

**INFLUENCE OF MARKETING STRATEGIES ON SALES
PERFORMANCE OF MULTINATIONAL FAST-MOVING CONSUMER
GOODS MANUFACTURERS IN KENYA.**

BY

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DECLARATION

This research project is my original work and has not been submitted for presentation in any other institution of higher learning.

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

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DEDICATION

I dedicate this research project to my parents Stephen and Shelmith and my siblings for their unlimited moral support and encouragement. I also dedicate this work to my classmates and lecturers for sharing their resourceful ideas and knowledge. Thank you all and God bless you abundantly.

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ABBREVIATIONS

FMCGs: Fast Moving Consumer Goods

SPSS: Statistical Package for Social Sciences

CPG: Consumer Packaged Goods

GDP: Gross Domestic Product

P&G: Procter and Gamble

ABSTRACT

Reports from the FMCG sector shows that multinationals dominate in sales volume and market share leadership irrespective of the intense competition. Furthermore, this sector is also characterized by commoditization of products that can only be differentiated by price. Central to the planning function of an organization are marketing strategies that define the direction of the firm in respect to customer acquisition and retention. Additionally, studies demonstrate that marketing strategies have the potential to influence the conversion rates of inputs into revenues across different sectors. Sales performance is the main variable that majority of the firms use to measure their firms performance and profitability. This study sought to investigate the influence of marketing strategies on sales performance specifically targeting multinational FMCG manufacturers in Kenya. The study was anchored on the marketing mix theory put forward by McCarthy (1994) who proposes that marketing mix is a combination of resources and marketing programs that are predisposed for a managers' use in satisfying the customers. He posits that the marketing mix involves four Ps (product, price, promotion and place) which are used by marketing practitioners in decision making and have the influence to strategically increase or decrease the profitability of a firm. This study adopted a descriptive cross-sectional census survey design. The population of the study involved all marketing managers or their equivalent from the 20 multinational FMCG manufacturers in Kenya. Data was collected using structured questionnaires that were shared electronically via email and Google forms with the respondents. Of all the questionnaires distributed by email, 17 questionnaires were comprehensively filled and returned accumulating into a response rate of 85% which was adequate for the purposes of the research objective. The raw data was later analyzed by SPSS. Data analysis used both descriptive and inferential statistics that were used to interpret the findings. The study found that there was significant relationship between marketing strategies and sales performance. 76.03% of the respondents were of the opinion that marketing strategies significantly influenced sales performance. The study further recognized that most multinational FMCG manufacturers used promotional, place and product development strategies that significantly influenced sales volume. Of the three, specific tactics revolved around distribution channels, interaction with consumers, packaging, branding and labeling scored the highest means in response reflecting that they were the most efficient in relation to improving sales volumes. It was also established that pricing strategies were the least efficient in increasing sales volumes of multinational FMCG manufacturers. Recommendations were made for further studies into e-marketing and its influence on sales volume as well as the challenges of implementation and selection of various strategies for use. Moreover, recommendations were made for the government to reduce levies on advertising and energy costs while enacting stringent laws on copyrights so as to enable manufacturing firms to better differentiate their products and improve their profitability. For marketers recommendations were made for local firms to embrace the top three strategies of promotion, product development and place to be able to compete internationally. Besides marketers were also advised to try to implement all the strategies consistently to best position their products and better realize their profitability.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The marketing environment in the 21st century is very complex and challenging and this can be attributed to abundance of information, financial and societal growth and technological advancement. In this century, a firm has to find ways to break out of the commodity status so that it can meet customer's needs and wants better than its competitors (Ferrel & Hartline, 2010). Therefore, firms seek to gain a competitive advantage and synergy by developing and implementing appropriate marketing strategies in order to meet the needs and wants of their customers in a target market satisfactorily. Most of the organizations measure the success of the marketing strategies developed and implemented through sales performance. Sales performance is very important to a firm because the performance of its business and economic profit can be summarized in sales volumes (Kelemu & Gedam, 2017).

The study of marketing strategies and sales performance is well anchored on marketing mix theory. McCarthy (1964) views marketing mix as a combination of marketing activities and resources which a marketing manager uses to satisfy a particular market. Kotler (1999) also defines marketing mix as a park of controllable variables that an organization can use to influence customers' response. (McCarthy, 1964: Kotler, 1999) refer marketing mix variables as 4 'Ps' of marketing which include product, price, place (distribution) and promotion. Kotler (1999) argues that a company can create the highest level of customer satisfaction while meeting its business objectives through the 4 Ps of marketing mix. The marketing mix theory is used in the 21st century by marketing managers to make major decisions in planning and executing marketing activities. Marketing mix theory helps in organizing all aspects of the marketing plan including the wishes, traditions and attitudes of the segments (Gronroos, 1994).

Importantly characterized by affordable products with consistent demand, the fast-moving consumer goods (FMCG) segment is among the leading trade worldwide (KPMG Africa, 2016). In Kenya there has been a rapid expansion of fast-moving consumer goods segment which is a major driver for industrial growth due to strong demand for food, beverages and personal care products. Certainly, this has given rise to entrance of various international businesses as well as a growth in current investments in recent years (KPMG Africa, 2016). Due to commoditization status and intense global competition, major multinational fast-moving consumer goods manufacturers in Kenya have adopted various marketing strategies to improve their sales performance and achieve a sustainable competitive advantage.

1.1.1 Marketing Strategies

Mohammed et al, (2014) defines marketing strategy as the practice in which company's channel inadequate assets on the best available prospects with the aim of maximizing the selling effort. Besides, Ferrel and Hartline (2010) posit that strategic marketing is the art involving internal stakeholders identifying the means to convey excellent value in service and products to consumers besides meeting the organizational objective. The main aim of marketing strategy is to appropriately allocate and coordinate marketing resources and undertakings in order to achieve the objectives of the company in a specific marketplace.

In addition, Ferrel and Hartline (2010) argue that the objective of marketing strategy in a marketing environment is creative customization of marketing programs to content customers' needs. This argument is supported by Kotler and Armstrong (2012) when they mentioned that a firm's marketing strategy outlines which customers it will serve and how it will generate value to these customers. Indeed, marketing strategy seeks an answer to the

questions: who are our customers and how can value addition be created by the firm? The firm will define its customers by conducting market segmentation and targeting and create value to them by differentiation and positioning. In addition, a firm will provide added value to buyer segments through its integrated marketing mix that entails product, price, promotion and place (Kotler and Armstrong, 2012).

1.1.2 Sales Performance

Performance is the extent of actual work done by an individual (Richard, 2009). Sales performance describes the movement of collections in terms of proceeds when comparing different periods (McCarthy, 1994). Central to the enactment of a sales performance threshold is marketing research that aids in the projections of a firm's aggregate sales and probable attainable quotas per territory. Most of the firms use quantitative performance standards to measure their sales performance by calculating the total sales volumes attained in a particular market. For fast-moving consumer goods manufacturers, it will be logical for them to use quantitative performance standards to measure their sales performance.

The sales function in most firms is executed by account developers who interact directly with buyers and contemporaries as they make an effort to present the available products to end users (Järvenkylä, 2017). Järvenkylä, (2017) observes that the intricate evolution of the selling process from product centeredness to service focus puts measurement of sales performance and actual sales on the forefront of successful implementation of a company's objective. To support this, Kuster and Canales (2011) explained that sales performance measurement is often divided into two separate approaches; outcome and behavior measurements (Järvenkylä, 2017).

King'uyu (2013) explains that, sales performance is a determinant of the account developer's capability to close a sale on behalf of the company and surpass the charted performance goals set by the business. Cooper and Kleinschmidt (2015) defined performance as the extent of the actual work performed or shown by an individual (Kasiso, 2017). Sales performance results to the volume of offers achieved in a predefined period contrasted with predetermined sales level (Rotich, 2016).

1.1.3 Multinational Fast Moving Consumer Goods Manufacturers in Kenya

Multinational FMCGs manufacturers are large corporations that own or controls production of Fast-Moving Consumer Goods in at least one nation other than its home country. Due to globalization and high demand for Fast-Moving Consumable Goods in Kenya, there are 20 multinational FMCGs manufactures in Kenya (Kenya Association of Manufacturers, 2018). Fast-Moving Consumable Goods also labeled Consumer Packaged Goods (CPG) are characterized by affordable products with consistent demand and form the largest industries in the world. Product categories beneath the CPG umbrella include foodstuff, drinks, individual hygiene and household cleaning utensils (KMPG Africa, 2016). From the retailing perspective, FMCGs are often quoted as a game of truncated-margins with great volume, since the profit margins are relatively low and have to be sold on large quantities.

Fast-moving consumer goods sector is rapidly expanding and is the major driver of industrial growth in Kenya. According to the Kenya Economic Report (2017), manufacturing sector contributed to the nation's GDP growth in the year 2016 by 6.3%. The overall retail spending accounts to over 30% of the Kenya GDP and this is largely contributed by the multinational Fast-Moving Consumable Goods manufacturers (P&G, 2017). Kenya as a middle-income economy appears promising for the FMCGs as the consuming habits are evolving along with

urban and demographic growth. Growth in the FMCG sector in Kenya has largely been driven by the population growth, a well-educated workforce and rising middle class (KMPG Africa, 2016).

1.2 Research Problem

Marketing strategies have been significantly linked to influence an organization sales performance. Globally, most of the companies are using marketing strategies as tools for attaining overall organization performance and competitive advantage. According to Budi and Aditya (2013) marketing strategies are developed and implemented by the organizations with the aim of increasing sales volumes and sales growth. The purposes of sales volumes and market share are very important in many firms, and this is because business performance and a firm's economic profit can be summarized in sales volume (Kelemu & Gedam, 2017).

There have been mixed results in the industrial investments in Kenya as new manufacturing companies enter the Kenyan market while other relocates to other regional market. This has been mainly contributed by intense competitive environment created domestically and complemented by regional integration initiatives (Kenya Economic Report, 2017). To survive this intense environment and to increase their sales performances, organizations are adopting marketing strategies that cultivates long term relationships with the customers and other stakeholders. Marketing strategies have become a very crucial tool in the global world for any organization to remain competitive in the 21st century economy, Oyewale et al. (2013).

Studies have been done in regard to marketing strategies and their relationship to the firm's sales performance. Abbas et al, (2012) investigated the link between marketing mix and sales performance in the Iranian context of the steel manufacturing private firms. The conclusions

point to a substantial correlation between the marketing mix and sales performance. Studies by Bakator and Petrovic (2016) on the correlation flanked by marketing strategy, merchandise quality and advertising on the telecoms market in Serbia established that promotion influences consumer behavior and perception by creating strong brands which compensates for low class merchandise hence decreasing undesirable influence on sales rate. In Africa, several studies have also been carried in respect to marketing strategies and sales performance. For example, Oyewale et al, (2013) studies the impact of marketing strategy on trade performance of small and medium enterprises in Ibadan, Nigeria. Results indicate that marketing strategy involving the four P's had a significant influence on business performance in terms of market share, profitability, return on investment and expansion. In addition, Kelemu and Gedam (2017) in a case study of Ethiopian textile firms investigated the role of marketing strategy for sales volume. The findings reveal a positive correlation between the marketing mix elements and sales volume.

In Kenya, a number of studies have also been done. Muthengi (2015) did a study on the effects of marketing strategies performance of commercial banks in Kenya. In her study it was clear that marketing strategies are more effective and significant to the performance of a firm if they are adequately combined. Kasiso (2017) carried a study also on the effects of marketing strategies on sales performance of small and medium enterprises in Kenya. The study revealed that product strategies, pricing strategies, promotional strategies and place strategies have positive significant effect on sales performance of small and medium enterprises in Kenya.

As illustrated above, it is clear that marketing strategies have positive significance effect on sales performance of an organization. However, there is inadequate study on the influence of marketing strategies on the sales performance of multinational FMCGs manufacturers in Kenya, and this has created an opportunity to fill the gap that other researchers have left.

This study sought to determine the influence of marketing strategies on sales performance of multinational FMCG manufacturers in Kenya and answer the following question: what are the influences of marketing strategies on sales performance?

1.3 Research Objective

The main objective of this study was to establish the influence of marketing strategies on sales performance of multinational FMCGs manufacturers in Kenya.

1.4 Value of the Study

The findings from this study would assist marketing managers and top management of the multinational FMCGs manufacturers in Kenya to evaluate whether the marketing strategies adopted are effectively improving their company's sales performance. This study will also be valuable to the local FMCG manufacturers as they will get in-depth insight on some of the marketing strategies, they can adopt to advance the firms sales performance. Additionally, this study will help the legislators to get insight on how marketing strategies contributes to sales performance and perhaps develop new policies or revise the existing ones to support the marketing programs in the FMCG sector.

In academics, this study will contribute to the current literature on marketing strategies and sales performance. It will motivate future researchers interested in this field of study to carry further research and subsidize the body of knowledge in the field of marketing. The findings

of this study will be useful to students and researchers since it will provide them with data for their academic assignments and research. This study will also act as a benchmark for future scholars to advance their studies on fields of interests which have not yet been exploited.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter outlined theoretical foundations of this study and reviewed literature of the previous studies related to marketing strategies and sales performance in detail.

2.2 Theoretical Foundations

This section examined the anchoring theory that was used to guide the study. The theory of marketing mix was used in this study.

2.2.1 Marketing Mix Theory

Marketing mix concept was initially suggested by Culliton (1948) and introduced by Borden (1965). McCarthy (1964) reorganized the twelve components into product, price, promotion and place (Goi, 2009). According to McCarthy (1964) a marketing mix is a consolidation of the aspects at the marketing manager's disposal to gratify the target market (Goi, 2009). According to Kotler (1999) the marketing mix entails tools that a business exploits to realize objectives in a target market. Besides, Riaz (2011) describes marketing mix as a set of manageable marketing tools used by a company to elicit an anticipated reaction in the target market (Isoraite, 2016). Singh (2012) also examines marketing mix as the grouping of various promotion variables used by the firm to market its goods and services (Isoraite, 2016).

A number of researchers (Booms & Bitner, 1981; Fifield & Gilligan, 1996) have modified the traditional 4 Ps of marketing by adding people, process and physical evidence as additional Ps of the marketing mix (Goi, 2009). Keller and Kotler (2012) have emphasized that given the scale, intricacy and productivity of marketing, the four Ps of marketing are just but a part

of the story. He suggests updating the 4ps to replicate the universal marketing that exemplifies contemporary marketing truths by including people, processes, programs and performance as additional sets (Kotler and Keller, 2012). Robert (2000) also proposed a four-pointer customer-oriented version of the P's including consumer, cost, communication and convenience which blends with the movement from mass marketing to niche marketing (Kotler and Keller, 2012).

The overall idea behind marketing mix theory is to shape all aspects of the marketing plan around the habits, desires and psychology of the target market (McCarthy, 2004). Therefore, while satisfying the needs and wants of the consumers, the firm should make decisions that touch on its products, price, distribution and promotion as they are the key components of the marketing mix (Isoraite, 2016). Globalization has brought significance change in all business environments as customers are becoming choosier and companies are also facing stiff competition. In order to survive in such a harsh environment, firms should incorporate effective marketing mix management.

2.3 Empirical Studies and Knowledge Gaps

Strategies play a very significant role in firm's performance. The objective of the strategy is to create a sustainable and profitable business against forces determining the industry competition (Kasiso, 2017). In this ever-changing business environment, firms are challenged to develop marketing strategies that will assist them to gain competitive advantage over their competitors. For companies to position themselves on top of the competition, majority adopt different marketing strategies (Stephen & Itamar, 2010). Silva (2006) also argues that different marketing strategies have different effects on the firm's sale performance. Rotich (2016) propose that marketing strategies are the elemental goal of increasing sales and

achieving a sustainable competitive advantage. Marjanova and Stojanovski (2012) argue that good marketing supports sales and expansion hence contributing significantly to the growth of a firm's market share in a competitive environment (Kasiso, 2017).

Krohmer (2002) explained that marketing strategy relates positively to organization's performance indicators such as sales performance, business unit performance, profitability, product development performance and product management performance. Krohmer (2002) continues to argue that a cross-functional cooperation in planning marketing activities whereby various organization departments contribute to those activities usually increases the performance of the organization. Marketing is an effective tool and strategy for increasing the sales of a product (Kelemu & Gedam, 2017).

Marketing mix is an instrumental element of marketing strategy. Marketers have done a very good job in instilling the 4Ps (product, price, place and promotion) in the minds of those interested in businesses and expect to improve their sales performance (Abbas et al, 2012). A company marketing plan is basically comprised of the 4Ps of the marketing mix toolkit which has a considerable impact on firm's sales performance (Abbas et al, 2012). Effective marketing mix strategies have immensely contributed towards improved business performance in divergent aspects of a company such as the growth in sales volumes (Muchiri, 2016).

Amirhosein and Zohre (2013) carried out a research on how sales performance has been influenced by marketing strategies: the controlling impact of internal and external environments. The respondents were the sales and marketing managers of companies in food industry in Tehran, Iran. This research concluded that marketing strategy has a positive

impact on sales performance. Abbas et al, (2012) also did a study on the correlation between marketing mix and sales performance by investigating the Iranian steel private companies. He concluded that marketing mix and sales performance of the steel companies have significant connection. Additionally, Budi and Aditya (2013) did a study on the impact of marketing strategies which included segmentation, targeting and positioning, and marketing mix strategies on marketing performance of Indonesian ship classification society. In their findings, it was clear that marketing strategies significantly influence sales volume which is the dominant factor in performance marketing.

Oyewale et al, (2013) did a study on the effect of marketing strategy on performance of small and medium enterprises in Ibadan, Nigeria. The researcher found out that marketing strategy such as: product, price, promotion, place, how to package and services once the product has been sold did have a great impact on business performance in terms of market share, profitability, return on investment and expansion. In addition, Kelemu and Gedam (2017) carried out a research on the role of marketing strategy on the volume of sales case study of Ethiopian textile firms. The findings confirmed that there is a constructive impact of marketing mix elements on sales volume.

Muthengi (2015) did a study on the effect of marketing strategies on sales performance of commercial banks in Kenya. In her study she found out that there was an overall significance of the adopted marketing variables, without isolation, on the sales output of the banks. Additionally, Kasiso (2017) did a research on the impacts of marketing strategies on sales performance of small and medium enterprises in Kenya. This study established that product growth strategies, promotional strategies, pricing strategies and place strategies had a constructive impact on sales performance of small and medium enterprises in Kenya. Gituma

(2017) also did a research on the effect of marketing mix on sales performance of Unga Feeds Limited in Kenya. His research unveiled that 4Ps of marketing mix strategy had a positive significance impact on sales performance. Lastly, Onyango (2017) investigated competitive strategies and performance of multinational FMCGs manufacturers in Kenya. In her findings it was coherent that competitive strategies such as differentiation and cost leadership have significant impact on sales trends which is an indicator of organization performance.

It is evident that studies have been done on marketing strategies and their influence on sales performance, however little has been done locally about the influence of marketing strategies on sales performance of multinational FMCG manufacturers hence a research gap. From the above studies it is clear that Muthengi (2015) and Kasiso (2017) investigated the relationship between marketing strategies and sales performance. However, their studies were investigating different sectors from what this study is investigating. Gituma (2017) also did a study on the effects of marketing strategies on sales performance of Unga Feeds Ltd which is a local Fast-Moving Consumable Goods manufacturer. It is clear that his study did not involve multinational FMCGs manufactures. Onyango (2017) did a research to investigate the competitive strategies and performance of multinational FMCGs manufacturers in Nairobi. However, his study did not investigate the influence of marketing strategies on sales performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the methodology that was adopted by the researcher in carrying out the study. It covered the following areas: research design that was used, population of the study, data collection methods and data analysis.

3.2 Research Design

This is the overall strategy that a researcher chooses to integrate separate elements of the study in a consistent way and ensure that he/she will effectively address the research problem. Kothari (2004) explains that a research design explains choices regarding to what, where, how, when, how much and by what means is a research study. A research design contributes the layout for collection, measurement and analysis of data. It includes an outline of the research from the hypothesis and its operational application to data analysis (Creswell & Clark, 2007).

A descriptive research design assists in providing answers to the questions of who, what, when, where and how is associated with the research problem. Mugenda and Mugenda (2003) mentioned that a descriptive research design is the exact measurement and reporting of characteristics of the incident under investigations and it describes that incident. A cross-sectional survey design provides a clear image of the outcome and the characteristics associated with it at a specific time in place. Therefore, this study adopted a descriptive cross-sectional census survey design.

3.3 Population of the Study

Mugenda and Mugenda (2003) explained that a population is the entire set of pertinent units or elements that a researcher intends to study. A population consists of the total number of persons, ménages or businesses that a researcher wants to include in a study (Smith and Album, 2012). Multinational FMCG manufacturers are the largest producers of fast-moving consumer goods in Kenya and they occupy the largest market share. According to Kenya Manufacturers Association Directory (2018) there are 20 multinationals manufacturers in the FMCG sector. This study focused on all 20 multinational FMCG manufacturers in Kenya.

3.4 Data Collection Methods

This research collected primary data using a structured questionnaire. The questionnaires were administered to the respective marketing and sales managers or an equivalent via email and Google documents. The questionnaire was divided into two sections. The first section sought to establish the general information of the firm and the respondent. The second section established the respondent's opinion on the influence of marketing strategies on the organization's sales performance. A five-point likert scale was used for closed ended questions and the respondents were required to rate the statement based on how a particular statement corresponded to their opinion through a score.

3.5 Data Analysis

Data analysis involves inspection of the data collected, doing clean-ups, transformation as well as modeling of the cleaned and inspected data into conclusive information that supports the decision made (Cresswell, 2013). Therefore, the collected data was cleaned to remove any incomplete and inaccurate data. Once the data was clean, it was coded and analyzed using descriptive and inferential statistics methods. Statistical Package for Social Sciences (SPSS)

was used as a tool to analyze both the descriptive and inferential statistics. Descriptive statistics such as measure of central tendency, frequency distribution, measure of dispersion and percentage were used to unfold the data and shape the respondent's degree of agreement with the various statements. Since the population size was small, Chi-Square test was applied to determine the relationship between marketing strategies and sales performance. Cronbach's alpha was used to perform a reliability test for items that were on the likert scale.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents a summary of the data collected and its interpretation. It discusses the findings of study and shows the relationship between marketing strategies and sales performance. Analysis for both inferential and descriptive statistics was done through Statistical Package for Social Sciences (SPSS). The findings of this study have been presented in frequency distribution, mean, standard deviation and percentage.

4.1.1 Response rate

The study targeted 20 multinationals and questionnaires were distributed to the 20 respondents through emails. Out of the 20 questionnaires that were distributed, 17 were filled and returned representing a response rate of 85%. Mugenda and Mugenda (2008) explain that in a census study a response rate of 70% or more is adequate for analysis.

Table 4.1 1: Response Rate

	Questionnaires Administered	Questionnaires filled & Returned	Percentages
Respondents	20	17	85

Source: (Research Data, 2017)

4.1.2 Reliability analysis

Mugenda and Mugenda (2003) points out that a reliability test is necessary when measuring the degree of a data collection instrument to give same results after repeat tests. Reliability test was done to measure the internal consistency of the instrument used through Cronbach Alpha. When one is using Cronbach Alpha to test for internal consistency, he or she should note that the closer the alpha coefficient is to 1.0 the greater the internal consistency, whereas the closer it is to zero the lower the internal consistency. Sekaran (2000) argues that a value

between 0.5 and 0.8 can be used to deduce internal consistency. Alpha coefficient of 0.7 was used as a benchmark in this study to infer internal consistency.

Table 4.1 2: Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
Product Development Strategies	0.866	5
Price Strategies	0.879	5
Promotion Strategies	0.871	5
Place Strategies	0.877	5

Source: (Research Data, 2018)

Table 4.1 2 shows that price strategies had the highest reliability at 0.879, followed by place strategies at 0.877, promotion strategies at 0.871 and lastly product development strategies at 0.866. It is clear that all the variables had an internal consistency above 0.7 and this proves that the internal consistency was reliable.

4.2 Background Information

This section examined the background information of the respondent and his company. The information considered the respondent level of education, position, years of experience size of the firm and the type of goods that their company manufactures.

4.2.1 Job Titles/Positions of the respondents

The study was targeting marketing managers, sales managers or their equivalent as the respondents. From the findings, the respondents were 6 sales managers, 6 marketing managers, 2 accounts managers and 3 brand managers. Table 4.1 3 shows the findings.

Table 4.1 3: Respondents' Job Position

Job Position	Frequency	Percentage
Sales Manager	6	35.3
Marketing Manager	6	35.3
Brand Manager	3	17.6
Accounts Manager	2	11.8
Total	17	100

Source: (Research Data, 2018)

4.2.2 Education level of the respondents

The education level was an important factor in determining the respondents' knowledge of marketing strategies. 9 respondents have a master degree, 7 have bachelor degree and 1 has a diploma. Table 4.1 4 displays the findings.

Table 4.1 4: Level of Education

Education level	Frequency	Percentage
Masters	9	52.9
Degree	7	41.2
Diploma	1	5.9
PHD & others	0	0
Total	17	100

Source: (Research Data, 2018)

4.2.3 Respondents years of experience in the company

Respondents were asked to indicate the period they have been working with their current companies, and 64.71% of the respondents indicated that they have been working for their current companies for 3-5 years and 35.29% of the respondents said 6-10 years. It is clear that

the respondents have been working in their current companies for more than 2 years hence ability to provide credible information. Table 4.1 5 shows the results.

Table 4.1 5: Years of Experience in Current Firm

Period	Frequency	Percentage
1-2 years	0	0
3-5 years	11	64.71
6-10 years	6	35.29
Over 10 years	0	0
Total	17	100

Source: (Research Data, 2018)

4.2.4 Number of employees in the firm

The study sought to identify the size of the company based on the number of employees. The results obtained shows that 35.3% of these multinationals FMCGs have 501-1000 employees, 29.4% have less than 500 employees, those that have over 1000 but less than 5000 stands at 17.6% and those with over 5000 employees are 17.6%. It is clear that majority of the multinational FMCGs in Kenya have over 500 employees but less than 1000. The performance of the firm is determined by the number of resources it has and workforce is one of the resources. The findings of these results are indicated in table 4.1 6.

Table 4.1 6: Number of the Employees

Number of employees	Frequency	Percentages
0-500	5	29.4
501-1000	6	35.3
1001-5000	3	17.6
Over 5000	3	17.6
Total	17	100

Source: (Research Data, 2018)

4.2.5 Type of Business

The study established the type of goods manufactured by the multinational FMCGs in Kenya. From the findings, 41.18% of these multinational manufactures hygiene and personal care, 29.41% manufactures processed food, 23.53% specializes in beverages and 5.88% produce household cleaning utensils. It is evident from this finding that there is high demand for hygiene and personal care products compared to other Fast-Moving Consumer Goods. The results are displayed in table 4.1 7.

Table 4.1 7: Type of Business

Type of Business (FMCG)	Frequency	Percentages
Processed Food	5	29.41
Beverages	4	23.53
Household cleaning utensils	1	5.88
Hygiene and personal care	7	41.18
Total	17	100

Source: (Research Data, 2018)

4.3 Marketing strategies and sales performance of multinational FMCGs in Kenya

This section sought to establish respondents' opinions on the effects of marketing strategies on sales performance.

4.3.1 Product Development Strategies

The research established the extent to which the respondents' agreed with the statements below in relation to product development strategies and sales performance. Table 4.1 8 displays the results.

Table 4.1 8: Product Development Strategies

Statements	N	Mean	SD
Products that are perceived to be of high quality commands high sales than those that are not	17	4.76	0.437
Well labeled products attracts more customers hence more sales	17	4.76	0.562
Products that are well designed have high sales volume	17	4.53	0.624
Your company offers a broad line of products to maximize sales	17	4.53	0.717
Branding increases products visibility and purchases	17	4.82	0.529
Well packaged products have high sales volumes	17	4.82	0.529
Customers tends to purchase more products of well-known brands regardless of their high prices	17	4.53	0.717
Branding increases a product profits	17	4.71	0.47
Products with bright colors have high sales volume	17	3.12	1.364
Products with good smell are purchased more than those without	17	3.71	1.312
Mean of means		4.429	0.726

Source: (Research Data, 2018)

From the results in the table above, most of the respondents agreed that well packaged products have high sales volume and branding increases products visibility and purchases irrespective of the type of product on sale. The two statements had a mean of 4.82 each and a standard deviation of 0.529 respectively. A standard deviation of <1 indicates that there is no significant variation in responses whereas the one which is >1 indicates a significant variation in responses. The statement that products with bright colors have high sales volume scored the lowest mean at 3.12 and a standard deviation 1.364. It is clear that majority of the respondents did not agree on this statement and this contributed to a significant variation. The variation came about because for marketers in the beverage section, bright colours enhanced

visibility and attracted traffic compared to personal care products, household cleaning and processed food section who said the colors don't matter.

4.3.2 Pricing Strategies

The study established the extent to which the respondents agreed with the pricing statements.

Table 4.9 displays the results.

Table 4.1 9: Pricing Strategies

Statements	N	Mean	SD
Low-cost products have high sales volume	17	3.47	1.007
Prestige pricing has increased your company profits	17	3.35	0.931
Market penetration pricing increases a company's market share	17	3.65	0.996
Value-based pricing increases customer satisfaction and firms profits	17	4.00	0.866
Promotional discounting have significant effect on sales volumes	17	4.47	0.717
Price bundling increases purchases hence high sales	17	4.12	0.6
Psychological pricing increases a product sales	17	3.53	1.007
Products with high prices have low sales volume	17	2.82	0.951
Dynamic pricing has helped your company to increase its market share	17	3.88	0.6
Geographical pricing has positive impact on a product market share	17	3.71	0.849
Mean of means		3.7	0.852

Source: (Research Data, 2018)

From the results in table 4.1 9, majority of the respondents agreed that promotional discounting has a significant effect on sales volume. This statement had a mean of 4.47 and a

standard deviation of 0.717 which indicates that there was small variation in the responses. The statement that products with high prices have low sales volume scored the lowest mean at 2.82 and a standard deviation at 0.951. It was clear that majority of the respondents disagreed with the statement that high priced products have low sales volume. The two statements: psychological pricing increases product sales and low-cost products have high sales volumes had the highest standard deviation at 1.007. This indicates that there was a significant variation on the respondents' opinion.

4.3.3 Promotion Strategies

The study also examined the influence of pricing strategies on sales performance. Table 4.1 10 shows the results.

Table 4.1 10: Product Promotion Strategies

Statements	N	Mean	SD
Sales promotion has a positive effect on product sales	17	4.53	0.8
Advertising increases a company's sales volume	17	4.47	0.717
Events and experiences increases brand awareness hence more sales	17	4.29	0.985
Public relations assist in managing the brand image and positively influences brand sales	17	4.35	0.996
Interactive marketing has a significant impact on product sales volume	17	4.65	0.493
Personal selling has increased your brand sales volumes	17	4.18	1.015
Your company actively uses e-marketing which has increased your product sales	17	3.82	1.074
Word of mouth has significantly increased your products sales	17	4.06	0.899
Direct marketing positively influences a product sale volumes	17	4.35	0.862
Promotion strategies have increased your market share and profits	17	4.12	1.166
Mean of means		4.282	0.901

Source: (Research Data, 2018)

The statement interactive marketing has a significant impact on product sales volume scored the highest mean at 4.65 and a standard deviation of 0.493, whereas your company actively uses e-marketing and has increased your product sales scored the least mean at 3.82 and a standard deviation of 1.074. It is clear that majority of the respondents agreed that interactive marketing significantly influences sales volume. Promotion strategies have increased your market share and profits had the highest standard deviation at 1.166. This means that the responses had a significant variation.

4.3.4 Place Strategies

This study established the extent to which the respondents agreed with the following statement. Table 4.1 11 shows the results.

Table 4.1 11: Place Strategies

Statements	N	Mean	SD
Geographic location has a significant effect on a company's sales volume	17	3.94	1.298
Customers tends to purchase products that are readily available to them regardless of the price, brand and quality	17	4.12	0.928
Distribution channels are very important to a company and increases product sales volume	17	4.88	0.332
Your company sells products directly to the customers hence more profits	17	3.24	1.48
Your company have several intermediaries who have increased the sales volume of your products	17	4.06	1.088
Outlets that displays products clearly in the shelves have high sales volumes	17	4.65	0.606
Retail outlets with good finishing sell more products than those without	17	4.18	1.131
Distribution strategies have increased a product market share	17	4.59	0.507
Stores with good music attracts customers hence more sales than those without	17	2.47	1.505
Distribution channels have reduced the profit of a company	17	2.65	1.169
Mean of means		3.878	1.004

Source: (Research Data, 2018)

The results in table 4.1 11 indicated that the statement with the highest mean and the lowest standard deviation was: distribution channels are very important to a company and increases a product sales volume. The mean of the statement was at 4.88 and the standard deviation at 0.332. This clearly portrays that majority of the respondents agree that distribution channels are critical to a company and significantly influences a product sales volumes. The statement: stores with good music attract customers hence more sales than those without had the lowest mean and highest standard deviation at 2.47 and 1.505 respectively. This translates that majority of the respondents did not agree that stores with good music attracts more customers, and the variation in their responses was significant.

4.4 Test of Independence (Chi Square statistic) - Marketing Strategies

In order to test if the marketing strategies had a relationship on sales performance, a Chi-Square test of independence was carried out. The hypotheses for a Chi- Square test are:

Ho: No Dependence/relationship/association among the variables

Ha: Dependence among the variables

To carry out a Chi-Square test we estimate the following equation:

$$X^2 = \sum \frac{(O-E)^2}{E} \dots\dots\dots (1)$$

Where X^2 a symbol for chi-square, O is observed frequency (averages) and E is expected frequency (averages). Observed frequency are the ones we observe from the data collected. On each indicator of marketing strategy, particularly; product development, price, promotion and places strategy average responses for the Likert scale of not at all, small extent, some extent, moderate extent and large extent were estimated from the data and results shown on table 4.1 12 below:

Table 4.1 122: Average Observed Responses on Each Marketing Strategy

Average Observed Responses (%)					
Response	Product Development	Price	Promotion	Place	Total
Not at all	0.5 (2.94)	0.2 (1.18)	0.6 (3.53)	1.5 (8.82)	2.8 (4.12)
Small extent	0.3 (1.76)	1.4 (8.24)	0.3 (1.76)	1.6 (9.41)	3.6 (5.29)
Some extent	1.5 (8.82)	5.5 (32.35)	1 (5.88)	1.9 (11.18)	9.9 (14.56)
Moderate extent	3.8 (22.35)	6.1 (35.88)	6.9 (40.59)	4.5 (26.47)	21.3 (31.32)
Large extent	10.9 (64.12)	3.8 (22.35)	8.2 (48.24)	7.5 (44.12)	30.4 (44.71)
Total (n)	17	17	17	17	68 (100)

Source: (Research Data, 2018)

From table 4.11 2 above it is observed that 44.71% of the total sample was of the view that marketing strategies to a large extent influenced sales of multinational fast moving consumer goods in Kenya. The response rate was closely followed by 31.32% who were of the view that the extent was moderate. The percentage of the respondents (4.12%) who were of the view that marketing strategies do not have an influence on sales performance was relatively small. On individual marketing strategies, the largest proportion of respondents was of the view that product development, promotion and place strategies to a large extent influenced sales, whereas the pricing has the least significance on sales performance. Such differences in

the dynamic of responses warranted to test for independence among the marketing strategies, thus the Chi-Square test.

Expected averages were computed, where it is assumed that in all the categories we would expect equal responses, thus the formula for expected frequencies of:

$$(Row\ total * Column\ total)/Grandtotal$$

(2)

Was computed, the results are seen on table 4.11 3 below:

Table 4.1 133: Expected Average Responses of Marketing Strategies

Expected average responses				
Responses	Product	Price	Promotion	Place
Not at all	0.7	0.7	0.7	0.7
Small extent	0.9	0.9	0.9	0.9
some extent	2.475	2.475	2.475	2.475
moderate extent	5.325	5.325	5.325	5.325
large extent	7.6	7.6	7.6	7.6

Source: (Research Data, 2018)

All the row totals from table 4.1 13 were the same, specifically 17, thus the expected averages for each marketing strategy was the same in table 4.1 13. Computing the Chi-Square Statistic using the formula in equation (1) we obtain a Chi-Square calculated value of 12.584. This Chi2 value was compared with the critical Chi2 value at (row-1)*(column-1) degree of freedom and alpha of 0.05. The critical Chi2 was observed to be 21.03 which were bigger than the calculated one. This implied that the calculated Chi2 value fell on the acceptance region implying we cannot reject the null hypothesis, and thus conclude that there is no dependence among the marketing strategies. Specifically this implies that each marketing

strategy has its own individual weight on sales performance and thus need to be handled individually.

4.5 Discussion

This section discusses the in-depth of the research findings on the influence of marketing strategies on sales performance of multinational FMCGs manufacturers in Kenya. The study analyzed the 4 P's of strategy categorized into product, price, place and promotion with specific tactics applied for purposes of enhancing productivity in sales. In regard to the background of the respondents the study sought to establish the respondents experience in years of service within the organization, their level of education and the type of goods manufactured by their companies. From the findings 70.6% were either sales or marketing managers with the remainder representing the brand and account managers. 94.1 % of respondents had a master or degree level education and 5.9% represented diploma holders. It is evident that multinational FMCG manufactures in Kenya pay attention to level of education and skills as it has an influence on execution and organizational performance. From the findings 64.71% of the respondents have an experience of 3-5 years' experience while 35.29% have 6 to 10 years' experience reflecting that they are well informed on products, the firm objectives and a clear image of the future of the organization. Besides this, it reflects high levels of commitment and low turnover rates which could alter a firm's performance. All the multinational FMCG firms that were responsive had over 500 employees, in theory, there is a positive correlation between a firm's sales performance and the amount of resources that it has, from our study it is evident that a company with more employees and the best qualified employees are better placed to offer a competitive advantage by developing and implementing marketing strategies.

In product development strategies all respondents were keen on tactics around packaging and branding which they believed had a significant influence on sales performance irrespective of product categories being manufactured by multinationals. This is in line with Gituma (2017) argument that branding has a positive impact on profitability of a company. This was closely related to product quality and labeling which had a mean of 4.76 respectively across all product categories. On the contrary the strategy of products with bright colors and those with a good smell had the least means in regard to sales volume with an average 3.42 indicating that most marketers did not find it as relevantly important.

In relation to pricing Gituma (2017) studying local manufacturers was of the opinion that pricing played a significant role in an organizations sales performance. This was in contrast to our study of multinational FMCGs manufacturers whose response scored low in significance with a mean of 3.7. In our findings specific strategies mostly employed for purposes of increasing sales involved discounting, bundling, and value-based pricing.

Closely trailing the product development strategies are promotional strategies scoring a mean of 4.28 which mostly invests in interactive marketing that leverages relationship marketing. Other strategies include sales promotion, advertising, public relations and direct marketing ranked according to relevance. Divergent to our expectation and knowledge of the proliferation of the mobile industry in the region, internet marketing scored lowest as an effective strategy for increasing sales performance. This could be attributed to limited competencies in the digital space and the management's reluctance to exploit the digital platform. Finally, this study would not have been complete without assessing distribution strategies that aim to deliver goods to consumers. Assessing strategies around place it was established that they were significantly central to the sales volume performance with a mean

of 3.88. The most impactful strategies were the internal displays, products availability and the supply chain.

Consistent with theoretical evidence this study established that in practice marketing strategies indeed have an above average influence on sales performance of multinational FMCGs with a positive response rate of 76.03 %.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter outlined the summary of the findings, conclusion, limitations and recommendations in regard to the study objective which sought to establish the influence of marketing strategies on sales performance of multinational FMCG manufacturers in Kenya.

5.2 Summary of Findings

The study established that there are four product category manufacturers in Kenya including household cleaning utensils at 5.9%, beverages at 23.5%, hygiene and personal care at 41% and processed food at 29.4% of the FMCGs industry. It was discovered that there is strong evidence on the relationship between marketing strategies and sales performance. 76.03% of the total respondents were of the view that marketing strategies significantly influences sales performance. Further we discovered that multinational FMCG firms extensively utilize product development strategies. Importantly it was noted that the multinational FMCGs when developing products, emphasis was laid on product quality, design, branding, packaging and multiple variants which have enhanced sales performance.

In addition, these multinationals adequately adopted promotional strategies as part of their marketing programs to enhance visibility, create awareness and enhance sales. Majority of the respondents were of the view that interactive marketing, sales talks, advertising, public relations and direct marketing played a pivotal role in increasing sales. It was also noted that internet marketing though hyped in the modern day marketing practice was not as popular neither perceived as critical to the growth in sales.

The study also revealed that place strategies were of significant importance but not in comparison to product and promotion strategies. In essence, distribution channels were considered the most important variable in the accessibility of the products thus fundamental to the overall sales performance. Moreover, retail channels that are well furnished attracted more consumer traffic which converted to sales however music had the least influence on sales productivity.

Owing to the dynamic and constantly changing environment it was identified that price had minimal impact on sales performance consistent with the norm that FMCGs are high volume low margin goods.

5.3 Conclusion from Findings

From the study we can conclude that there is a significant relationship between marketing strategies and sales performance. The study further observed that the strategies have a significant influence when used independently to improve sales volumes. In essence we can thus infer that should promotion, place and product strategies be used together then the sales volumes would exponentially grow.

Further we can also conclude that the nature of FMCGs leaves little room for multinational firms to concentrate on pricing strategies in pursuit of sales volumes as the return are minimal. However, distribution strategies with a key focus on the distribution channels are the most relevant strategies that can grow sales performance.

5.4 Recommendations

From the study it was observed that marketing managers did not acknowledge e-marketing as having a significant effect on sales volumes as such further inquiries could be initiated to identify the reasons behind its unpopularity in multinational FMCGs. In addition this study

recommends further investigation into the challenges faced by marketing practitioners of multinational FMCGs manufactures in Kenya, in the development and implementation of marketing strategies.

From a practitioners perspective it is recommended that local FMCG manufacturers can also follow suit and invest in interactive marketing, channel distribution strategies and product strategies to grow their sales volumes and have a competitive edge. To break free from the commoditization curse FMCGs manufacturing firms both local and multinationals should exploit more value-based and customer centric strategies to differentiate themselves in the market.

In terms of policy the government needs to work on reducing levies for advertising and the cost of power to allow manufacturers both locally and globally to produce goods at a lower cost as to get better returns. Further recommendations to the government would be to make stringent rules that guide copyrights and brand packages so as to reduce the similarities across categories with an effort to increase margins and reduce volumes.

5.5 Limitations of the study

This study was limited by time which affected the response rate and the depth of the research coverage. The method of data collection used did not allow further inquiry into the respondents' opinion and attitude behind their responses on different marketing strategies applied by their firm. The target respondents were marketing managers or their equivalent who were busy and difficult to access.

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APPENDICES

Appendix I: Request for Data Collection

LETTER OF INTRODUCTION

Cyrus.W. Ng'ang'a

University of Nairobi,

School of Business

P.O. Box 3019-00100,

Nairobi, Kenya.

Dear Sir/Madam,

RE: RESEARCH ASSISTANCE

I am a final year student at the University of Nairobi studying Masters of Science in Global Marketing. I am carrying a research on the influence of marketing strategies on sales performance of multinational Fast- Moving Consumer Goods manufacturers in Kenya.

I will highly appreciate your generous participation if you could fill in the attached questionnaire. The information provided shall only be used for the purpose of this study and not any other business.

Yours Sincerely,

Cyrus Wanjohi.

Sign

Appendix II: Questionnaire

This research is intended to investigate the influence of marketing strategies on the sales performance of multinational Fast-Moving Consumer Goods Manufacturers in Kenya. The purpose of this questionnaire is to collect data for purely academic purposes. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire.

Kindly respond to all questions by putting a tick (✓) in the box matching your answer or write your answer in the space provided if it is not included in the choices.

Your cooperation will be highly appreciated.

Section A: Background Information

1. Name of the company.....

2. What is your current position?

3. Level of education

Diploma ☐ Degree ☐

Master ☐ PHD and others ☐

4. How many years have you been working with this company?

1 - 2 years ☐ 3 - 5 years ☐

6- 10 years ☐ Over 10 years ☐

5. Company size (no of employees)

0-500 ☐ 501-1000 ☐

1001-5000 ☐ Over 5000 ☐

6. Please tick appropriately based on the nature of goods manufactured:

a. Processed Food ☐ b. House hold cleaning utensils ☐

c. Hygiene and personal care ☐ d. Beverages ☐

Section B: Marketing Strategies & Sales Performance

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

1= Not at all; 2= To a small extent; 3= To some extent; 4= To a moderate extent; 5= To a large extent. (Tick appropriately)

	Product Strategies and Sales performance	1	2	3	4	5
1	Products that are perceived to be of high quality commands high sales than those that are not					
2	Well labeled products attracts more customers hence more sales					
3	Products that are well designed have high sales volume					
4	Your company offers a broad line of products to maximize sales					
5	Branding increases products visibility and purchases					
6	Well packaged products have high sales volumes					
7	Customers tends to purchase more products of well-known brands regardless of their high prices					
8	Branding increases a product profits					
9	Products with bright colours have high sales volume					
10	Products with good smell are purchased more than those without					

	Price Strategies and Sales performance	1	2	3	4	5
1	Low-cost products have high sales volume					
2	Prestige pricing has increase your company profits					

3	Market penetration pricing increases a company's market share					
4	Value-based pricing increases customer satisfaction and firms profits					
5	Promotional discounting have significant effect on sales volumes					
6	Price bundling increases purchases hence high sales					
7	Psychological pricing increases a product sales					
8	Products with high prices have low sales volume					
9	Dynamic pricing has helped your company to increase its market share					
10	Geographical pricing has positive impact on a product market share					

	Promotion Strategies and Sales performance	1	2	3	4	5
1	Sales promotion has a positive effect on product sales					
2	Advertising increases a company's sales volume					
3	Events and experiences increases brand awareness hence more sales					
4	Public relations assist in managing the brand image and positively influences brand sales					
5	Interactive marketing has a significant impact on product sales volume					
6	Personal selling has increased your brand sales volumes					
7	Your company actively uses e-marketing which has increased your product sales					

8	Word of mouth has significantly increased your products sales					
9	Direct marketing positively influences a product sale volumes					
10	Promotion strategies have increased your market share and profits					

	Place Strategies and Sales performance	1	2	3	4	5
1	Geographic location has a significant effect on a company's sales volume					
2	Customers tends to purchase products that are readily available to them regardless of the price, brand and quality					
3	Distribution channels are very important to a company and increases product sales volume					
4	Your company sells products directly to the customers hence more profits					
5	Your company have several intermediaries who have increased the sales volume of your products					
6	Outlets that displays products clearly in the shelves have high sales volumes					
7	Retail outlets with good finishing sell more products than those without					
8	Distribution strategies have increased a product market share					
9	Stores with good music attracts customers hence more sales than those without					
10	Distribution channels have reduced the profit of a company					

THANK YOU!

Appendix III: List of Companies

1. Coca Cola East Africa
2. Unilever Kenya Limited
3. Weetabix
4. Proctor & Allan
5. Proctor and Gamble Kenya Ltd
6. British America Tobacco
7. Colgate Palmolive East Africa Ltd
8. Wrigley Company East Africa Ltd
9. PZ Cussons East Africa Ltd
10. Beiersdorf East Africa Ltd
11. East Africa Breweries Ltd
12. Fresh Del-monte
13. James Finlays
14. Pepsi Cola East Africa Ltd
15. SC Johnson and Son Kenya Ltd
16. Danone Baby Nutrition Africa and Overseas
17. Nestle Kenya Ltd
18. Reckitt Benkiser East Africa Ltd
19. L' Oreal East Africa Ltd
20. Johnson Diversey

Source: Kenya Manufacturers and Exporters Directory (2017)

THE INFLUENCE OF MARKETING STRATEGIES ON SALES PERFORMANCE OF MULTINATIONAL FAST-MOVING CONSUMER GOODS MANUFACTURERS IN KENYA

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