESTIONNAIRE

Dear participant,

I am currently taking an academic research project on bottom of the pyramid marketing strategies and performance of insurance companies in Kenya. Your response will be of great importance in making the research project a success. Information gathered in this research will be accorded highest level of confidentiality and will solely be used for the purpose of this study.

**Section A: Profile of the respondents**

1. Gender

   Male [ ] Female [ ]

2. Age

   18 – 25 years [ ] 34 – 41 years [ ]

   26 – 33 years [ ] Over 42 years [ ]

3. Education qualification

   Undergraduate [ ] Post graduate [ ]

   Graduate [ ] Others________________________________

4. Current position held in the organization___________________________________

5. Previous position held in the organization__________________________________

**Section B: Bottom of the pyramid marketing strategies**

On a scale of 1-5 please indicate in the table provided the degree to which each of the statements about bottom of the pyramid marketing strategies fits your description.

(Tick (√ ) where presentation is as follows:

(1) Not at all, (2) To a small extent, (3) To some extent, (4) To a large extent and (5) To a very large extent.

| **Bottom of the pyramid marketing strategies** | | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| **Product strategy** | | | | | | |
| 1. | Micro-insurance product for BOP are offered after a thorough market research to establish customers' needs. | | | | | |
| 2. | Innovation and creativity are continuously carried out leading to introduction of new micro-insurance products. | | | | | |
| 3. | Micro-insurance products are offered to cater for various categories of risks at BOP. | | | | | |
| 4. | Customer satisfaction is high because micro-insurance has attributes which meets customer's expectations. | | | | | |
| 5. | Micro-insurance products are offered alongside other products like credit. | | | | | |
| **Pricing strategy** | | | | | | |
| 6. | Micro-insurance products offered by the organization are lowly priced to ensure affordability at BOP. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7. | Micro-insurance product pricing is group based to enable low risk and moderate premiums. | | | | | |
| 8. | Premium payment on micro-insurance products is anchored to institutions and intermediaries dealing with structured groups at BOP. | | | | | |
| 9. | Pricing on micro-insurance products is reflective of the low value benefits associated with the product. | | | | | |
| 10. | Prices on micro-insurance products are held stable and low over a lengthy period of time due to high competition at BOP market segment. | | | | | |
| **Promotion marketing strategy** | | | | | | |
| 11. | Promotion strategy for micro-insurance at BOP is largely on brochures, word of mouth and direct market as opposed to print and electronic media. | | | | | |
| 12. | Corporate Social Responsibility (CSR) is used to reinforce other promotional activities. | | | | | |
| 13. | Promotion strategies used serve to provide information to current and potential clients at BOP on micro-insurance product. | | | | | |
| 14. | Branding is used in promotion where group of micro-insurance products from one insurance company are promoted together. | | | | | |
| 15. | Promotion strategy aims at achieving positioning of | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | micro-insurance product in the customer’s mind. | | | | | |
| **Place marketing strategy** | | | | | | |
| 16. | Distribution channels for micro-insurance products is through institutions which host group structures. | | | | | |
| 17. | Micro-insurance products are anchored to other products offered by institutional social networks | | | | | |
| 18. | Institutional networks of banks, NGOs and church organizations serve as critical intermediaries for premiums collection and claims settlement. | | | | | |
| 19. | Structured groups and social institutional networks provide emotional confidence to BOPcustomers. | | | | | |
| 20. | Technological devices of mobile phones and internet provide critical channels in distribution of micro-insurance products. | | | | | |

**Section C: Organizational performance**

On scale of 1-5, please indicate the level of achievement in the following non-financial and financial performance indicators in your organization for the last three years.

(Tick (√ ) where presentation is as follows:

(1) Not at all successful, (2) To a small extent successful, (3) To some extent successful, (4) To a large extent successful and (5) To a very large extent successful.

| Non-financial performance | | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| **Customer satisfaction** | | | | | | |
| 1. | Customers increase in numbers for the organization | | | | | |
| 2. | Existing customers buying newly introduced micro-insurance products. | | | | | |
| 3. | Customers introducing new clients to our micro-insurance products. | | | | | |
| 4. | Customer satisfaction increase through reduced complaints. | | | | | |
| 5. | Loyalty where existing customers don't switch to competitors. | | | | | |
| **Organizational growth** | | | | | | |
| 6. | Increase in number of branches at BOP. | | | | | |
| 7. | Acquisition of business from competitors. | | | | | |
| 8. | Increase in number of agents and intermediaries. | | | | | |
| 9. | Increase in number of business assets. | | | | | |
| 10. | Increase in number of employees. | | | | | |
| **Market share** | | | | | | |
| 11. | Growth in market share. | | | | | |
| 12. | Increase in number of distribution channels. | | | | | |
| 13. | Opening of new market territories. | | | | | |
| 14. | Increase in number of new agency business. | | | | | |
| 15. | Increase in new clients from competitors. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Innovations** | | | | | | |
| 16. | Introduction of new micro-insurance product at BOP. | | | | | |
| 17. | Enhancement of existing micro-insurance products. | | | | | |
| 18. | Technological incorporation in micro-insurance products delivery and previous payment. | | | | | |
| 19. | Introduction of new institutional strategic partners in micro-insurance. | | | | | |
| 20. | New methods in group structures management. | | | | | |
| **Financial performance** | | | | | | |
| 21. | Return on sales (Profit / total sales) | | | | | |
| 22. | Return on assets (Profit / Total Assets) | | | | | |
| 23. | General profitability of the firm / sales growth | | | | | |
| 24. | Cash flow excluding investments | | | | | |
| 25. | Financial risk position | | | | | |

## APPENDIX II: LICENSED INSURANCE COMPANIES – 2016

| | |
|---|---|
| 1 | AAR Insurance Kenya Limited |
| 2 | AIG Kenya Insurance Co. Ltd |
| 3 | Africa Merchant Assurance Co. Ltd |
| 4 | Allianz Insurance Co. of Kenya Ltd |
| 5 | APA Insurance Limited |
| 6 | APA Life Insurance Limited |
| 7 | Barclays Life assurance (K) Ltd |
| 8 | Britam General Ins. Co. (K) Ltd |
| 9 | British – American Insurance Co. Ltd |
| 10 | Cannon Assurance Ltd |
| 11 | Capex Life Assurance Limited |
| 12 | CIC General Insurance Limited |
| 13 | CIC Life Insurance Ltd |
| 14 | Continental Reinsurance Ltd |
| 15 | Corporate Insurance Co. Ltd |
| 16 | Directline Assurance co. Ltd |
| 17 | EA Reinsurance Company Limited |
| 18 | Fidelity Shield Insurance co. Ltd |
| 19 | First Assurance Company Ltd |
| 20 | GA Insurance Limited |

| | |
|---|---|
| 21 | GA Life assurance Ltd |
| 22 | Geminia Insurance company Ltd |
| 23 | ICEA Lion General Insurance Co. Ltd |
| 24 | ICEA Lion Life Insurance Co. Ltd |
| 25 | Intra Africa Assurance Co. Ltd |
| 26 | Invesco Assurance company Ltd |
| 27 | Kenindia assurance co ltd |
| 28 | Kenya Orient Insurance Ltd |
| 29 | Kenya Orient Insurance Ltd |
| 30 | Kenya Reinsurance Corp Ltd |
| 31 | Liberty Life assurance Kenya Ltd |
| 32 | Madison Insurance Company Ltd |
| 33 | Mayfair Insurance Company Ltd |
| 34 | Metropolitan cannon Life Ass ltd |
| 35 | Occidental Insurance Co Ltd |
| 36 | Old Mutual Life Insurance Co Ltd |
| 37 | Pacis Insurance Company Ltd |
| 38 | Pioneer Life Assurance company Ltd |
| 39 | Pioneer General Insurance Ltd |
| 40 | Phoenix of EA Assurance Co ltd |
| 41 | Prudential Life Assurance (K) ltd |
| 42 | Saham assurance company (K) Ltd |
| 43 | Sanlam General Insurance Ltd |

| | |
|---|---|
| 44 | Sanlam Life Assurance Ltd |
| 45 | Tausi Assurance Company Ltd |
| 46 | The Heritage Insurance Company Ltd |
| 47 | Trident Insurance Company Ltd |
| 48 | Resolution Insurance Company Ltd |
| 49 | UAP Life Assurance Limited |
| 50 | UAP Insurance Company Limited |
| 51 | Takaful Insurance of Africa Limited |
| 52 | The Jubilee Insurance Co. Ltd |
| 53 | The Monarch Insurance Co. Ltd |
| 54 | The Kenyan Alliance insurance Co. Ltd |
| 55 | Xplico Insurance Limited |

## APPENDIX III: INSURANCE INDUSTRY LICENSED 2014 & 2015

| **Regulated Entity** | **Number of registered** |
|---|---|
| Insurance Companies | 48 |
| Reinsurance Companies | 3 |
| Insurance Brokers | 175 |
| Reinsurance brokers | 4 |
| Medical Insurance providers | 26 |
| Insurance Investigators | 133 |
| Motor assessors | 108 |
| Insurance Agents | 4,942 |
| Insurance Surveyors | 24 |
| Loss Adjusters | 24 |
| Claims Settling Agents | 2 |
| Risk Managers | 8 |
| **Industry Total** | **5,497** |

**Insurance Regulatory Authority (2016)**

## APPENDIX IV: MERGERS AND ACQUISITIONS COMPLETED IN 2014 - 2015

| No. | Acquired company | Acquiring company / investor | Acquired shareholding |
|---|---|---|---|
| 1 | Mercantile Insurance Company Limited | Saham group, Morocco | 66.7% in Mercantile Insurance Company Ltd in April 2014. |
| 2 | Phoenix of east Africa Assurance Company Limited | Union Insurance of Mauritius | 66.0% in Phoenix of East Africa Company Ltd in May 2014. |
| 3 | Shield Assurance Company Limited | Prudential PLC, UK | 100% in Shield Assurance Company Ltd in September 2014. |
| 4 | Cannon assurance Company Limited | Metropolitan insurance, south Africa | Majority stake in cannon Assurance Ltd in November 2014. |
| 5 | Resolution Insurance Company Limited | Leap Frog Investments | 60% stake in resolution Insurance Company Ltd in November 2014. |
| 6 | Real Insurance Group, East Africa | Britam Investment Group, | 99% of real Insurance Company Ltd in |

| | | | |
|---|---|---|---|
| | | Kenya | December 2014. |
| 7 | UAP Holdings Ltd | Old Mutual Group, South Africa | 60.7% in UAP Holdings Ltd in January 2015. |
| 8 | Gateway Insurance Company Limited | Pan Africa Insurance Holdings, South Africa | 51% stake of gateway Insurance company Ltd in 2015. |
| 9 | First assurance company Limited | Barclays Plc, Africa | 63.3% in First assurance company (the deal to be completed between 2015 – 2016) |

Source: Association of Kenya Insurance (AKI) – 2014