

**PERCEIVED INFLUENCE OF MARKETING RESEARCH
PRACTICES ON PERFORMANCE OF CEMENT
MANUFACTURERS IN KENYA**

BY OSMAN ASHA

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF
SCIENCE IN MARKETING DEGREE, SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

SEPTEMBER 2017

DECLARATION

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

Signature

Date.....

Asha Osman D65/81605/2015

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

Signature:

Date.....

Dr. Joseph Owino

Department of Business Administration

School of Business

University of Nairobi

ACKNOWLEDGEMENTS

Writing this paper and conducting the research has been an experience of great learning and challenges. I would like to express my sincere gratitude to my Supervisor, Dr. Owino For his guidance and support.

Further gratitude goes to my friends and family for according me full support during the study. And to all those who in one way or another contributed to the preparation of this research project.

I wish to also acknowledge the immense contribution of employees of all the cement firms whose responses, publications and materials shaped the entire research project.

DEDICATION

I dedicate this project to my family for their support and encouragement during this research period. And to my supervisors, I have acquired a wealth of knowledge during my time at the university.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENTS	iii
DEDICATION.....	iv
LIST OF TABLES	vii
ABSTRACT.....	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Market research.....	2
1.1.2 Marketing research practices	3
1.1.3 Organizational performance.....	5
1.1.4 Cement manufacturers in Kenya.....	6
1.2 Research Problem.....	7
1.3 Research Objectives	9
1.4 Value of the Study.....	9
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Theoretical Foundation	10
2.2.1 Resource based view	10
2.2.2 Agency theory.....	11
2.3 Marketing Research Practices and Organizational Performance	13
CHAPTER THREE: RESEARCH METHODOLOGY	16
3.1 Introduction.....	16
3.2 Research Design.....	16
3.3 Population of Study.....	16
3.4 Data Collection	17
3.5 Data Analysis	17
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	19
4.1 Introduction.....	19
4.2 Response Rate.....	19

4.3 Demography.....	19
4.3.1 Employees’ department	19
4.3.2 Years of operation	20
4.3.3 Company ownership.....	21
4.3.4 Population of employees	21
4.3.5 Annual sales turn over	22
4.4 Marketing Research Practices.....	22
4.4.1 Carrying out marketing research	22
4.4.2 Extent of marketing research.....	24
4.4.3 Frequency of carrying out marketing research.....	25
4.4.4 Methods used in marketing research	28
4.4.5 Perception of market research in organizations.....	30
4.4.6 Marketing research challenges	31
4.5 Organizational Performance	33
4.6 Correlation Analysis	36
4.7 Regression Analysis.....	37
4.8 Discussion of Findings.....	40
CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATION	43
5.1 Introduction.....	43
5.2 Summary	43
5.3 Conclusion	45
5.4 Recommendation	46
5.5 Study Limitation	47
5.6 Recommendations for Future Studies.....	47
REFERENCES.....	48
APPENDICES	iv
Appendix 1: Letter of introduction	iv
Appendix II: Questionnaire	v
Appendix III: List of Cement Manufacturers in Kenya	xi

LIST OF TABLES

Table 4.1: Employees' Department	20
Table 4.2: Years of Operation.....	20
Table 4.3: Company Ownership	21
Table 4.4: Population of employees.....	21
Table 4.5: Annual sales turn over	22
Table 4.6: Marketing Research Practices	23
Table 4.7: Ways of conducting marketing research.....	23
Table 4.8: Marketing research department	24
Table 4.9: Extent of marketing research	24
Table 4.10: Frequency of carrying out marketing research	26
Table 4.11 : Methods used in marketing research	29
Table 4.12: Perception of Market Research in Organizations	30
Table 4.13 : Marketing research challenges	32
Table 4.14: Influence of marketing research on organization Performance	33
Table 4.15: Performance Measures.....	34
Table 4.16: Perceived effects of market research on performance	34
Table 4.17: Perceived influence of market research on Performance	35
Table 4.18: Correlations between organizational performance and marketing research practices	36
Table 4.19: Model Summary	37
Table 4.20: Analysis of Variance.....	38
Table 4.21: Coefficients.....	39

ABSTRACT

Market research is an effective tool in business planning which entails collecting and analyzing of data to gain insight into the customers buying and consumption patterns. Market research also assists in monitoring market trends and inform on what competition is doing. Marketers agree that market research is extremely important as the business landscape is in a constant state of change, therefore , marketing research plays a very critical part in an organization's marketing plan as it dictates strategy formulation and implementation, resource allocation, as well as in assisting brands understand and reconnect with their customers. The main objective of the study was to establish the marketing research practices carried out by cement manufacturers in Kenya and its impact on performance, the study focused on two theories: Resource based view and Agency theory. The study used descriptive research design and targeted all cement manufacturers in Kenya. Target respondents included the managers of the cement firms. Data was collected through questionnaires distributed to the respondents. SPSS was used for data analysis and both descriptive and inferential statistics were used to analyze results and draw conclusions. From the findings it was agreed that marketing research had an influence on the performance of cement companies and that majority of the companies used a balance of financial and non-financial measures to assess the company's performance. It was agreed by majority of respondents that marketing research had enhanced organizational performance, through improving customer service efficiency, providing insights into new market opportunities, providing competitive advantage and improved sales turn-over. The study concludes that there has been an improvement in performance of the cement manufacturers as a result of market research. Findings showed a positive significant correlation between marketing research practices and organizational performance and that 18.4% of performance for cement manufacturing companies is explained by marketing research. The study recommended that research should not only be done on demand basis but should be constant as information gathered can be used by the organization to improve its competitive advantage and overall company performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The business environment has experienced an alarming increase in diversification, globalization and use of modern technology over the years and due to these factors, there has been a drastic shift in consumer demands for goods and services. To curb this, many organizations have incorporated marketing research in their plans as it is crucial in the identification of customer needs in the market and in ensuring customer satisfaction (Harrys, 1998). Marketing research plays a very critical part in an organization's marketing plan as it dictates strategy formulation and implementation, resource allocation, as well as in assisting brands understand and reconnect with their customers. Despite the consensus that data from marketing research is beneficial for the success of any business, there have been few empirical studies carried out to analyze the relationship between marketing research practices and organizational performance (Hart & Tzokas, 1999).

This study is founded on two theories; resource based view and agency theory. The resource based view model is used by organizations during the formulation and implementation of strategies to ensure strategic flexibility is maintained (Hitt, Ireland and Hoskisson, 2005). While the agency theory explains the principal and agent relationship and is concerned with solving problems that exist in agency relationship so as to ensure operations run efficiently.

The issue of success and failure has been the focus of many studies in organizational performance (Kirby, 2005). Organizations consciously compete with one another to gain

an upper hand, and a major feature of that competitiveness is imitation. Poor performance by an organization is interpreted by competition as an indicator of poor market practices while good performance is interpreted as a good understanding of the market and it encourages imitation and competition that tends to erode a profitable and advantageous position.

Kenya has a well- established cement industry that consists of six cement manufacturing companies, four of which are privately owned , namely, Savannah Cement , Mombasa Cement , Athi River Mining and National Cement. Bamburi Cement Ltd , a multinational owned by Lafarge Ltd and East African Portland Cement , a government parastatal. The cement industry in Kenya has a combined annual installed capacity of 11.7 Million tonnes of cement. The cement industry in Kenya is amongst the highly competitive and most rapidly growing sector. The key drivers of this growth in consumption include: the rising demand for home ownership, government and donor funding of mega infrastructure projects and increased foreign investment. The rise in demand has led to capacity expansion by the existing players as well as increased competition from new entrants.

1.1.1 Market research

Market research is characterized by the collection, analysis and interpretation of information about consumers as well as the products and services offered in the markets (Zikmund & Babin, 2013). It is defined as the gathering of data about customers' preference and needs for a company or an individual to use. Market research can further be described as an analytical and deliberate process used to increase understanding of a

phenomena of concern or interest (Leedy and Ormrod, 2001). One of the main functions played by market research is the linking of the buyer, the user and the public to the organization through information. There has been a shift in the ways organizations relate to their customers from the traditional 4P structure that comprises of price, place, promotion and product and is founded on short-term relationships to a more long-term and interpersonal relationship (Coviello et al., 1997).

All formal information searches may be described loosely as research but not all research is classified as scientific research. “Scientific research is systematic, controlled, empirical, and critical investigation of natural phenomena guided by theory and hypotheses about the presumed relations among such phenomena” (Kerlinger, 1986). Scientists understand that individuals are affected by various cognitive and motivational variables that prompt different conclusions. These prejudices exist when there is emphasis on two instances that occur and stand out together, as new causes are discovered , new explanations are necessary , hence researchers try to explore and provide a better understanding of why certain behaviors occur.

1.1.2 Marketing research practices

The practice of marketing research refers to how firms action market research. Organizations carry out market research in two ways in-house research departments or by outsourcing research agencies. Many firms use market research as a market intelligence tool to gather useful information on consumer habits.

This leads to improved decision making in the organization due to the provision of relevant, reliable and timely data (Tasic & Feruh, 2012).

Many firms use market research to gather market intelligence in order to get information on consumer needs, leading to improved decision making in the organization due to the adoption of relevant and accurate data.

The role of marketing research has undergone substantial changes in the recent past and is now a main performance indicator in information management and marketing strategy. This has led researchers to adapt to the highly volatile business environment and to be ready to deal with decisions that did not previously exist. It has also emphasized on the need for innovation and creativity as a way of investigating and explaining these new types of problems (Zikmund & Babin, 2010).

Market research is mainly carried out for two reasons that is, problem identification and problem solving. Problem identification research can be further grouped into market share research, sales forecasting, sales analysis research and trends research. Problem solving research on the other hand can be split into; market segmentation and research focusing on the 4P's; product, pricing, promotion and place (Malhotra, 2008).

Data obtained from market research is used to identify marketing opportunities and challenges. The market research process emphasizes several key stages, namely, problem definition which includes objective of the study, background of study, what data is needed and how it will be implemented in decision making, development of the approach to the problem, is the next stage and it includes , formulating the objective , hypotheses and identifying the analytical models to be used, the third stage is research design formulation which is the framework for executing the research and it details the processes

necessary to collect the data required such as the population of study , data collection and analysis methods as well as report preparation and presentation.

1.1.3 Organizational performance

Performance is the outcome of work done by individuals and can be linked to the strategic goals of the firm and enhances customer satisfaction. Any integrated and systematic approach to achievement of strategic aims and a firm's mission and vision is what is termed as performance management and measurement (Akyuz & Erkan, 2010).

A firm's performance comprises of three specific areas of outcomes (Richard et al. 2009). Financial performance which involves the measuring of an organization's strategies and processes in monetary terms and is reflected by the firm's profits as well as return on assets and investments. Product performance entails brand value that can be measured through sales performance, market share and brand awareness and lastly shareholder return that entails total shareholder returns and value add.

Organizational performance is a key variable for researchers concerned with management practices. Competition for human, financial capital and customers makes organizational performance vital to the continuity and success of an organization. As a result, organizational performance has acquired a critical role in the day to day running of businesses. Marketing, Sales, HR and logistics departments are evaluated by their contribution to organizational performance ,therefore measuring the output of the various departments is essential in allowing researchers and management evaluate the company's performance over time vis-à-vis their competition.

Researchers use organizational performance to measure different aspects in the company such as customer retention and satisfaction, productivity, and employee retention and satisfaction. Financial and strategy researchers are interested in influencing performance while researchers in operations, sales , marketing and human resource management are interested in understanding and improving performance (Chenhall & Langfield-Smith, 2007).

1.1.4 Cement manufacturers in Kenya

Cement consumption and production in Kenya have been on the rise in recent years, according to the Economic survey report published by Kenya National Bureau of Statistics (KNBS) 2016 cement consumption went up by 9.9% in 2015 while production increased from 5.8825 million tonnes in 2014 to 6.3528 million tonnes in 2015. In 2016 capacity utilization was at 64% (KNBS, 2016). The increase of planned infrastructure in the past few years has attracted a number of international cement manufacturers, most notably Dangote Cement from Nigeria which announced plans to set -up a \$400 Million plant in Eastern Kenya and Cemtech Ltd from India who plan to invest in the sector.

The cement industry has been facing a number of challenges, despite its growth forecasts, such as currency depreciation , depressed global markets and prices and decrease in local and international demand. Additionally, competition is expected to be high with the entrance of new companies, while supply is expected to remain greater than demand.

To succeed, a business requires a stream of information that highlights consumer wants and needs and with the advancement in information technology in Kenya the Cement industry is now faced with a more informed and choosier customer. Unlike other industries the component in cement is the same across board making it hard to differentiate. Therefore in pursuit of competitive advantage cement manufacturers in Kenya use both in-house and outsourced market research services to learn more about customer preference as well as to help in identifying new ways of incentivizing their existing customers to buy more of their products.

1.2 Research Problem

Marketing research has always been instrumental in equipping firms with viable information. It is vital to keep in mind that marketing research has evolved in line with the changing needs thus being instrumental in offering crucial information concerning internal factors and environmental concerns. Besides, marketing research has also played a crucial role in assisting the internal research departments in cutting costs, and ensuring that the focus of internal organizations is to effectively point out and anticipate the relevant information needs. The internal organization works in collaboration with the external research agencies, which have the capacity to provide timely information using sophisticated methods. It is, therefore, crucial to understand the evolution of market research in Kenya as well as know how companies in Kenya utilize this vital resource.

There are various reasons behind firms prioritizing the decision to engage in marketing research. Market research is mainly used to provide credible information that will enable companies formulate the most effective way to communicate to customers and stay on top. Keeping in mind, the changes and evolution in the business realm that has resulted in

increased level of competition and changes in the prevailing economic conditions. One of the changes is in the areas of information and technology. Its advancement has greatly influenced the consumers, thus making them not only choosier but also more informed. Consequently, a paradigm shift in the global political ideologies has been experienced making opinion leadership to shift to the Far East from the previous traditional west. Lastly, terror threats to a large extent have also impacted consumer patterns and choices. All these dynamics therefore show the gap that is present in the existing information, thus creating the need to conduct a study (Khanna. et al, 2005).

Today in Kenya, cement manufacturers are considered one of the top employers and contributors to the country's GDP, in the past 10 years, four cement companies have been established in the country. The increase in the level of competition and market changes have resulted in improved market conditions; it is evident that the business environment will continue being complex. As a result the manufacturing firms must constantly account for resource utilization. It is, therefore crucial to understand the influence marketing research and information has on cement companies in regards to their performance (Stucke, 2013).

There have been various studies carried out both locally and globally on the links and differences between marketing research practices and performance (Shaughnessy N and Lou 1997, Charles B and David S 2002, Mulinge 2009, Gitonga 2015). However, none have been carried out specifically aiming to understand how cement manufacturers in Kenya practice market research and what effect the practice of marketing research has on their performance.

This study therefore seeks to answer the following question; what marketing research practices are carried out by cement manufacturers in Kenya to help improve their organizational performance?

1.3 Research Objectives

The objective of this study will be;

To establish the Marketing research practices carried out by Cement Manufacturers and its impact on performance.

1.4 Value of the Study

The study will be of great valuable to cement manufacturers as they will understand the importance of market research in performance measurement as well as in attaining competitive advantage.

The study will seek to identify issues that are currently unsatisfactorily addressed by research, from which Marketing researchers can learn from and address the issues using new and better methods. It will also be invaluable to the researchers as they will understand the approaches used in marketing research and how each can affect the overall strategy of a business especially in the ever changing cement business environment and in so doing ensure they are informed on the changing customer preference. To policy makers, the study will provide insights on how marketing research practices used are critical to the success of the firms especially in enhancing organizational performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature for the purpose of the study and ensures theories are relevant to the research problem. It entails the theoretical review, the marketing research practices and organizational performance.

2.2 Theoretical Foundation

Theories form the foundation upon which research is built. It entails a compilation of related views, which guide the researcher in determining what will be measured when comparing the relationship between variables. Theoretical framework establishes the importance of the topic by providing information needed to understand the study.

2.2.1 Resource based view

This theory was developed by Birge Wenefeldt in 1984 and is founded on identifying an organization's strategic advantages through investigating its assets and skills. The basis of this theory is that organizations are different from each other based on "unique" resources that they possess and their various capabilities to make use of those assets. These firms gain competitive advantage from competences they acquire from the use of these resources (Pearce & Robinson, 2007).

Resource-based theorists assert that to gain a sustainable competitive lead, organizations need acquire unique resources which are valuable to consumers and resistible to duplication and imitation by competition (Barney, 1991). Therefore organizations should

use available resources to create added value to customers as compared to the competitors as this will provide competitive advantage of the firms in the market. Organizations can gain competitive advantage by having assets of superior value that can be financial in terms of cash and human resource, organizational in terms of culture and informational in terms of research and development. Organizational capabilities, are often described as the “glue” that binds the assets together (Barney, 1991; Hooley et al., 1998). A company’s decision to adopt market research whether by outsourcing or carrying out in-house research is predetermined by the availability of the resources required in conducting of market research. Resource based view theory is related to this topic of study since it brings out the aspect of using resources available to gain competitive advantage. With the overcrowding of markets and consumers becoming more selective and diverse in their demands and expectations making targeting decisions is critical for companies. Market research, therefore, has the capability to identify alternative opportunities and categorize appropriate targets groups where the firm’s resources and capabilities can be used optimally.

2.2.2 Agency theory

The agency theory was developed by Ross and Barry (1970) and is also referred to as the principal –agent theory. The Agency Theory looks at both the legal and social facets of a contract so as to clearly demonstrate the conditions under which a principal and an agent operate most efficiently (Eisenhardt, 1989). Such two party relationships include relationships between an employer and its employees, an organization’s management and an outsourced agency whose goals are not similar to each other. The theory can be

applied to both organizations and individuals as it helps in designing the most effective contracts and associations to ensure just outcomes to all parties involved.

This theory deals with performance measurement and motivation problems when principals and agents have different goals and desires or have different aversion levels to risk. Assumptions in this theory include, human behaviour that is self-interest, rationality or risk aversion, information which is considered a commodity that can be acquired and finally how organizational relationships affect company's interests.

The principal's main goal is to ensure tasks are completed quickly and effectively to achieve a specific goal while the agent's goal is to complete the work in the given timeline. Goal disparity can be brought about by self – interest by agents who insist on working at their own pace over corporate interests. The principal's inability to sufficiently understand the agent's behaviour or skills set can lead to information irregularities caused by increased disparity. Information disparity often leads to problems such as the agent failing to get the job done due to misrepresentation of expertise to get the job but not performing as expected thereafter. Contracts and memorandum of understanding are thought to curb such problems; however they have proved incapable of completely eradicating them. As a result, the agency theory puts forward the use of a mix of contracts that combine behavior-based e.g. monthly pay or retainer fees and outcome-based incentives e.g. employee stock options, or out rightly leaning more towards performance based contracts, such as a commissions or bonuses payable upon completion of tasks.

In addition, the theory also maintains that for such contracts to be effective the principals have to implement and execute a monitoring system. For example supervision and timing of the contracts especially renewable contracts as opposed to fixed contracts or structuring tasks in a contract in such a way that tasks become more programmable and consequently observable (Bhattacharjee, 2012). This theory points to an organization attempting to balance between controlling its environment and adjusting to it.

2.3 Marketing Research Practices and Organizational Performance

According to Kotler (1966), marketing information is a critical aspect that affects the level of effectiveness. This observation was supported by Deshpande (1982), who pointed out that proper handling and processing of market information is critical for companies that aspire to succeed and grow in a market place. The implication here is that marketing research yields market information which is a critical aspect in the survival of any business entity. Marketing research provides a platform through which a business entity is connected to its market environment (Churchill, 1991).

Conducting market research brings a variety of benefits to a company. For instance, market research enables the entity to identify opportunities and gaps in the market, while also helping the company to strategize and conduct better coordinated marketing activities. In addition, it is through market research that companies reduce the uncertainties encountered in the market while also reducing the errors done in the market due to missing information.

A company can either carry out its own market research through the research and development department, or through hired professional research agencies which carry out research on behalf the firm in question.

Research use is categorized depending on how it is applied, for instance research use can be described by: how research is used to guide and change consumer behaviour, degree of clarity on what customers want and degree to which changes in behavioral, intellectual and emotional areas can be noted. There are various ways of using research in an organization, namely, instrumental, conceptual and symbolic. Directly applying the research findings to solve a specific problem is referred to as instrumental research while conceptual research refers to the indirect use of data to provide general knowledge to the management on a specific subject and lastly symbolic research which involves the use of research findings to justify already made decisions, perhaps based on the decision maker's instincts (Raguragavan, 2001).

Research points towards a strong link between marketing research and the adoption of the marketing concept. This is due to the fact that marketing research studies the various aspects of the market environment and is a reflection of a company's marketing positioning (Kheir-El-Din, 1990). In addition, it is through marketing research that "intelligence generation", a critical aspect in market orientation and which reflects the true customer focus is realized (Kohli and Jaworski, 1990).

Marketing research is also key in helping a business entity realize its marketing concept. In realizing its marketing concept, a company is able to strategize and align its activities

to fit the needs of the market environment (Kinnear & Taylor, 1987). The focus on the market place is an essential aspect to the success of any company. Such research enables a business remain close to its customer, with the closeness maintained through regular and effective marketing research (Peterson, 1988).

According to Zikmund (1986), marketing research increases the chances of successful marketing, and is an important an important factor in marketing effectiveness and profitability. Dillon (1987) reiterated that market research is key in achieving satisfactory profits levels. Such inferences are naturally enticing to businesses given that managers use marketing research to provide solutions that are more likely to be correct than incorrect (Peterson, 1988) and that the outcome from market research should be manifested in improved company performance (Lehman, 1989). It is therefore logical to suggest that marketing research has a positive influence on a company's performance.

The importance of marketing research to businesses cannot be understated. Despite the literature that exists on the topic, there is a gap in the amount of empirical data on the relationship between marketing research and organizational performance. As Davis (1967), points out, analysis of marketing research activity and business performance is critical to clear any doubts that managers have regarding the influence marketing research has on company profits.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The methodologies adopted during the study are explained in this chapter. The methodologies are based on premises such as the research design, population of the study, data collection and analysis.

3.2 Research Design

The plan of how the actual research will be conducted is referred to as research design and it comprises of collection, measurement and analysis of data. Research design highlights the general plan to be followed when carrying out research and its main aim is to provide answers to the research questions. The study adopted a descriptive survey design. According to Orodho (2008), this type of survey is used in explorative studies and it allows researchers to gather information about a phenomena, summarize, present and interpret it for purposes of clarification

3.3 Population of Study

Target population is described as the entire cluster of particular population rudiments significant to research finding. The population of study were all the cement manufacturers in Kenya four of which are privately owned, namely, Savannah Cement, Mombasa Cement, Athi River Mining and National Cement. Bamburi Cement Ltd , a multinational owned by Lafarge Ltd and East African Portland Cement , a government parastatal.

3.4 Data Collection

This study sought to collect qualitative and quantitative data as the questionnaires administered comprised of both open ended and closed questions. The questionnaires were structured in 3 parts: part 1 captured respondent firm demographics, part 2 focused on the marketing research practices and part 3 focused on firm performance. The questionnaires were targeted at managers of the Cement manufacturing firms as their roles and positions gave them better insights into the company's performance. The questionnaires were administered through the drop and pick self-administered questionnaire as well as through emails.

3.5 Data Analysis

The steps involved in data processing include; sorting, editing, coding, entry and interpretation of the processed data into meaningful results (Leedy, 2002). Raw data collected from the field was analyzed by use of Statistical Package for the Social Sciences (SPSS). The basic features of the data were defined by descriptive statistics presented in tables showing sample sizes and the measures. Correlation and regression analysis were used to explain the relationship between marketing research practices and performance of cement manufactures in Kenya.

The regression model used was: $Y = a + bx + e$, where;

Y= Organizational performance

a = constant

b = the slope of the line

x = Marketing research practices

e= error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, data analysis, discussions and research findings are presented in line with the objectives of the study. The purpose of this study was to establish the Marketing research practices carried out by Cement Manufacturers in Kenya and its impact on performance. Primary data was collected through administering of questionnaires and data analysis included both descriptive and inferential statistics.

4.2 Response Rate

This study distributed 30 copies of the questionnaires to 6 different cement companies, a total of 22 questionnaire were filled and returned, which translated to a response rate of 73%.

4.3 Demography

Table 4. 1 Employees' department

According to the findings 59% of the respondents were in sales and marketing department, 18% were in the logistics department, 14% were in procurement and 4.5% were in finance department. The findings are shown in table 4.1.

Table 4.1: Employees' Department

	Frequency	Percent
Logistics	4	18
Sales and Marketing	13	59
Finance	1	4.5
Procurement	3	14
Blank	1	4.5
Total	22	100.0

Source: Field data, (2017)

4.3.2 Years of operation

Results show that half of the companies involved in the study had been in operation for over 15 years, 27% had operated for around 0 – 5 years and 23% had operated for around 5 – 10 years. The results are shown in Table 4.2.

Table 4. 2: Years of Operation

	Frequency	Percent
0 – 5 years	6	27
5 – 10 years	5	23
Over 15 years	11	50
Total	22	100

Source: Field data, (2017)

4.3.3 Company ownership

The study investigated the type of ownership of the companies under study, as per the results 55% of the companies were publicly owned while 45% of the companies were privately owned. These results are as shown in Table 4.3.

Table 4. 3: Company Ownership

	Frequency	Percent
Private	10	45
Public	12	55
Total	22	100.0

Source: Field data, (2017)

4.3.4 Population of employees

This study further sought to determine employee population in the companies under study. According to results as shown in Table 4.4, 46% of the companies had around 101 – 300 employees, 27% had 301 – 500 employees and similarly another 27% had more than 500 employees.

Table 4. 4: Population of employees

	Frequency	Percent
101 – 300	10	45
301 – 500	6	27
Over 500	6	27
Total	22	100

Source: Field data, (2017)

4.3.5 Annual sales turn over

This study investigated the trend of the annual sales turn over in the course of five years in the companies under study. Results revealed that 36% of the company's annual sales turn over had been increasing in the past five years, similarly 36% of the company's annual sales turnover had been declining while 14% of them had exponential growth and another 14% had varying growth in annual sales turnover in the past 5 years. The results are shown in Table 4.5.

Table 4. 5: Annual sales turn over

	Frequency	Percent
Exponential	3	14
Incremental	8	36
Declining	8	36
Varying	3	14
Total	22	100

Source: Field data, (2017)

4.4 Marketing Research Practices

Marketing research practices were investigated in order to assess their impact on the performance of Cement Manufacturing companies. The study first sought to ascertain the presence of marketing research in the organization and the ways in which the organizations carried out their marketing research.

4.4.1 Carrying out marketing research

The study sought to find out whether organizations carried out marketing research. Findings showed that all cement manufacturing companies carried out marketing research. The findings are displayed in Table 4.6.

Table 4. 6: Marketing Research Practices

	Frequency	Percent
Yes	22	100
No	0	0
Total	22	100

Source: Field data, (2017)

The study further sought to establish whether marketing research in the organization was outsourced or done in-house, results showed that 54% of the organization outsourced their marketing research while 46% carried out marketing research on their own. The results are illustrated in Table 4.7.

Table 4. 7: Ways of conducting marketing research

	Frequency	Percent
In-house	10	45
Outsource	12	55
Total	22	100

Source: Field data, (2017)

The study also examined under which department the organization placed market research. Findings showed that 82% of the companies conducted marketing research through their marketing departments while 18% carried out marketing research through their research and development departments. This is as shown in Table 4.8.

Table 4. 8: Marketing research department

	Frequency	Percent
Marketing	18	82
Research and Development	4	18
Total	22	100

Source: Field data, (2017)

4.4.2 Extent of marketing research

The study also assessed the extent marketing research practices in the organization, respondents were asked to indicate the extent to which selected marketing research practices were carried out in the organization. The scores were calculated in mean scores that were interpreted as 4.5 - 5.0; a very great extent; 3.5 - 4.4 great extent; 2.5 - 3.4 moderate extent; 1.5 - 2.4 small extent; and 0.0 - 1.4 no extent. The results are shown in table 4.9.

Table 4. 9: Extent of marketing research

	Mean	Std. Deviation
Pricing research	3.7	1.0
Product research	3.7	1.2
Promotion research	3.1	1.0
Customer service research	3.1	1.1
Distribution research	3.1	1.0
Process research	3.0	1.1
Mean	3.3	1.1

Source: Field data, (2017)

The results showed that pricing research was carried out to a great extent, this was illustrated with a mean of 3.68 and a standard deviation of 0.95. Similarly, product research was performed to a great extent as shown with a mean of 3.73 and a standard deviation of 1.20. Promotional research and customer service research were carried to a moderate extent both as shown with a mean of 3.14 each and standard deviation of 0.99 and 1.08 respectively. In addition distribution research was found to be carried out to a moderate extent as shown with a mean of 3.10 and a standard deviation of 1.04. Lastly, process research was also performed to a moderate extent as shown with a mean of 3.00 and a standard deviation of 1.07.

4.4.3 Frequency of carrying out marketing research

The study assessed the rate at which different types of marketing research were carried out by the organizations. The variables were assessed on a monthly, quarterly, semi-annually, yearly and on demand basis. The findings are presented in table 4.10.

Table 4. 10: Frequency of carrying out marketing research

Types of research	Monthly	Quarterly	Semi- Annually	Once a year	On demand	Total
Marketing strategy audit	9%	5%	5%	13%	68%	100%
Segmentation research	4%	0%	10%	10%	76%	100%
Positioning research	5%	0%	15%	0%	80%	100%
Price elasticity research	27%	27%	9%	5%	32%	100%
Competitive analysis	50%	14%	18%	4%	14%	100%
Customer satisfaction	29%	29%	14%	4%	24%	100%
Brand awareness & reach	9%	14%	14%	9%	54%	100%
Retail Audits	9%	14%	4%	14%	59%	100%
Distribution channel audits	5%	18%	5%	18%	54%	100%
Concept testing	5%	0%	9%	5%	81%	100%
Product testing	13%	9%	5%	5%	68%	100%
Sales forecasting	55%	9%	9%	9%	18%	100%
Digital impact research	5%	9%	9%	5%	72%	100%
Brand association research	0%	9%	5%	5%	81%	100%
Advertising research	5%	5%	9%	9%	72%	100%

Source: Field data, (2017)

The results demonstrated that marketing strategy audit was carried out on demand in 68% of the companies, once a year in 13% of the companies, monthly in 9% of the companies and quarterly and semi-annually in 5% each of the companies. Segmentation research was carried out on demand in 76% of the companies, once a year in 10% of the

companies and also semi-annually in another 10% while it was carried out monthly in 4% of the companies. Positioning research was carried out on demand in 80% of the organizations, it was carried out semi-annually on 15% of the organizations, and monthly in 5% of the organizations.

Findings also showed that price elasticity research was carried out on demand in 32% of the companies, quarterly in 27% of the companies and similarly monthly in 27% of the companies while semi-annually in 9% of the companies and once a year in 5% of the companies. Competitive analysis was performed on monthly basis in half of the companies, semi-annually in 18% of the companies, quarterly in 14% of the companies and also on demand on 14% of the companies while it was carried out once a year in 4% of the companies. Customer satisfaction was carried out on a monthly and quarterly basis in 29% each of the companies, it was performed on demand in 24% of the companies while on semi-annual basis it was done in 14% of the companies and on a yearly basis it was done in 4% of the organizations.

Brand awareness and reach was carried out on demand in 54% of the companies, while it was carried out on a quarterly and semi-annually basis in 14% each of the companies, it was done on a monthly and yearly basis in 9% each of the companies. Retail audits was performed on demand in 59% of the companies, on a quarterly and yearly basis in 14% each of the companies while it was done on a monthly basis in 9% of the organizations and semi-annually in 4% of the organizations. Distribution channels audits was done on demand in 54% of the companies, it was done on a yearly and quarterly basis in 18% each of the companies and it was done on a monthly and semi-annually basis in 5% each of the companies.

Concept testing was done on demand on 81% of the companies, semi-annually on 9% of the companies, monthly and yearly in 5% each of the companies. In addition, results showed that product testing was carried out on demand in 68% of the companies, monthly in 13% of the companies, quarterly in 9% of the companies and semi-annually and annually in 5% each of the companies. Sales forecasting was carried out monthly in 55% of the organization, on demand in 18% of the organizations while it was done on a quarterly, semi-annually and annually basis in 9% each of the organizations. Digital impact research was performed on demand basis in 72% of the companies, it was done on semi-annually and quarterly basis in 9% each of the companies and similarly it was done on a monthly and yearly basis in 5% each of the organizations.

Brand association research was carried out on demand in 81% of the organizations, quarterly in 9% of the companies and semi-annually and annually in 5% each of the organizations. Advertising research was performed on demand in 72% of the organizations while it was done semi-annually and annually in 9% each of the organizations while also on a monthly and quarterly basis in 5% each of the organizations.

4.4.4 Methods used in marketing research

This study again looked at method used by the various organization in carrying out their market research and the extent of their use. The scores were calculated in mean scores that were interpreted as 4.5 - 5.0; a very great extent; 3.5 - 4.4 great extent; 2.5-3.4 moderate extent; 1.5 - 2.4 small extent; and 0.0 - 1.4 no extent. The results are shown in table 4.11.

Table 4. 11 : Methods used in marketing research

	Mean	Std. Deviation
Focus groups	2.3	1.3
Interviews	2.9	1.3
Consumer panels	2.3	1.7
Questionnaires	2.5	1.2
Observation	3.5	1.3
Internal documents analysis	3.3	1.5
Mobile surveys	2.2	1.3
Mean	2.7	1.4

Source: Field data, (2017)

According to the findings as illustrated in table 4.3, focus group were used for marketing research to a moderate extent. This is illustrated with a mean of 2.29 and a standard deviation of 1.49. Interviews were also used to a moderate extent as shown with a mean of 2.86 and a standard deviation of 1.32. Consumer panels were used to a small extent in market research as shown with a mean of 2.33 and a standard deviation of 1.71. Questionnaires were used to moderate extent for market research as displayed with a mean of 2.50 and a standard deviation of 1.19. Observation was used to a great extent for market research as illustrated with a mean of 3.50 and a standard deviation of 1.30. Internal documents analysis were used to a moderate extent, as illustrated with a mean of 3.32 and a standard deviation of 1.52. Mobile surveys were used to a small extent as shown with a mean of 2.23 and a standard deviation of 1.34.

4.4.5 Perception of market research in organizations

This study sought to understand the perception of market research among cement manufacturing companies. The scores were calculated in mean scores that were interpreted as 4.5 - 5.0: Strongly Agree; 3.5 - 4.4: Agree; 2.5 - 3.4: Neutral; 1.5 - 2.4 Disagree; and 0.0 - 1.4 Strongly Disagree. The results are shown in table 4.12.

Table 4. 12: Perception of Market Research in Organizations

	Mean	Std. Deviation
Market research is usually carried out to back up management insights	3.0	1.6
Market research is usually used to generate new ideas	3.5	1.4
Market research is usually used to screen new ideas and test concepts	3.6	1.1
Top management determines what kind of market research to be carried out	3.5	1.5
Without market research many of the company's decisions would be different	3.3	1.4
A lot of market research findings are not used	3.1	1.3
Uncertainty associated with marketing activities is greatly reduced by market research	3.9	1.3
Mean	3.4	1.4

Source: Field data, (2017)

According to the results, respondents were neutral when asked whether market research was usually carried out to back up management insights, this was shown with a mean of 3.0 and a standard deviation of 1.6. Respondents agreed that market research was usually

used to generate new ideas as shown with a mean of 3.5 and a standard deviation of 1.4. It was also agreed that market research was usually used to screen new ideas and test concepts, this was shown with a mean of 3.6 and a standard deviation of 1.1.

Again, it was agreed that top management determined what kind of market research was to be carried out, this is shown with a mean of 3.5 and a standard deviation of 1.5. Respondents however did not agree nor disagree whether without market research many of the company's decisions would be different, this was depicted with a mean of 3.3 and a standard deviation of 1.4. Similarly, respondents remained neutral on whether a lot of market research findings were not used, this is illustrated with a mean of 3.1 and a standard deviation of 1.3. Lastly it was agreed that uncertainty associated with marketing activities were greatly reduced by market research, this was shown with a mean of 3.9 and a standard deviation of 1.3.

4.4.6 Marketing research challenges

This study examined the challenges faced by organization when carrying out marketing research. Respondents were asked if they have ever experienced challenges in carrying out marketing activities. According to the findings they all agreed that they have experienced challenges when carrying out marketing research.

The study further sought to find out the extent to which marketing challenges were experienced in the organization while carrying out Market research. The scores were calculated in mean scores that were interpreted as 4.5 - 5.0; a very great extent; 3.5 - 4.4 great extent; 2.5-3.4 moderate extent; 1.5 - 2.4 small extent; and 0.0 - 1.4 no extent. The results are shown in table 4.13.

Table 4. 13 : Marketing research challenges

	Mean	Std. Deviation
Budget constraints	3.6	1.5
Methodological challenges	3.1	1.2
Technological challenges	3.2	1.1
Data interpretation	3.2	1.2
Data quality	3.1	1.3
Time constraints	3.5	1.7
Out of touch with business realities on the ground	3.1	1.1
Lack of engagement from consumers/respondents	3.3	1.5
Lack of actionable insights	3.6	1.3
Mean	3.3	1.3

Source: Field data, (2017)

According to the findings budget constraints was a challenge to market research to a great extent, this was shown with a mean of 3.6 and a standard deviation of 1.5. Market research also faced methodological challenges to a moderate extent, this is shown with a mean of 3.1 and a standard deviation of 1.2. Technological challenge were to a moderate extent as shown with a mean of 3.2 and a standard deviation of 1.1.

Data interpretation challenges were also to a moderate extent as illustrated with a mean of 3.2 and a standard deviation of 1.2. Data quality challenges were as well to a moderate

extent as shown with a mean of 3.1 and a standard deviation of 1.3. Time constraints were to a great extent as shown with a mean of 3.5 and a standard deviation of 1.7.

Another challenge experienced to a moderate extent was out of touch with business realities on the ground, this was illustrated with a mean of 3.1 and a standard deviation of 1.1. Further lack of engagement from consumers/respondents was to a moderate extent, as shown with a mean of 3.3 and a standard deviation of 1.5. Lastly, lack of actionable insights was to a great extent as shown with a mean of 3.6 and a standard deviation of 1.3.

4.5 Organizational Performance

This study evaluated organizational performance of the companies investigated, a number of factors were evaluated to help assess the performance of these companies. Respondents' opinion was first sought on whether market research influenced their organizations' performance. Findings showed that 73% of agreed that marketing influenced organizational performance while 27% were of the contrary opinion. This shows that marketing research has influence on organizational performance as agreed by majority. The findings are displayed in figure 4.14.

Table 4. 14: Influence of marketing research on organization Performance

	Frequency	Percent
Yes	16	73
No	6	27
Total	22	100

Source: Field data, (2017)

The study further investigated the kind of performance indicator used by the different organizations. Findings showed that 77% of the organizations used a balance of financial and non-financial measures while 23% used financial measures alone and none used non-performance measures alone. The findings are as demonstrated in figure 4.15.

Table 4. 15: Performance Measures

	Frequency	Percent
Financial measures only	5	23
A balance of financial and non-financial measures	17	77
Total	22	100

Source: Field data, (2017)

This study measured organizational performance on a number of variables, respondents were asked to indicate their level of agreement with the effect of market research on performance of their organization. The scores were calculated in mean scores that were interpreted as 4.5 - 5.0: Strongly Agree; 3.5 - 4.4: Agree; 2.5-3.4: Neutral; 1.5 - 2.4 Disagree; and 0.0 - 1.4 Strongly Disagree. The results are shown in table 4.16.

Table 4. 16: Perceived effects of market research on performance

	Mean	Std. Deviation
There has been improved efficiency in serving customers for the last 3 years.	4.0	1.0
There has been improved insights into new market opportunities	3.9	0.9
Competitive advantage has improved relative to your competitors	3.8	1.0
Sales turn-over has improved over the last 3 years	3.5	1.3
Mean	3.8	1.1

Source: Field data, (2017)

According to the results of the findings, it was agreed that due to marketing research there has been improved efficiency in serving customers for the last 3 years, this is shown with a mean of 4.0 and a standard deviation of 1.0. Again it was agreed that there has been improved insights into new market opportunities, as illustrated with a mean of 3.9 and a standard deviation of 0.9. Respondents also agreed that competitive advantage had improved relative to competitors, this was illustrated with a mean of 3.8 and a standard deviation of 1.0. Lastly respondents also agreed that sales turn-over had improved over the past 3 years, this was shown with a mean of 3.5 and a standard deviation of 1.3.

Further, the study sought to establish the extent to which market research had an impact on a number performance indicators in the organization. The scores were calculated in mean scores that were interpreted as 4.5 - 5.0; a very great extent; 3.5 - 4.4 great extent; 2.5-3.4 moderate extent; 1.5 - 2.4 small extent; and 0.0 - 1.4 no extent. The results are shown in table 4.17.

Table 4. 17: Perceived influence of market research on Performance

	Mean	Std. Deviation
Customer satisfaction	4.0	1.2
Increased number of prospects	3.7	1.1
Improved product quality	4.0	1.0
Reduced number of complaints	3.9	1.0
Enhanced brand image	3.7	1.2
Reduced average turnaround time	3.8	1.2
Higher sales growth	3.6	1.3
Product innovation	3.3	1.3
Mean	3.8	1.2

Source: Field data, (2017)

Results showed that market research has an impact on customer satisfaction to a great extent, this was shown with a mean of 4.0 and a standard deviation of 1.2. Increased number of prospects was rated to a great extent as shown with a mean of 3.7 and a standard deviation of 1.1. Improved product quality was also rated at a great extent as illustrated with a mean of 4.0 and a standard deviation of 1.0. Again, reduced number of complaints was rated at a great extent as shown with a mean of 3.9 and a standard deviation of 1.0. Respondents rated enhanced brand image to a great extent, as shown with a mean of 3.7 and a standard deviation of 1.2. Reduced average turnaround time was rated at a great extent as illustrated with a mean of 3.8 and a standard deviation of 1.2.

Higher sales turnover was rated at a great extent as shown with a mean of 3.6 and a standard deviation of 1.3. Product innovation was rated at a moderate extent as shown with a mean of 3.3 and a standard deviation of 1.3.

4.6 Correlation Analysis

Correlation analysis was performed to evaluate the relationship between the dependent variable and the independent variable. The dependent variable for this study was the organizational performance of cement manufacturing companies, while the independent variable was the marketing research practices carried out by the organizations.

Table 4. 18: Correlations between organizational performance and marketing research practices

		Marketing research Practices	Organizational Performance
Marketing research practices	Pearson Correlation	1	.429**
	Sig. (2-		.046

Organizational Performance	tailed) Pearson Correlation	.429*	1
	Sig. (2- tailed)	.046	

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

The results of this study showed that there was a positive significant correlation between marketing research and organizational performance (R=0. 429, p<0.05).

4.7 Regression Analysis

Regression analysis was carried out in order to assess the influence of marketing research practices on performance of cement manufacturing companies in Kenya. The regression analysis helped to understand the impact of marketing research on performance of cement manufacturing companies. This findings are shown in table 4.19.

Table 4 19: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.429 ^a	.184	.143	.91075

a. Predictors: (Constant), Marketing research practices

Findings on the regression model, show that the R value is = 0.429 indicating that there was a moderate positive correlation between organizational performance and marketing research practices in cement manufacturing companies. The coefficient of determination,

R Square = 0.184, this means that 18.4% of performance for cement manufacturing companies is explained by marketing research.

The ANOVA table illustrates whether the regression model describes a statistically significant amount of variance.

Table 4 20: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.738	1	3.738	4.507	.046 ^b
	Residual	16.589	20	.829		
	Total	20.327	21			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), Marketing research practices

The ANOVA results shows that there was a statistically significant correlation between the marketing research practices and organizational performance of cement manufacturing companies, $p=0.046$, $p < 0.05$.

Table 4. 21 : Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.820	.927		1.963	.064
	Marketing research practices	.583	.275	.429	2.123	.046

a. Dependent Variable: Organizational Performance

In the coefficients table, findings showed with a unit increase in marketing research practices, organization performance among cement manufacturing company went up by 0.583 units. This findings are shown in table 4.21. The equation drawn from the coefficient table is shown as:

$$Y = a + bx + e$$

Y= Organizational performance

a = constant

b = the slope of the line

x = Marketing research practices

e= error term

$$y = 1.820 + 0.429x + 0.275$$

4.8 Discussion of Findings

Today in Kenya, cement manufacturers are considered one of the top employers and contributors to the country's GDP. From the findings, there was varied perspective from the respondents on annual sales turnover, whereby in most of the organizations the annual sales were either declining or increasing. This can be attributed to the fact that in the past 10 years, four cement companies have been established in the country which has led to cannibalization in the market.

Findings on the extent of various marketing research in the organizations showed that pricing research and product research were extensively carried out by the companies. Unlike other industries, the main components in cement are standardized making it hard to differentiate. Therefore, to gain competitive advantage cement manufacturers use price as the main incentive to attract customers and position themselves in the market.

There has been an increase in the number of planned infrastructure projects in Kenya in the last few years, and one of the key considerations by project managers and owners is consistent product quality. Therefore, cement companies carry out extensive product research to ensure the quality of product in the market is consistent. For any business to be successful consistent product quality is a critical aspect as it ensures customers' expectations are met and exceeded.

Various kinds of marketing research were assessed in relation to how frequently they were carried out in the organization. Price elasticity, competitive analysis, customer satisfaction and sales forecasting were mostly carried out on a monthly basis. The cement industry in Kenya has been facing a number of challenges despite its growth forecasts

including the depreciation of the shilling, falling local demand and entrance of new multi-national companies. Therefore, companies have to carry out regular competitive and pricing analysis so as to determine any changes implemented by competition and how it affects the company's bottom line. Customer satisfaction surveys are key in measuring levels of satisfaction though identification of unhappy customers and provision of customized solutions in good time, this survey is very instrumental as majority of the cement companies are located in Athi River making it easy for customers to change brands without any consequences if their needs are not met.

From the findings, majority of the companies gathered information through observation and internal document analysis. Observation is mainly used to collect market intelligence while internal document analysis provides past trends. While both methods are valid ways of collecting information, complete answers to problems cannot be obtained by observation and document analysis only. Methods such as consumer panels, focus groups and interviews are used to a small extent by the companies but could be useful as they are interactive and customers can discuss their ideas and opinions.

Most of the companies carried out market research such as marketing strategy audit, segmentation research, positioning research, brand awareness and reach, distribution channels audits, product testing, digital impact research, brand association research, concept testing and advertising research on demand basis. The Regression analysis showed that 18.4% of performance for cement manufacturing companies is explained by marketing research. Therefore performance could improve, if cement companies carry out extensive and regular market research, correlation analysis from the study shows that

there is a positive significant correlation between marketing research practices and organizational performance.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter, summary of the study, conclusions drawn from the findings and recommendations are presented. The objective of this study was to establish the Marketing research practices carried out by Cement Manufacturers and its impact on performance.

5.2 Summary

This study aimed at establishing the marketing research practices carried out by cement manufacturers and its impact on organizational performance. The study will be valuable to cement manufacturers as they will understand the importance of Market research in performance measurement as well as in attaining competitive advantage. This study was guided by two theories, resource based view and the agency theory. This study adopted a descriptive research design. The population of study were all the cement manufacturers in Kenya four of which are privately owned, namely, Savannah Cement, Mombasa Cement, Athi River Mining and National Cement. Bamburi Cement Ltd , a multinational owned by Lafarge Ltd and East African Portland Cement , a government parastatal.

Data was collected through questionnaires distributed to the respondents. Data analysis used SPSS, it included both descriptive and inferential statistics. All cement manufacturers studied, carry out market research either through in-house departments or

by outsourcing research agencies, although the practice is not very well established as majority of the companies set –up their marketing departments to deal with market research instead of having research departments. Majority of the companies preferred using traditional methods such as observation and internal document analysis to gather information and ascertain trends and used to small or no extent methods such as consumer panels and mobile surveys which are cost effective and can provide consumer – oriented solutions. Majority of the organization used market research for risk management and control as majority of respondents agreed that market research was mostly done to screen new ideas and test concepts as well to reduce uncertainty associated with marketing activities. Main challenges faced include budget and time constraints, lack of engagements from respondents and being out of touch with business realities on the ground.

In the evaluation of the performance of cement manufacturing companies in relation to marketing research, it was agreed marketing research had an influence on the performance of these companies and was evaluated on a balance of financial and non-financial measures and to some small extent on financial measures only. It was agreed by majority of respondents that marketing research had enhanced organizational performance, through improving customer service efficiency, insights into new market opportunities, competitive advantage and improved sales turn-over.

5.3 Conclusion

From the findings, all cement manufacturing companies carry out market research either through outsourcing or in-house departments, the study concludes that there has been an improvement in performance for the cement manufacturers as a result of market research and that 18.4% of performance for cement manufacturing companies is explained by marketing research.

The study also concludes that pricing and product research were extensively carried out by the companies. Price is the main incentive used by cement manufacturers to attract customers while quality consistency is essential in building long lasting business partnerships. Majority of the cement companies use observation and internal document analysis to collect information. Observation is mainly used to collect market intelligence while internal document analysis provide past trends.

The perception of majority of the respondents was that market research is usually carried out to generate and screen new ideas and test concepts as well as reduce the uncertainty associated with marketing activities. In addition, majority of the respondents agreed that market research has, to a great extent improved efficiency in serving customers, improved insights into new market opportunities , improved competitive advantage and improved the annual sales turn over.

Further, the study concludes majority of the respondents agreed that market research has an impact on customer satisfaction, product quality reduced number of complaints and reduced turnaround time. Majority of the respondents agreed that market research influenced organizational performance and concludes that the cement companies use both financial and non- financial measures.

5.4 Recommendation

This study recommends that companies should set up marketing research departments that would focus entirely on market research and carry out research on a regular basis instead of on demand. This will provide the organization with current and useful information that will improve performance as well ensure customer satisfaction is a priority, this information can also be validated by regularly outsourcing research agencies as outsourcing brings in an objective third party view.

The study also recommends that cement manufacturers should carry out extensive market research on different aspects of the business as market research enables companies pursue the most lucrative growth opportunities, improves decision making and reduces risk. The findings show that majority of the companies carry out pricing and product research extensively and to a small extent promotion, customer service and distribution research. The companies should also utilize the different methods available for research as majority of the companies used traditional methods such as observation and internal documents to gather information and establish trends. Some new methods such as mobile surveys are

quick, cost effective and give real time feedback and can serve the dual purpose of research and customer relationship management

It also recommends that top management should allow their field managers to give insights when deciding what type of market research to be carried out. The findings showed that top management determined what kind of market research to be carried. This inclusion will ensure the research is relevant to the current states of the market and address the challenge of companies being out of touch with business realities on the ground as well as lack of response from customers.

5.5 Study Limitation

This study was not able to access data on the organizations financial performance, the information was considered sensitive by the organizations to be disclosed. This made it impossible to evaluate the marketing research budget in relation to the company annual marketing budget.

5.6 Recommendations for Future Studies

This study recommends for further studies to be carried out in the area of marketing research in relation to influence it has on performance of the organization. Studies can also be carried out to identify the best practices of marketing in the cement manufacturing sector. Further studies need to be carried out to link specific marketing research practices to specific key performance indicators within the cement manufacturing companies.

REFERENCES

- Barney, J. (1991). Firm resources and sustained competitive advantage, *Journal of Management*, 17. 1, 99-120.
- Carton, W. & Hofer, S. (2009). Market-Driven Strategies for Competitive Advantage. *Business Horizons*, 34(1), 53-61.
- Cravens, D. W. & Piercy, N. F. (2008). Strategic Marketing (8th Edition). Boston, MA: McGraw-Hill/Irwin.
- Carlton, D. W., & Perloff, J. M. (1994). Modern Industrial Organization, 2nd Edition. New York: Harper Collins.
- Chenhall, R. H., & Langfield-Smith, K. (2007). Multiple perspectives of performance measures. *European Management Journal*.
- Churchill, G.A. (1991). Marketing Research: Methodological Foundations, 5th ed., Dryden Press, Hinsdale, IL, 1991.
- Coviello, N., Brodie, R. and Munro J.H. (1997). "Understanding contemporary marketing: development of a classification scheme". *Journal of Marketing Management*, 13, 501-522.
- David H.B. Bednall, Michael J. Valos. (2005). Marketing research performance and strategy, *International Journal of Productivity and Performance Management*, 54 5/6).438-450.
- Davis, R.H. (1967). "Wanted: Sales Managers for Marketing Research", *Journal of Marketing*, Vol. 29, January 1965, pp. 55-8; reprinted in Cox, K.K. (Ed.), Readings in Market Research, Appleton-Century-Crofts, New York, NY, 1967, pp. 17-23.
- Dyer and Blair Investment bank. (2012). Kenya Cement industry Brief Overview; 21st December 2012.
- Daniel Mulinge, (2009). A survey of marketing practices adopted by smes dealing with clothing and footwear; a case of Makueni district. Unpublished MBA project university Of Nairobi.

- Deshpande, R. (1982). "The Organizational Context of Market Research Use", *Journal of Marketing*, Vol. 46, 1982.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management*. *The Academy of Management Review*, 14(1), 57–74.
- Onyango, Ephraim. (2016). Effects of marketing practices on the performance of phoenix of east Africa assurance company ltd unpublished MBA project university Of Nairobi.
- Gilligan, C. and Wilson, R. (2003). Strategic marketing planning. Oxford: Butterworth-Heinemann.
- Hart, S. (1987). The contribution of Marketing to Competitive success. *Management News*, July 5.
- Hart, S., & Tzokas, N. (1999). The impact of marketing research activity on SME export performance: Evidence from the UK. *Journal of Small Business Management*.
- Hart, S. Diamantopoulos, A. (1993). "Marketing Research Activity and Company Performance: Evidence from Manufacturing Industry", *European Journal of Marketing*, Vol. 27 Issue: 5, pp.54-72.
- Hill, P. (1988). The Market Research Contribution to New Product Failure and Success. *Journal of Marketing Management*.
- Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2005). *Strategic management: Competitiveness and globalization* (6th Ed.). Mason, Ohio: Thomson/South-Western
- Hooley, G & West, C. (1984). The Untapped Markets for Marketing Research. *Journal of the Market Research Society*.
- Hooley, G., Fahy, J., Cox, T., Beracs, J., Fonfara, K. and Snoj, B. (1999). Marketing capabilities and firm performance: a hierarchical model. *Journal of Market Focused Management*, Vol. 4, pp. 259-78.
- Hooley, G. and Greenley, G. (2005). The resource underpinnings of competitive positions, *Journal of Strategic Marketing*, 13, 93-116.

- Hooley, G., Broderick, A. and Moller, K. (1998). Competitive positioning and the resource-based view of the firm. *Journal of Strategic Marketing*, Vol. 6, pp. 97-115.
- Hooley, G., Greenley, G., Cadogan, J. and Fahy, J. (2005). The performance impact of marketing resources. *Journal of Business Research*, Vol. 58, pp. 18-27.
- John, G. & Martin, J. (1984). Effects of Organizational Structure of Marketing Planning on Credibility & Utilization of Plan Output. *Journal of Marketing Research*.
- Jillian C, Geoffrey N and Janet R. (2010). The marketing practices-performance relationship in professional service firms. *Journal of Service Management* 22. 3, 2010. 292-316 Emerald Group Publishing Limited 1757-5818.
- Kestrel Capital (East Africa), Limited. (2013). Kenya Cement Sector report; August 2013.
- Kerlinger F.N. (1986). Foundations of behavioral Research. Holt, Rinehart & Winston Inc. New York.
- Kirby, J. (2005). Toward a theory of high performance. *Harvard Business Review*, (July-August).
- Kibera F. N. (1996). A survey of Marketing Research Conducted in Kenya. *The Nairobi Journal of Management*, 1 (July) 29-49.
- Kinnear, T.C. and Thylor, J.R. (1987). "Marketing Research: An Applied Approach, 3rd ed. McGraw-Hill, New York, NY, 1987.
- Khanna, T., Palepu, K. and Sinha, J. (2005). Strategies That Fit Emerging Markets. *Harvard Business Review*. <https://hbr.org/2005/06/strategies-that-fit-emerging-markets>.
- Kheir-EI-Din, A. (1990). "Competitive Marketing Strategies: A Survey of Japanese Manufacturing Firms' Competitive Performance in the British Market", *Journal of Marketing Management*, Vol. 6, 1990, pp. 15-45.
- Kotler, P. (1966) "A Design for the Finn's Marketing Nerve Center' " *Business Horizons*, Vol.9, 1966, pp. 63-74.

- Kotler, P. (1980). *Marketing Management: Analysis, planning and Control*, (4th Ed.). New Jersey: Prentice Hall.
- Kotler, P. & Keller, D. (2008). *Valuation: Measuring and Managing the Value of Companies* (4th Edition). Hoboken, NJ: John Wiley & Sons.
- Kotler, P., Kartajaya, H. and Setiawan, I. (2010). *Marketing 3.0*. Hoboken: Wiley.
- Kohli, A & Jaworski, B. (1990). Market Orientation: The construct, Research proposition and Managerial Implications. *Journal of Marketing*.
- Kohli, A, Jaworski, B, Kumar A. (1993). MARKKOR: A measure of Market Orientation. *Journal of Marketing Research*.
- Leedy, P. & Ormrod, J. (2001). *Practical research: Planning and design* (7th Ed.).
- Martin, R. (1993). The New Behaviorism: A critique of Economics and Organization. *Journal of Human Relations*, 46, 1085-1101.
- McCarthy, J & Perreault, W. (1990). *Basic marketing - A Managerial Approach*, (10th Ed.) Illinois: Irwin.
- Malhotra, N.K. (2008). *Marketing Research: An Applied Orientation*. Prentice-Hall of India.
- Narver, J. & Slater, S. (1990). The Effect of Market Orientation on Business Profitability. *Journal of Marketing*.
- Njagi C. (2015). The marketing research practices and performance of fast moving consumer goods manufacturers in Kenya unpublished MBA project university Of Nairobi.
- Orodho, J. A. (2008). *Techniques of writing Research Proposal and Reports in Education and social Sciences*. Maseno: Kanezja.
- Reynolds, N.L. (2000). Benchmarking international marketing research practice in UK agencies Preliminary evidence. *International marketing journal*.

- Peterson, R.A. (1988). *Marketing Research*, 2nd ed., Business Publications, Plano, TX, 1988.
- Quinn, James Brian; Hilmer, Frederick G. (2006). Strategic outsourcing. *Sloan Management Review; Cambridge, Mass.* 35. (4): 43.
- Raguragavan, G. (2001). A study on The Relationship between Market Research and Business Performance. Ph.D. Dissertation. New Zealand. Massey University.
- Richard, P. Devinne, T. Yip, G. & Johnson, G. (2017). *Measuring-organizational-performance*. Saddle River, NJ: Merrill Prentice Hall. Thousand Oaks: SAGE Publications.
- Shapiro, B. and Bonoma, T. (2017). How to Segment Industrial Markets. *Harvard Business Review*.
- Spirig, S. (2011). The International Operations of National Firms: A Study of Direct Foreign Investment. Ph.D. Dissertation. Cambridge, USA: Massachusetts Institute of Technology.
- Smith, R., & Round, D. (1998). A strategic behavior approach to evaluating competitive conduct. *Journal of Management Studies*, 120-280.
- Tasic, S., & Feruh, M. B. (2012). Errors and issues in secondary data used in marketing research. *The scientific journal for theory and practice of socioeconomic development*.
- Sangeet D, Nicholas O and Erick Louw. (2002). Marketing research practices in the UK technology *Logistics Information Management* 10 · 1997 · 160–166 · 0957-6053.
- Tomczak, T. & Karg, L. (1999). Toward a theory of marketing. *Journal of marketing*, 52(3), 68-114.
- Tomczak, T., Reinecke, S., & Kaetzke. (2000). The Effects of Strategy Type on the Market Orientation-Performance Relationship. *Journal of Marketing*, 64 910), 1-16.

- Tomczak, T., Reinecke, S., & Mühlmeier, S. (2004). Task-Oriented Approach. Unpublished Paper. University of St. Gallen.
- Von Krogh, G. & Roos, J. (1992). Figuring Out Your Competence Configuration. *European Management Journal*, 10(4): 422-427.
- Zikmund, W.G. (1986). *Exploring Marketing Research*, 2nd ed., Dryden Press, Hinsdale, IL, 1986.
- Zikmund, W. G., & Babin, B. J. (2013). *Essentials of marketing research*. Stamford, CT: Cengage Learning.

APPENDICES

Appendix 1: Letter of introduction

Dear Sir/Madam,

RE: RESEARCH INFORMATION FOR AN MSc PROJECT

I am a postgraduate student undertaking a Master of Science (MSc) degree at the school of business, University of Nairobi. As partial fulfillment of the requirement for the award of MSc degree, I am conducting a survey on the “Marketing research practices and performance of Cement Manufacturers in Kenya”. The information you provide will not be used for any other purpose apart from its intended academic use.

I am aware that filling the questionnaire is time consuming and will greatly appreciate your assistance. Any additional information in form of comments or suggestions that you deem necessary to make my research finding more conclusive, relevant and reflective of the study area will be highly appreciated.

Thank you in advance.

Yours faithfully,

Asha Osman

MSc Student

Appendix II: Questionnaire

Section A: General information

1. Name of company: _____
2. What is your position in the organization _____
3. Using the categories below please indicate how long your company has been in operation? (please tick one)

0 – 5 years []

5 – 10 years []

10 -15 years []

Over 15 years []
4. Please indicate the ownership of your company using the categories below?

Private []

Public []
5. How many employees work for your organization?

Less than 100 []

101 – 300 []

301 – 500 []

Over 500 []
6. What has been the trend of the company's annual sales turn over the past 5 years?

Exponential []

Incremental []

Declining []

Varying []

Section B: Marketing research practices

7. Does your company carry out Market research?

Yes

No

8. How do you carry out Market research?

In- house

Outsource

9. In your company does market research fall under marketing or research and development department?

Marketing

Research & Development

10. Do you have an annual research budget?

Yes

No

11. What is the average budget for each department and what % is allocated to market research?

Department	(11a)Annual Budget	(11b) MR Allocation
Marketing		
Research & Development		

12. To what extent does your company carry out the following research?

5 – To a very great extent **4** – To great extent **3** – To a moderate extent

2 – To a small extent **1** – To no extent

Research	1	2	3	4	5
Pricing research					
Product research					
Promotion research					
Customer service research					
Distribution research					
Process research					

13. How frequently does your company carry out the following types of research?

Types of research	Monthly	Quarterly	Semi-Annually	Once a year	On demand
Marketing strategy audit					
Segmentation research					
Positioning research					
Price elasticity research					
Competitive analysis					
Customer satisfaction					
Brand awareness & reach					
Retail Audits					
Distribution channel audits					
Concept testing					
Product testing					
Sales forecasting					
Digital impact research					
Brand association research					
Advertising research					

14. To what extent does your company use the following methods of research?

5 – To a very great extent **4** – To great extent **3** – To a moderate extent

2 – To a small extent 1 – To no extent

Data collection methods	1	2	3	4	5
Focus groups					
Interviews					
Consumer panels					
Questionnaires					
Observation					
Internal documents analysis					
Mobile surveys					

15. The following statements refer to how organizations view market research. With reference to your organization how strongly would you agree or disagree with the following statements?

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

Statement	1	2	3	4	5
Market research is usually carried out to back up management insights					
Market research is usually used to generate new ideas					
Market research is usually used to screen new ideas and test concepts					
Top management determines what kind of market research to be carried out					
Without market research many of the company's decisions would be different					

A lot of market research findings are not used					
Uncertainty associated with marketing activities is greatly reduced by market research					

16. When carrying out marketing research whether through an internal department or outsourcing have you encountered any challenges?

Yes

No

17. To what extent have you experienced the following challenges when carrying out Market research?

5 – To a very great extent **4** – To great extent **3** – To a moderate extent
2 – To a small extent **1** – To no extent

Challenges	1	2	3	4	5
Budget constraints					
Methodological challenges					
Technological challenges					
Data interpretation					
Data quality					
Time constraints					
Out of touch with business realities on the ground					
Lack of engagement from consumers/respondents					
Lack of actionable insights					

18. What other challenges have you faced when carrying out market research?

.....

.....

Section C: Organizational Performance

19. In your opinion, do you think Market research influences your organizations’ performance?

Yes

No

Section D: Marketing research practices and organizational performance

20. Firm performance refers to a set of financial and non - financial indicators which offer information on the degree of achievement of objectives and results. Which performance measure does your organization use?

Please tick the appropriate answer.

- Financial measures only
- Non-performance measures only
- A balance of financial and non-financial measures

21. The following statements refer to the effect of market research on performance of cement firms. Kindly rate them on the given scale with reference to your organization.

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

Statements	1	2	3	4	5
There has been improved efficiency in serving customers for the last 3 years.					
There has been improved insights into new market opportunities					

Competitive advantage has improved relative to your competitors					
Sales turn-over has improved over the last 3 years					

22. To what extent do you feel market research has an impact on the following aspects?

5 – To a very great extent 4 – To great extent 3 – To a moderate extent 2 – To a small extent 1 – To no extent

Aspects	1	2	3	4	5
Customer satisfaction					
Increased number of prospects					
Improved product quality					
Reduced number of complaints					
Enhanced brand image					
Reduced average turnaround time					
Higher sales growth					
Product innovation					

Thank you for your time and participation.

Appendix III: List of Cement Manufacturers in Kenya

- 1) Bamburi Cement
- 2) East Africa Portland Cement
- 3) Mombasa Cement
- 4) National Cement
- 5) Savannah Cement
- 6) Athi River Mining