MARKETING CAPABILITIES AND KEY ACCOUNT MANAGEMENT STRATEGIES OF DAIRY PROCESSORS IN KENYA
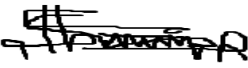
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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER OF SCIENCE IN MARKETING, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES OF THE UNIVERSITY OF NAIROBI

2022

DECLARATION

This research project is unique to me and has never been submitted for examination or a degree award at any university.

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As the University Supervisor, I have authorized this research project to be submitted for examination.

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DEDICATION

To my lovely wife Mercy Kambura

And

Sons:

Mark Mwenda and

James Murithi

To always aim higher.

ACKNOWLEDGEMENTS

I also recognize my colleague MSC marketing student Ms. Nancy Khayira with whom we have been exchanging valuable information and offered great support and encouragement. I also thank everybody else who supported me in any way.

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LIST OF ABBREVIATIONS AND ACRONYMS

MoALF   Ministry of Agriculture, Livestock and Fisheries

KAM   key account management

FBA.com   Food Business Africa.com

RBV   Resource Based View

OWKAMs   Organization-Wide Key Account Management Strategies

PRKAMs   Procedural Key Account Management Strategies

PKAMs   People Related Key Account Management Strategies

OKAMs   Operational Key Account Management Strategies

TKAMs   Target Key Account Management Strategies

ABSTRACT

Intense competition has grown in the dairy sector in the recent decade and companies are struggling to remain competitive. Great focus has now shifted to maintaining customers that are of strategic importance to individual companies. This study aimed at establishing the impact of marketing capabilities on key account management strategies of dairy processors in Kenya underpinned by dynamic capabilities theory and relational view of strategy. The target population of the study was the 97 dairy companies registered under Kenya Dairy Board. A descriptive cross-sectional survey design was used and employed census strategy to collect the data using a structured questionnaire. Product, pricing, distribution, marketing communication, relationship marketing management and innovation capabilities were tested as independent variables against organization-wide, operational, procedural, people related and target key account management strategies as dependent variables. Frequency distribution, descriptive statistics, correlation and multiple regression analysis were used to analyze the data and establish the relationships. The research findings suggested that the top ranking marketing capabilities associated with the dairy processors were those of relationship management with a mean score of 4.007. The second and third most important capabilities were innovation and pricing with mean scores of 3.68 and 3.662 respectively while operational and target key account management strategies were the highest regarded with a mean score of 3.24. The overall research findings concluded that marketing capabilities have a positive statistical insignificant influence on key account management strategies of dairy processors in Kenya. Companies should give investments attention to the top ranked capabilities such as relationship management and innovation capabilities that are considered essential for competitive advantage. Since relationship management capabilities were highly regarded and that KAM is their offshoot, these organizations should also prioritize investing in key accounts as these have been proven to offer strategic value. They should as well ensure different forms of key account management strategies are properly aligned to achieve a synergetic common goal. Future research can employ other types of capabilities such as dynamic capabilities and inside out capabilities to see if they will arrive at similar results. Future research can also use a case study that will do deep organizational analysis to arrive at more logical conclusions.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

According to various marketing and strategic management literatures, firms can improve their performance by developing their capabilities in various areas. This process can help them achieve higher levels of profitability and customer satisfaction (Moore & Fairhurst, 2003). For more than 30 years researchers have debated the significance of marketing capabilities and marketing strategy on company achievement. The literature also states that effective marketing strategies can help firms improve their performance. For instance, implementing a KAM strategy can help boost sales and customer satisfaction. (Lagat & Frankwick, 2017). Marketing capability encompasses the capacity to design new offerings, price them, advertise and distribute them, perform marketing research, and manage the marketing activities. (Shahid, et al., 2017).

One of the internal resources that allow companies to develop valuable market solutions is marketing capabilities. Marketing capabilities have also been defined by marketing academics as a company's ability to use current assets to perform marketing operations in a way that achieves the desired marketing results (Vorhies & Morgan, 2005). Day (2011) alludes to a growing disparity between the sophistication of markets and the skill of majority of marketing institutions to understand and deal with it. As a result of pressures on marketing companies, marketers and their enterprises have now become increasingly at risk. It is in line with this scenario that business organizations are focusing their attention and resources to a small group of less difficult to serve customers with significant contribution to the firm. Odhiambo (2014) contends that, despite the diversity of talents, companies get their strengths from a mix of distinct, inimitable, and multifaceted capabilities.

This study is theoretically grounded using dynamic capabilities theory and relational view of strategy. To meet constantly changing settings, dynamic capabilities theory tries to integrate, create, and adapt internal and external capabilities. It indicates a firm's ability to produce fresh and innovative sorts of strategic edge, considering network interdependence and market positioning. (Teece, et al., 1997). Dynamic capabilities theory strives to define the company's competitive edge in a volatile, fast-paced environment (Samsudin &

Ismail, 2019). On the other hand, the dyad/network practices and procedures are an essential element of study for realizing competitive advantage in relational strategy theory (Wang, 2014). Relational view of strategy aspires to assure a firm's survival and growth by maintaining a constant harmony with its environment, particularly by creating its context in collaboration with counterparts and to one's own benefit (Sousa & Filipe, 2010).

The dairy farming segment is critical to achieving Vision 2030's development objectives. Subsistence farmers continue to be the largest producers, generating over 80% of local milk and selling raw milk directly to customers (Kenya National Dairy Master Plan, 2010). Milk processors in Kenya have been affected in various ways by variations in the business setting in which they function such as milk market liberalization, enhanced competition in milk processing and marketing coupled with environmental turbulence (Mutisya, 2013). The dairy business in Kenya confronts several dangers and difficulties, but those enterprises with sufficient capitals and capabilities to withstand the novel regime, that will necessitate solid alliances with farmers, merchants, including providers of different skills to the industry, have a bright future. (FBA.com).

Faced with stiff competition from foreign and domestic companies within the local market and in the evolution of Key Account Management philosophy, the Kenyan dairy processors will harness and effectively deploy their key marketing capabilities for a sustained competitive advantage. Therefore, this research project seeks to establish how marketing capabilities of dairy processors in Kenya shape their key account management strategies.

1.1.1 Marketing Capabilities

Marketing capabilities constitute diverse sets of skills and expertise that are practiced through organizational procedures to allow businesses to integrate operations and make use of their resources (Day, 1994). The author posits that order processing, new product creation, and service delivery are examples of common corporate actions that demonstrate capabilities. According to Morgan et al. (2018), when talents grow over time and get ingrained in corporate structure and operations, they become harder for competitors to notice and duplicate, allowing businesses with them to maintain a competitive edge.

With creating stress for firms to achieve pervasive execution in a complex genuine environment, its occupation is becoming vital to publicize capacities. The need for marketing capabilities is also emphasized by Vorhies and Morgan (2005) that the market-based evaluation and analysis of key sources of competitive advantage, like marketing capabilities, may give fact-based insights to aid executives in recognizing the need for capability enhancements. Morgan et al. (2018) suggest that to be able to attain a continued competitive advantage including improved company performance, marketing capabilities are particularly vital, unique, and non-replaceable.

Classification of marketing capabilities is multifaceted: Vorhies et al. (1999) propose six main categories of marketing capabilities constituting market survey, product creation, pricing, placement, advertising, and marketing management. On the other hand Desarbo et al. (2006) identify five strategic capabilities including: Market connecting capabilities, technological capabilities, promotion capabilities, data technology capabilities as well as management proficiencies. Alternatively Agyapong (2015) classifies marketing capabilities into the organization's market sensing ability, innovation/product capability and CRM capability. Katwa (2016) identifies four marketing capabilities categories: patron service skills; shop image/product distinction; outside information and promotional competencies. Absah et al. (2019) classify marketing capabilities into devoted and structural areas, assisting businesses in achieving performance and competitive benefits. It is, therefore, clearly evident that marketing capabilities classification does not follow any predetermined mode.

1.1.2 Key Account Management Strategies

Key account management is a long term business-to-business relationship with both managerial and theoretical orientation involving identification of important customers, their analysis, identification of appropriate partnerships for them, and continual establishment of operational-level competences to strengthen those partnerships (Ojasalo, 2001). An alternative view is offered by Ndambuki (2018) that KAM entails the process of identifying important customers, preparing for them, implementing them, and assessing their effectiveness. Ahmmed and Noor (2012) point to wide-ranging names of KAM including "global account management, strategic account management, national account management, international key account management, key client management, major account management, key customers management and key account management."

Literature suggests varying nature and character of KAM. According to Gounaris and Tzempelikos (2012), KAM involves a multifaceted philosophy that incorporates the attitude-related principles of patron centricity, executive leadership dedication, and cross collaboration, as well as the behavior-related principles of customizing, top-management participation, and inter-functional support. On their part, Davies and Ryals (2014) suggest that KAM include company-wide practices, operational procedures, target and performing methodologies, employees' practices, and operational methods. Ndambuki (2018) defines KAM as the development of a key account approach based on the formation of inter-departmental groups with a multi-faceted strategy, the overview of marketing and sales contributions, management assurance demonstrated through senior administration involvement, appreciation of key account management as a central role, and appropriate evaluation of success and development.

Companies trying to maximize gains in their marketing budgets are out to design a cutting edge competitive strategy in the face of growing competition and limited resources. To create a long-term relationship and high loyalty to their company, they target the largest and most significant clients and offer them particular care in the capacities of promotion, management, and service (Ojasalo, 2000). The job of business-to-business sales is shifting and growing into relationship management (Davies et al., 2010).

1.1.3 The Dairy Processors in Kenya

The dairy processors in Kenya engage in the businesses of production support, logistics, processing, packaging and marketing of dairy products. Milk must be promoted quickly and effectively for maximum profits due to its perishable nature. In Kenya, dairy processors predominate in the milk marketing industry, with small producers producing the majority of the sold milk (KNBS, 2013). Successful dairy processors in Kenya are fundamentally driven by skillful innovation characterized by robust research and development dependent on strong consumer opinions, market knowledge, and connections to many networks. There exist a concerted effort between invention support players as well as other actors at production, input, processing, marketing and financing levels (Radamaker, et al., 2016).

According to the KNBS report (2013), the dairy processors in Kenya are confronted by two hurdles: First, is seasonality in milk production where supply is high during wet season and low in the dry season. Second,

include competition from the informal sectors where farmers side sell their produce to the preferred traders and individuals who offer payment on delivery and convenience of accessibility. This trend puts at risk the continual milk supply to the dairy processors from the farmers. Lastly is high cost of processing the processors have to contend with in their operations. With sustained market demand for the processed milk products, these processors can effectively lower and overcome the latter shortcomings. A clear understanding of the impact of marketing capabilities on key account management can help these firms cultivate a competitive edge in the industry.

1.2 Research Problem

Marketing capabilities constitute diverse sets of skills and expertise that are practiced through organizational procedures to allow businesses to integrate operations and make use of their resources (Day, 1994). Marketing capabilities refer to a complex set of organization marketing skills and expertise that are applied through organizational procedures to enable companies to coordinate marketing efforts and resources in reaction to available opportunities and constraints (Odhiambo, 2014). Morgan et al. (2009) posits that marketing orientation and marketing capabilities are complimentary in ways that create economic gains, and each can be considered as a separate source of competitive advantage, but their interplay has the property of asset interconnectivity. Morgan et al. (2012), suggest that marketing competences are significant in relation to successful implementation of marketing strategies. The authors also hypothesize that marketing capabilities are the processes by which organizations identify desired incentives for prospective clients and use assets to provide these worth offerings in order to attain the set goals. The literature suggests that firm performance is driven by the successful deployment of marketing capabilities and the adoption of marketing techniques such as KAM (Lagat & Frankwick, 2017). According to Nyumba (2018), distributors use marketing capabilities to obtain information that helps them make price and investment decisions such as key account management.

Kenya's dairy industry is thriving, accounting for 14% of the country's agricultural GDP, 40% of the domesticated animals' gross domestic product and 4% of the state gross domestic product and gives work to over 1.2 million residents (KDB 2015). The conventional cow milk market has seen consistent development throughout the long term, with milk consumption developing at a normal of 7% each year, from 153 million

liters in 2001 to around 616 million liters in 2015, being 12% of the projected creation. This development is drawing in both homegrown and global private financial backers trying to take advantage of business chances in the homegrown and foreign markets (Rademaker et al., 2016). This trend is intensifying competition for the market leading processors to rethink their competitive strategies and reorienting their marketing towards KAM to cultivate competitive edge and assure survivability. Despite dairy sector being core of the Kenya's agricultural output and one of the anchors of Kenya vision 2030 under food security, little research has been done to link marketing capabilities of dairy processors and the Key Account Management Strategies the emerging competitive capabilities in the modern competitive markets.

There exist a number of knowledge gaps on the study of the influence of marketing capabilities on Key Account Management strategies of dairy processors in Kenya. For instance, Mutisya, (2013), studied strategy implementation by milk processors in Kenya with findings indicating that in their strategy implementation, milk processors had established skillful companies, managed inside processes, organizational culture, as well as leadership. However, the study did not reveal the type of strategy being implemented. Katwa (2016) investigated the impact of marketing capabilities on company achievement in Nairobi County's apparel industry. Product management was found to be important in assessing customer attraction, customer loyalty, and new products. This study did not associate marketing capabilities with KAM to assess firm performance. The study was also not applied to dairy sector in Kenya. Nyumba (2018) looked on the marketing capacities of bread vendors and their participation in supermarkets in Nairobi city. Product superiority, return procedures, product dependability, plus legitimate accreditation are the most essential criteria supermarkets employ to select suppliers, according to the report. The study did not include KAM and dairy sector context.

With increased globalization, market liberalization and spiraling advancement in technology that empowers both companies and consumers leading to increased market awareness, competition has been close in the recent few decades. This scenario has led companies to shift their attention to developing and harnessing their marketing capabilities that give them a competitive edge in the market arena to assure their long term survival. This research study, consequently, strives to establish the impact of marketing capabilities on KAM strategies

of dairy processors in Kenya by answering the following problem; what is the impact of marketing capabilities on key account management strategies of dairy processors in Kenya?

1.3 Research Objective

The objective of this study is to determine the effect of marketing capabilities on dairy processors' key account management strategies in Kenya.

1.4 Value of the Study

Theoretically the study will be used as an instructional material by tutors in highlighting the best KAM strategies and practices. Students carrying out their course work assignments or similar research in the future will use the study as a reference material. They will also use it as a guide when carrying out similar studies in the future.

The research results will also be used by regulatory bodies such as Kenya Dairy Board to inform their policies that will better the performance of dairy sector. The regulators can also use the study results to enact policies that ensure level playing field for competitors by curtailing anticompetitive capabilities. They can also use it to plan and formulate strategic vision for the industry.

In practice marketing managers will use the results of the study to better understand their marketing capabilities to inform their key account management strategies. It will also inform organizations on investments on capabilities building necessary for enhancing competitiveness. Key account managers will benefit from the best KAM strategies that will be set out in this study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This part appraises the current writings on the influence of marketing capabilities on key account management strategies of dairy processors in Kenya by looking at the theories on which the study is grounded and exploring different empirical studies on the very subject. The study will also highlight the knowledge gaps to be addressed.

2.2 Theoretical Foundations

This section presents theoretical foundations underlying the studies on marketing capabilities and key account management strategies of dairy processors in Kenya. The lead theory in the study is dynamic capabilities theory seconded by relational view of strategy. These theories are independently discussed as below:

2.2.1 Dynamic Capabilities Theory

Dynamic capabilities theory was conceptualized by Teece et al. in 1997 to improve the Resource Based View theory of competitive advantage. The theory was a reaction to the shortcomings of RBV theory that companies can accumulate many valuable resources and still not be competitive. Dynamic capabilities theory seeks to establish, advance and synchronize both internal and external capabilities in order to respond to fast evolving business environments. Given path dependencies and market positioning, it measures a firm's capacity to develop novel and inventive kinds of strategic advantage (Teece et al., 1997). According to Korhonen and Niemela (2005), dynamic capabilities mirror classic conceptions of routines when markets are stable or moderately dynamic, but they become more experimental and unstable processes in high-velocity markets that rely on swiftly developed new knowledge. The authors argue that dynamic capabilities are concerned with change. Central to this theory is the resources adaptation capability that influences organizational performance (Takahashi et al., 2016). Dynamic capabilities theory strives to characterize the firm's competitive advantage in a dynamic and fast-moving environment (Samsudin & Ismail, 2019).

Researchers have claimed that skills are significant to a firm's performance equally in local and global markets because they relate to a firm's procedures that pool and turn assets into value offerings, leading to strategic advantages (Murray et al., 2011). Zhou et al. (2017) hypothesize that dynamic capabilities directly influence various kinds of innovation with the potential to advance firm performance. The authors point to three capabilities pillars critical to a firm's successful innovation including sensing capability, integration capability, and reconfiguration capability. According to the dynamic capabilities view, the manner in which specific competencies are developed by organizations to respond to business environmental variations is highly linked to the business processes of the company, market opportunities and positions (Ndambuki, 2018). The author further argues that processes describe the manner in which transactions are undertaken in organizations with

respect to coordinating, learning and reconfiguring positions that define specific utilization of technology, complementary assets, intellectual property, customer base and level of interaction with suppliers. Key account management can be viewed as an asset to the firm since it can generate high revenues for the company with a lot of efficiency. Dynamic capabilities theory is applicable to this study because KAM involves companies' adaptation of their already existing resources in a constantly changing competitive market to focus on the strategic customers in order to survive. There is underlying need for change.

There exist debates from different authors who have criticized this theory. Odhiambo (2014) observes that it is imperative to recognize that over time, other businesses may be able to obtain capabilities that transcend those of a competing firm even while dynamic capabilities are characterized by a long term commitment to specialized resources. Zhou et al. (2017) note that better firm performance and competitive advantage is not merely brought about by dynamic capabilities but rather by the resource configurations created by them.

2.2.2 Relational View of Strategy

According to Dyer and Singh (1998), two or more companies can forge close relationships leading to a continued competitive advantage. The authors identify inter-firm relationships as the most critical unit of study for comprehending competitive advantage. There are four possible foundations of inter-firm competitive advantage according to the authors: relational specific resources, information interchange practices, complementary assets/capabilities and operative administration. Relational view of strategy aspires to assure a firm's survival and growth by the constant adaptation with its internal and external setting together with its partners leading to a competitive advantage (Sousa & Filipe, 2010). To better understand competitive advantage, the relational theory of strategy emphasizes dyad/network routines and processes as an essential unit of study (Wang, 2014).

Miguel and Brito (2014) theorize that the situations in which resources and competencies are generated are complicated by the relationships that define the firm as a bond of agreements, and hence the management of those relationships attempts to keep the organization competitive in the long run. Relation view theory adopts external approach in explaining a firm's competitive advantage by emphasizing the importance of relationships. Bielawska (2018) argues that organizations can gain competitive advantage by developing

crucial connections as relational assets. Consequently, the relational perspective of strategy is commonly misconstrued for a development of the resource-based approach, implying that a firm's tactical, inimitable, and unseen properties are inter-organizational interactions. This theory is applicable to this study because KAM involves forging close relationships with customers of strategic importance to an organization.

This theory has also been criticized. Turkmen (2013) argues that in an alliance, individuals are expected to eagerly learn from one another, acquiring capabilities and expanding their skill set. This, however, may not always be the case. Individuals can act differently in the alliance connection if they are not interested in learning and instead follow other self-interests. If this is the case, learning effects are not generated, and firms in the connection will have to go through time-consuming knowledge-sharing protocols.

2.3 Empirical Literature Review and Research Gaps

There exist many studies on marketing capabilities and strategy implementation with many gaps relating to marketing capabilities and key account management strategies of dairy processors in Kenya. Morgan, et al. (2009) investigated the link between market orientation, marketing capability, and company achievement. The revelations demonstrated a clear correlation amongst market orientation and asset return achievement. The findings, furthermore, demonstrated a strong link between a company's marketing capabilities and both subjective and objectively measured achievement. Afzal (2009) research study on marketing capability, strategy, and company success in Pakistan's emergent markets established a link amid marketing capabilities and business achievement, although the connection is not the same. Odhiambo (2013) conducted a study to establish the direct and indirect associations amid company culture, marketing competences, market orientation, business rivalry and company achievement. The author assessed marketing capabilities based on pricing, product, distribution, marketing communications and relationship management capabilities. The results of the study demonstrated that marketing capabilities significantly and strongly explained variations in firm performance. Further analysis revealed that product capability and marketing communications capabilities in that order had greater influence on performance than any of the marketing capability components.

Mutisya (2013) examined how milk processors in Kenya implement their strategies by doing a census study on the then 54 milk processors in Kenya and challenges faced in their strategy implementation. The findings revealed that in their strategy implementation process, Kenyan milk processors effectively leveraged developing a capable organization, effective management of internal operations, culture, and leadership. The findings also revealed that strategy implementation issues have a significant influence on the execution of strategies by Kenyan milk processors, with challenges from outside the company having a greater impact. According to the findings, Kenyan milk processors have successfully completed the tasks of organization staffing, organizational core competencies and competitive capabilities, and organizational structure in developing a competent organization for strategy execution. A similar study conducted by Katwa (2016) using the 4Ps of marketing, explored the association between marketing capabilities and company achievement in the clothing sector in Nairobi County. Product management and shop image were found to have a favorable impact on company performance. Product management was shown to be important in predicting shopper gaining, client reliability, and additional product/stores, according to the study. Nyumba (2018) set on a study to investigate how bread vendors' marketing capabilities impact their participation in the supermarket supply chain in Kenya, with a focus on Nairobi metropolitan. Product superiority, return procedures, product dependability, plus legitimate accreditation are the most essential variables supermarkets employ to pick suppliers, according to the report, with marketing capabilities playing a crucial part in getting shelf space for bakery suppliers in supermarkets. In another study, Absah et al. (2019) through innovative capabilities in fashion small and medium firms in Medan, the impacts of marketing capabilities on monetary achievement were explored. The discoveries of the study revealed that marketing capabilities had a considerable impact on innovation capabilities. Marketing talents, according to the authors, play an important role in increasing corporate innovation and creating competitive advantages. According to the findings, marketing capabilities have a direct and major impact on economic achievement, marketing competences have a direct and major impact on invention abilities, and invention abilities have a direct and large impact on monetary performance. Marketing capabilities, moreover, are favorably and significantly important to economic success through innovative capabilities.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter reviews the research design, population of study, data collection instruments and data analysis strategies sufficiently applicable in the study in order to accomplish the underlying study goal.

3.2 Research Design

A research design establishes the overarching strategy of investigation by a researcher in order to answer his research questions. It helps the researcher in data collection, measurement and analysis as well as in the allocation of his scarce possessions (Munyoki & Mulwa, 2012). This study assumed a descriptive cross-sectional design. Descriptive studies are concerned with description of phenomena or characteristics associated with a subject population. They determine the direction and power of associations amongst variables (Odhiambo, 2014). Descriptive study design was appropriate since the study aimed at describing how marketing capabilities of dairy processors in Kenya shaped their key account management strategies.

Cross-sectional designs provide information on existing differences rather than changes to the dependent variable following intervention. Data is therefore collected at a single, specific period as opposed to longer time frames (Ndambuki, 2018). Cross-section research design was suitable for the underlying study since it entails collection of data at a single point in time. Census study was preferred because of the limited number of study units and for the purposes of attaining statistical adequacy. Kothari (1990) describes a census survey as a total account of all the objects in the population. There were 97 dairy processors in Kenya licensed under Kenya Dairy Board. This research aimed at studying all of them. Mutisya (2013) in his study strategy implementation by milk processors in Kenya also conducted a census investigation.

3.3 Population of the Study

The word population is used to describe the target group of a research study (MacDonald & Headlam, n.d). The target population of this study was the licensed dairy processors in Kenya. There were 97 dairy processors licensed by Kenya Dairy Board as at 23rd April 2022. 23 premises were classified as processors while 74 were classified as mini dairies. This study explored all of the 97 authorized dairy processors in Kenya. The dairy industry was elected for the study in recognition of its significant contribution to the Kenyan economy in terms of food security and nutrition and also in employment creation.

3.4 Data Collection

Primary data was collected and applied in the study through design and administration of a structured questionnaire. The study employed closed ended questions and the 5 Likert scale to guide responses. The questionnaire was separated into three sections labeled A, B, and C. Section A captured the general information about the company. Section B contained marketing capabilities metrics and was used to measure the marketing capabilities of the dairy processors against those metrics. Then section C entailed questions that evaluated the nature and character of key account management strategies of those dairy processors. The survey was targeted at the marketing managers or key account managers of dairy processing firms in Kenya. These respondents were preferable because they were deemed the centers of knowledge of their firms' marketing capabilities and key account management goings on.

3.5 Data Analysis

Data analysis commenced by cleaning the data obtained by striking out incomplete data. The suitably complete data for analysis was then sorted, coded and tabulated. Descriptive tools of analysis such as mean scores, standard deviation and frequency distribution was applied to characterize the data. Correlation and multiple regression analysis were used to determine the relationship between marketing capabilities and key account management strategies. The multiple regression equation was represented as follows:

$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \breve{e}$

Where, y=key account management strategy

β_0 = slope, β_1 - β_6 = regression coefficients

x_1=product, x_2=price, x_3=distribution, x_4=marketing communication, x_5=customer relationship management, x_6=innovation, $\breve{e}$=error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section presents evaluation of the data of the study, the results thereof and the discussion of those results. First, initial analysis was carried out to sieve through the response rate. Second, the data was filtered through descriptive statistics, correlation analysis and multiple regression analysis to examine the relationship among marketing capabilities and key account management strategies as was set out in the questionnaire. Third, those findings are discussed in detail in this chapter as it unfolds.

4.2 Response Rate

The study entailed a descriptive cross-sectional survey targeted at the dairy processors registered under Kenya Dairy Board as of September 2022. The respondents were marketing mangers or key account managers of their respective firms. These were deemed appropriate because they are the centers of knowledge of their firms marketing capabilities and key account management. Four out of the listed 97 firms had ceased operations

scaling down the study population to 93. Five of them could not be reached for interview. The questionnaire was sent to the 88 companies and 61 participated representing a 69% response rate. This is sufficiently appropriate for statistical analysis according to Magutu (2014).

4.3 Firm Characteristics of the Respondents

The firm constituted the central unit of analysis underlying this study. For a clear understanding of the relationship between marketing capabilities and key account management of dairy processors in Kenya the study assumed the following dimensions of a the firm: Job description of the responding officer, number of years the company has been in operation, number of employees in the company, daily milk processing capacity, geographical scope of raw milk collection and that of marketing, as well as the structure of ownership of the company. The results are outlined as follows:

4.3.1 The Job Description of the Respondents

To assess the degree at which key account management philosophy had infiltrated the dairy firms in Kenya, respondents were asked to specify their job descriptions against two options: Marketing managers or key account managers. As is evident from table 4.1, 61% of the respondents were marketing managers while 39% were key account managers. Although majority of the responses were made by marketing managers the attitude towards key account management has significantly improved.

Table 4.1 Frequency distribution for Job Description of Respondents

Job Description	Frequency	Percentage
Key Account Manager	24	39.3
Marketing Manager	37	60.7
Total	**61**	**100.0**

Source: Primary Data (2022)

4.3.2 Age of Dairy Companies in Kenya

Age represented the number of years the dairy company has been in operation in Kenya. Table 4.2 illustrates the results of this category of study. 88.5% of the firms had operated for less than 20 years representing the majority of the group. 3.3 percent had operated between 21-30 years and 4.9% had an age ranging between

31-40 years. Only 3.2 percent had over 40 years of operation. Age was important for consideration because the older the firm is the more it is likely to have accumulated marketing capabilities and considered serious investments such as key account management. Odhiambo (2014) contends that the older the firm's experience and learning are the higher the likelihood of attaining superior advantage.

Table 4.2 Frequency distribution for Number of Years of Operation of Dairy Companies in Kenya

Years of Operation	Frequency	Percentage
0-10	26	42.6
11-20	28	45.9
21-30	2	3.3
31-40	3	4.9
41-50	1	1.6
50+	1	1.6
Total	**61**	**100.0**

Source: Primary Data (2022)

4.3.3 Number of Employees in the Dairy Companies in Kenya

Table 4.3 illustrates the categories of numbers of employees in dairy companies in Kenya. The higher the number of employees, the bigger the size of the company. This can be used to infer their likelihood of marketing capabilities development and key accounts. 41% of the surveyed firms had less than 50 employees while 32.8% had between 51-100 employees. This also implies that 73.8% had less than 100 employees. 11.5% represents those that had between 100-200, and 8.2% those that had 201-300 employees in their companies. 6.6% had more than 300 employees.

Table 4.3 Frequency distribution for Number of Employees in the Dairy Companies in Kenya

Number of Employees	Frequency	Percentage
1-50	25	41.0
101-200	7	11.5
201-300	5	8.2
301-400	2	3.3
500+	2	3.3
51-100	20	32.8

Total	**61**	**100.0**

Source: Primary Data (2022)

4.3.4 Geographical Location of Milk Collection by Dairy Companies in Kenya

To assess the geographical scope of operation of dairy companies in terms of raw milk collection and hence deduce their sizes, respondents were asked to state whether they did so regionally, nationally or internationally. Table 4.4 illustrates those responses. As is evident, 93.4% of the companies collect their milk regionally, while 4.9% do so nationally and 1.6% internationally.

Table 4.4 Frequency distribution for Geographical Location of Milk Collection by Dairy Companies in Kenya

Area of Milk Collection	Frequency	Percentage
International	1	1.6
National	3	4.9
Regional	57	93.4
Total	**61**	**100.0**

Source: Primary Data (2022)

4.3.4 Geographical Location of Milk Collection by Dairy Companies in Kenya

The respondents were asked to reveal whether they sold their milk regionally, nationally or internationally and recorded their responses as summarized in the following table 4.5. From the table 50.8% of the firms collected their raw milk at the regional level while 45.9% did so country wide. Only 3.3 percent had international coverage. The rationale for this dimension was to assess their market coverage which can be used to tell about the level of marketing capabilities. The more geographical regions they are able to cover the higher their marketing capabilities.

Table 4.5 Frequency distribution for Geographical Location of Milk Marketing by Dairy Companies in Kenya

Area of Milk Marketing	Frequency	Percentage
International	2	3.3
National	28	45.9
Regional	31	50.8
Total	**61**	**100.0**

Source: Primary Data (2022)

4.3.5 The Structure of Dairy Companies Ownership in Kenya

The study also sought to determine who owns the dairy companies in Kenya. The results were summarized in the following table 4.6. The individually owned companies accounted for 52.5% while 42.6% were those owned by farmers. 3.3% had more than one type of ownership while 1.6% of the firms were owned by the government only. The type of ownership was important to study because it influences the management attitude towards particular investments.

Table 4.6 Frequency Distribution for the Structure of Dairy Companies Ownership in Kenya

Ownership Structure	Frequency	Percentage
Farmers only	26	42.6
Government only	1	1.6
Hybrid	2	3.3
Individually owned	32	52.5
Total	**61**	**100.0**

Source: Primary Data (2022)

4.4 Marketing Capabilities of Dairy Processors in Kenya

There is no company that can effectively penetrate the modern day highly competitive market without very well-developed credible marketing capabilities. At the center of any company's marketing planning and strategy is the consideration of whether the company has these capabilities or can develop them to ensure their successful implementation. To assess the strengths of marketing capabilities among dairy companies in Kenya, the respondents were presented with a questionnaire containing 20 different statements of marketing capabilities and requested them to rate them on a 5 point Likert scale where 1 equaled not at all, 2 small extent,

3 moderate extent, 4 large extent and 5 very large extent. For the purposes of meaningful interpretation of the results of the data analysis, this study assumed a mean ≥4.50 to imply agreeing to a very large extent, 3.50-to-4.49 agrees to a large extent, 2.50-to-3.49 moderately agrees, 1.50-to-2.49 agrees to a small extent and ≤1.49 not agree at all. The study assumed six marketing capabilities and evaluated their powers to predict their influence on the key account management strategies of dairy processors in Kenya. They include product, price, distribution, marketing communication, relationship management, and innovation capabilities. These are discussed in detail in the following sections.

4.4.1 Product Capabilities

The product is the main marketing P upon which all the other 3Ps are anchored and the flag bearer of value delivery promise to customers. To measure this capability the respondents were presented with two statements and the results of analysis are recorded in the following table 4.7. The ability of the company to successfully develop new products attained a mean score of 3.7 while that of ensuring that the products and services are responsive to the needs of customers scored 3.57. This indicates that the companies give emphasis on the products ability to satisfy customer needs by investing in the capabilities that guarantee that outcome.

Table 4.7 Mean Scores and Std. Dev for Product Capabilities

Product Capabilities	N	Mean	Std. Deviation
The company has the ability to successfully develop new products	61	3.70	1.085
We ensure that our products and services are responsive to the needs of customers	61	3.57	1.161
Valid N (listwise)	61		
Overall Score		**3.635**	**1.123**

Source: Primary Data (2022)

4.4.2 Pricing Capabilities

This is the only P of the 4Ps of marketing that deliver value back to the company. If properly managed, it can increase demand or otherwise subdue it. Five statements were used to evaluate this capability and the results were entered in table 4.8. The flexibility in pricing policies was the highest rated at a mean score of 3.85 while clear understanding of pricing strategies used by competitors was the lowest rated at a mean score of 3.51. The

mean scores indicates that these companies take the issues of pricing seriously such as responding swiftly to market dynamics a mean score of 3.67 and ensuring that the customers are satisfied with price charges a mean score of 3.69.

Table 4.8 Mean Scores and Std. Dev for Pricing Capabilities

Pricing Capabilities	N	Mean	Std. Deviation
We change pricing levels swiftly in response to market dynamics	61	3.67	1.091
We clearly understand the pricing strategies used by competitors	61	3.51	1.105
The company tracks price changes made by competitors	61	3.59	1.131
The company has flexible pricing policies	61	3.85	1.030
Our customers are satisfied with our price charges	61	3.69	.975
Valid N (listwise)	61		
Overall Score		**3.635**	**1.066**

Source: Primary Data (2022)

4.4.3 Distribution Capabilities

This capability guarantees products' availability to the right customers at the right place and at the right time. It can spell the difference between keeping customers and losing them to the never hesitant competitors. Measures of these capabilities were disguised in four questionnaire statements whose results were recorded in the following table 4.9. From the table results, well distributed branch network is the most important capability as underlined by its mean score of 3.70 followed by the ability to sell the entire daily milk intake rated at 3.66 mean score. Low average cost of distribution and large hardworking sales force almost get similar rating at 3.54 and 3.52 mean scores respectively.

Table 4.9 Mean Scores and Std. Dev for Distribution Capabilities

Distribution Capabilities	N	Mean	Std. Deviation
The company has a well distributed branch network	61	3.70	1.101

We have a large hardworking sales force	61	3.52	1.120
The company incurs a low average cost of distribution in relation to sales	61	3.54	1.104
We are able to sell the whole of our daily intake every day	61	3.66	.981
Valid N (list-wise)	61		
Overall Score		**3.605**	**1.077**

Source: Primary Data (2022)

4.4.4 Marketing Communications Capabilities

These are the capabilities that bring the company current and potential customers to the attention of existing or future company offerings. It takes these capabilities to keep the customers happy and satisfied. The respondents were presented with four statements and asked to rate them in accordance with their companies performance perceptions. The results of the analysis were presented in table 4.10 below. It is seen that the companies place heavy reliance on their sales force to do communication activities on their behalf at a mean score of 3.56. On the other hand, these companies are less inclined to advertise their products as underscored by the lowest rating of 2.84. It is generally observable that these companies are not poised to carry out marketing communications as witnessed in the reported low mean scores in the table.

Table 4.10 Mean Scores and Std. Dev for Marketing Communications Capabilities

Marketing Communications	N	Mean	Std. Deviation
We often develop and execute advertising programs	61	2.84	1.344
The company engages in well calculated public relations activities	61	3.10	1.261
The company has a robust active online social media presence	61	3.21	1.392
We have very well trained salesforce	61	3.56	1.259
Valid N (listwise)	61		
Overall Score		**3.178**	**1.314**

Source: Primary Data (2022)

4.4.5 Relationship Management Capabilities

With intense competition and increased difficulties in attracting new accounts, keeping and growing existing customers has become of great imperative. Keeping these customers takes skillful relationship management capabilities. Three statements relating to these capabilities were posed to the respondents and their assessments were presented in table 4.11. Surprisingly all of the three statements are highly rated. The efficacy of maintaining the current customers received the highest score of 4.07, followed by effective management of customer complaints at 4.02. The ability to recognize customer needs and wants also received a high score of 3.93. It is a clear indication from the table scores that companies take relationship management issues very seriously.

Table 4.11 Mean Scores and Std. Dev for Relationship Management Capabilities

Relationship Management	N	Mean	Std. Deviation
We effectively manage customer complaints	61	4.02	.904
We are highly effective at maintaining our customers	61	4.07	.946
We are able to comprehensively recognize customer needs and wants	61	3.93	1.047
Valid N (listwise)	61		
Overall Score		**4.007**	**0.966**

Source: Primary Data (2022)

4.4.6 Innovation Capabilities

Two statements were put out to the respondents as indicators of innovation capabilities among the dairy companies. Table 4.12 shows the results of analysis of those two responses which are almost closely rated. They both received high mean scores of 3.70 and 3.66 respectively in the order of the table. This reveals that these companies take innovation seriously in order to stay in the game of the market.

Table 4.12 Mean Scores and Std. Dev for Innovation Capabilities

Innovation Capabilities	N	Mean	Std. Deviation
We are able to improve existing products, services, and processes using existing organizational resources	61	3.70	1.070
We are able to adapt existing products, services, and procedures to new market demands by changing and reconfiguring organizational capital	61	3.66	1.078
Valid N (listwise)	61		
Overall Score		**3.68**	**1.074**

Source: Primary Data (2022)

Table 4.13 Summary of Mean Scores and Standard Deviations for Marketing Capabilities

Marketing Capability	mean score	Std. Dev
Product	3.635	1.123
Price	3.662	1.066
Distribution	3.605	1.077
Marketing Communications	3.178	1.314
Relationship Management	4.007	0.966
Innovation	3.68	1.074
Overall Score	**3.628**	**1.103**

Source: Primary Data (2022)

4.5 Key Account Management Strategies

At the hallmark of modern day world of business competition is the strong desire by companies to keep customers in their fold and grow. To achieve these business desires customers must be kept delightfully happy and satisfied by endeavoring to exceed their expectations. Ndambuki (2018) concurs that while firms strive to deliver superior customer value by adopting key account management they must espouse certain strategies in their organizations. To gauge key account management strategies adopted among dairy companies in Kenya, the respondents were presented with a questionnaire containing 27 different statements of key account management strategies and requested them to rate them on a 5 point Likert scale where 1 equaled not at all, 2 small extent, 3 moderate extent, 4 large extent and 5 very large extent. For the purposes of meaningful

interpretation of the results of the data analysis, this study assumed a mean ≥4.50 to imply agreeing to a very large extent, 3.50-to-4.49 agrees to a large extent, 2.50-to-3.49 moderately agrees, 1.50-to-2.49 agrees to a small extent and ≤1.49 not agree at all. This study evaluated key account management strategies against organization-wide, operational, people related, procedural and target key account management strategies. These are discussed in detail in the following subsections.

4.5.1 Organization-Wide Kam Strategies

These strategies represent the overall organizational approach to key account management strategies. The firm's perception and attitude towards key account management is normally apparent at this level. Since senior management influences the organization's overall strategy, this level of organizational perception is deemed that of senior management. Seven statements were deployed to assess this strategy and respondents were requested to rate them. The results obtained were entered in table 4.14 below.

Table 4.14 Mean Scores and Std. Dev for Organization-Wide KAM Strategies

Organization-Wide KAM Strategies	N	Mean	Std. Deviation
The company considers senior manager buy in of KAM	61	3.05	1.347
The company has a KAM advocate	61	2.92	1.242
Within the company top management is actively involved in KAM	61	3.16	1.319
Everybody in the company is trained to appreciate KAM	61	3.11	1.427
There is an outlined key account selection criteria in the company	61	3.15	1.340
In order to accommodate KAM, the firm has altered its organizational structure	61	3.10	1.248
The company clearly identifies key accounts	61	3.34	1.365
Valid N (listwise)	61		
Overall Score		**3.119**	**1.327**

Source: Primary Data (2022)

Table 4.14 demonstrates a strong appetite by dairy companies to establish key accounts by clearly identifying them by scoring a mean of 3.34. The closely followed score rate was that of company considering senior manager buy in of KAM at 3.05 mean score. Save for company having a KAM advocate which scored a lower rating of 2.92, the other statements received near equal rating of 3.16, 3.11 and 3.15 respectively in order of the table. The results indicate a generally favorable organizational climate towards KAM by moderately appreciating organization-wide KAM strategies in their organizations.

4.5.2 Operational Key Account Management Strategies

Operational KAM strategies determine the manner in which KAM strategies are implemented within the organization. They guide the day-to-day activities of the company and their interrelationship with the customers. The purpose of these strategies is to orient the company towards customers. Four propositions were set out to measure these strategies via a questionnaire and the results of analysis were presented in table 4.15 below.

Table 4.15 Mean Scores and Std. Dev for Operational KAM Strategies

Operational Kam Strategies	N	Mean	Std. Deviation
Individual key account programs are in place for the firm	61	3.44	1.285
The company has a well-built feedback mechanism with key customers	61	3.26	1.277
The company initiates common events with key accounts	61	3.15	1.209
The firm makes collaborative investments with key accounts.	61	3.11	1.367
Valid N (listwise)	61		
Overall Score		**3.24**	**1.285**

Source: Primary Data (2022)

Table 4.15 shows that companies are keen to put in place individual key account programs as this statement received the highest rating of a mean score of 3.44. A well-built feedback mechanism with key customers takes the second place with a mean of 3.26 followed by company initiating common events with key accounts and the firm making collaborative investments with key accounts with mean scores of 3.15 and 3.11

respectively. In all those statements, the respondents moderately agreed that operational KAM strategies existed in their organizations.

4.5.3 People Related Key Account Management Strategies

This is the human aspect of KAM strategy without which no strategy can succeed. Company relations with its employees are imperative in the general company operations health. Poorly handled employees can sabotage the entire strategy implementation and form a recipe for the entire organization chaos. To avert this scenario companies institute pre-emptive mechanisms such as instilling employees work confidence through training, motivating and rewarding them when they meet certain job targets. Seven statements were used to measure this strategy aspect and the results were presented in table 4.16.

Table 4.16 Mean Scores and Std. Dev for People Related KAM Strategies

People Related KAM Strategies	N	Mean	Std. Deviation
The company has appointed specialist Key Account Managers	61	3.38	1.368
The company has fully trained Key Account Managers	61	3.08	1.308
The company has established cross functional KAM teams	61	3.18	1.272
In the firm, there are particular motivation and reward plans for Key Account Managers	61	3.18	1.348
We consider the customer's relations with our competitors	61	3.20	1.302
The company considers the composition of the customer's buying decision unit	61	3.23	1.296
The company considers the likelihood of long term relations	61	3.39	1.345
Valid N (listwise)	61		

Overall Score		3.234	1.312

The company considering the likelihood of long term relations with customers and appointing specialist key account managers received the highest ratings of 3.39 and 3.38 respectively in accordance with results of table 4.16. The companies take customers' relations with competitors seriously as this received the third highest rating of 3.20 mean score. The establishment of cross functional teams and motivating and rewarding key account managers received similar score of 3.18 mean score while key account manager training follows closely with 3.08 mean score. Overall, there is moderate agreement to the strategy of people related key account management in these organizations.

4.5.4 Procedural Key Account Management Strategies

This entails the protocols and procedures laid down by the companies all geared towards the successful implementation of key account management strategy within the organization. This entrenches the culture of facilitating KAM within the organization. Five questionnaire items were dedicated to measuring this characteristic and the results were presented as follows in table 4.17.

Table 4.17 Mean Scores and Std. Dev for Procedural KAM Strategies

Procedural KAM Strategies	N	Mean	Std. Deviation
For key accounts, the organization has developed particular rules and processes.	61	3.31	1.348
For addressing key accounts, the organization has developed certain rules and processes.	61	3.03	1.238
The company provides distinguished and better service levels for Key Accounts	61	3.46	1.285
The company ensures sufficient IT support for KAM	61	2.92	1.475
In the company we forecast the lifetime value of Key Accounts	61	3.15	1.327

Valid N (listwise)	61		
Overall Score		**3.174**	**1.335**

Source: Primary Data (2022)

There is moderate support for the principle of people related key account management as supported by a closer look at the means in table 4.17. There is general appraisal for the company providing distinguished and better service levels for key accounts as it received a mean score of 3.46 the far highest rated item in this category. The closely following rate is 3.31 that of developing particular rules and processes for key accounts. The others follow at a distant of a mean score of 3.0.

4.5.5 Key Account Management Target Strategies

Kam target strategies identify the overall goals and objectives for the entire KAM program. A set of four statements were employed in this category to evaluate the strength of KAM target strategies and the results are presented in table 4.18 below.

Table 4.18 Mean Scores and Std. Dev for KAM Target Strategies

Target KAM Strategies	N	Mean	Std. Deviation
In the company we have specific targets for the entire KAM program	61	3.39	1.295
The company benchmarks against other companies on KAM	61	2.95	1.347
We have specific KAM targets for each key account in the company	61	3.31	1.311
In the company we monitor the degree of attainment of the KAM program target	61	3.31	1.385
Valid N (listwise)	61		
Overall Score		**3.24**	**1.335**

Source: Primary Data (2022)

The results from table 4.18 shows that the greatest devotion was given to setting specific targets for the entire KAM program as seen in the highest mean score of 3.39 in the category while lowest attention is given to benchmarking against other companies on KAM a mean of 2.95. Having specific KAM target for each key

account and monitoring the degree of attainment of the KAM program target both share a common mean score of 3.31. The overall finding for the category is that there is a moderate agreement on existence of these strategies within the companies.

Table 4.19 Summary of Mean Scores and Standard Deviations of KAM Strategies

KAM Strategies	mean score	Std. Dev
Organization-Wide	3.119	1.327
Operational	3.24	1.285
People Related	3.234	1.312
Procedural	3.174	1.335
Target	3.24	1.335
Overall Score	**3.201**	**1.319**

Source: Primary Data (2022)

4.6 Influence of Marketing Capabilities on KAM Strategies of Dairy Processors in Kenya

This research aimed at evaluating the impact of marketing capabilities (independent variable) on key account management strategies (dependent variable) of dairy processors in Kenya. To achieve that end, correlation analysis and multiple regression analysis were performed on the data to establish the character of the relationship.

4.6.1 Correlation Analysis

To test the power of association between marketing capabilities and key account management strategies, the study employed Pearson's product moment correlation analysis. Mukaka (2012) offers a guide to Pearson's product moment data analysis results interpretation: ''.90 to 1.0 implies very high positive correlation, .70 to .89 high positive correlations, .50 to .69 moderate positive correlations, .30 to .49 low positive correlations and .00 to .30 negligible correlations." This study adopted the above strategy for the purposes of the following data interpretation. The correlation results are presented in table 4.20 below.

Table 4.20 Pearson's Product Moment Correlation Results for Marketing Capabilities and KAM strategies

		KAM Strategies	Pricing Capabilities	Product Capabilities	Distribution Capabilities	Marketing Communication Capabilities	Relationship Management Capabilities	Innovation Capabilities
KAM Strategies	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	61						
Pricing Capabilities	Pearson Correlation	.896**	1					
	Sig. (2-tailed)	.000						
	N	61	61					
Product Capabilities	Pearson Correlation	.855**	.847**	1				
	Sig. (2-tailed)	.000	.000					
	N	61	61	61				
Distribution Capabilities	Pearson Correlation	.909**	.924**	.907**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	61	61	61	61			
Marketing Communication Capabilities	Pearson Correlation	.841**	.840**	.791**	.868**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	61	61	61	61	61		
Relationship Management Capabilities	Pearson Correlation	.860**	.871**	.812**	.871**	.772**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	61	61	61	61	61	61	
Innovation Capabilities	Pearson Correlation	.839**	.801**	.870**	.857**	.788**	.777**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	61	61	61	61	61	61	61

Source: Primary Data (2022)

From the results of table 4.20 there was a high positive and statistically significant correlation between pricing capabilities and key account management strategies of dairy processors in Kenya (r=.896, p-value=.000). The relationship between product capabilities and KAM strategies also turned highly positively correlated and statistically significant (r=.855, p-value=.000). Distribution capabilities and KAM strategies were very highly positively correlated and statistically significant (r=.909, p-value=.000). Marketing communication capabilities had a high positive and statistically significant correlation with KAM strategies (r=.841, p-value=.000). Relationship management capabilities influenced KAM strategies statistically significant with a high positive correlation (r=.860, p-value=.000). Also the relationship between innovation capabilities and KAM strategies were statistically significant and highly positively correlated (r=.839, p-value=.000). The study tested the data against a significance level of <0.01 and a two tailed test. These overall results showed that marketing capabilities highly influence key account management strategies of dairy processors in Kenya.

4.6.2 Regression Analysis

To further evaluate the relationship between marketing capabilities and key account management strategies multiple regression analysis was performed on marketing capabilities (independent variables) against key account management strategies (dependent variables). The results of the operation are presented in table 4.21.

Table 4.21 Regression Analysis for Marketing Capabilities and Key Account Management Strategies

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.933[a]	.871	.856	.43468

a. Predictors: (Constant), Marketing Capabilities

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.738	6	11.456	60.632	.000[b]
	Residual	10.203	54	.189		
	Total	78.941	60			

a. Dependent Variable: KAM Strategies

b. Predictors: (Constant), Marketing Capabilities

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1.136	.281		-4.045	.000
	Pricing Capabilities	.323	.175	.257	1.842	.071
	Product Capabilities	.055	.136	.052	.406	.687

Distribution Capabilities	.269	.220	.218	1.222	.227
Marketing Communication Capabilities	.129	.100	.132	1.290	.202
Relationship Management Capabilities	.231	.137	.180	1.678	.099
Innovation Capabilities	.177	.121	.157	1.464	.149

a. Dependent Variable: KAM Strategies

Source: Primary Data (2022)

The Beta values of coefficients sub table were used in formulating the overall regression equation as follows:

KAMs=-1.136+0.323PriC+0.055ProdC+0.269DistC+0.129MCC+0.231RMC+0.177IC+ĕ

Where:

KAMs= Key account management strategies

-1.136= Constant value of KAM when marketing capabilities values are equal to zero

0.323, 0.055, 0.269, 0.129, 0.231, and 0.177 are the coefficients of pricing, product, distribution, marketing communication, relationship management and innovation capabilities respectively. This means that as these individual marketing capabilities change by a unit, key account management strategies change by that respective coefficient value holding other marketing capabilities predictors constant. Ĕ is the error value of the units under study.

According to table 4.23 model summary table, the model explains 93.3% (R value) of the data. 87.1% (R Square) of variability in key account management strategies (dependent variable) is explained by marketing capabilities (independent variable).

The ANOVA table shows the significance of the model in its fitness for dependent variable prediction. The p-value 0.000 is less than 0.05 meaning the model is statistically significant in predicting the key account management strategies.

From the coefficient table we realize that marketing capabilities have a direct positive insignificant influence on the overall key account management strategies of dairy processors in Kenya. The p-values for these capabilities are all greater than 0.05.

4.7 Discussion of the Findings

This study sought to assess the influence of marketing capabilities on key account management strategies of dairy processors in Kenya. The research findings suggested that the top ranking marketing capabilities associated with the dairy processors were those of relationship management with a mean score of 4.007. This suggests that dairy companies place heavy emphasis on relationship building, growth and maintenance to cultivate a competitive advantage in the market by offering superior value to customers. These capabilities complement key account management strategies because according to literature key account management is an offshoot of relationship marketing as it aspires to keep strategic customers by offering them superior value. The second and third most important capabilities were innovation and pricing capabilities with means of 3.68 and 3.662 respectively. These companies recognize that in order to compete in the market they must consistently offer customer needs driven solutions through continuous innovation and deliver that value by effectively pricing their offerings.

Key account management strategies were assessed using organization-wide, people related, procedural, operational and target key account management strategies. Descriptive analysis revealed that operational and target capabilities both with a mean of 3.24 were given the greatest attention by these companies. This means that companies had taken care on how they operate in order to meet the needs of their key accounts and holding themselves accountable to that commitment by evaluating themselves against their self-imposed targets. To ensure this they made sure their employees are closely aligned to those operational and target objectives as is evidenced by a closely scored mean of 3.234 on people related KAM strategies. Procedural and organization-wide strategies follow fourthly and fifthly with 3.174 and 3.119 mean scores respectively. The overall mean score for key account management strategies was 3.201 and a standard deviation of 1.319. These overall scores mean that key account management strategies are highly synchronized.

Pearson's product moment correlation and regression analysis were performed to test the relationship between marketing capabilities and key account management strategies. The correlation analysis was a two tailed test on a 0.01 confidence level. The results showed that all marketing capabilities had a p-value 0.00 which is less than 0.01 implying a high correlation level and statistical significance in the relationship. The regression results revealed a positive but statistically insignificant influence of marketing capabilities on KAM strategies of dairy processors in Kenya.

There are different literatures related to this study some disagreeing while others agreeing with the findings of this study. In her study, Katwa (2016) established product and store image capabilities as statistically significant influencers of firm performance. On his part, Odhiambo (2014) found that product development and marketing communication capabilities were key determinants of performance with overall marketing capabilities producing greater effects than single marketing capabilities. In another study, Nyumba (2018) discovered that product, distribution and marketing communications capabilities were essential for firm performance. In an alternative study, Morgan et al (2009) suggested that relationship management and product capabilities had significant influence on performance and held a general conclusion that marketing capabilities impact firm well-being. However, in a different study Absah et al (2019) while measuring firm financial performance held that marketing capabilities have an insignificant direct positive impact on performance.

It is held that KAM represent a philosophical shift in managerial orientation in recent decades and that relationship marketing has not fully developed in emerging economies (Ndambuki 2018). This explains the lack of confidence in strongly evaluating key account management strategies among respondents. The fact that the overall mean for KAM strategies was 3.234 which lies in the moderate agreement with statements in the questionnaire is a clear indication that KAM is gathering momentum in dairy companies and that it will be fairly improved in the near future.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the overall findings of the study as well as the conclusions thereon. The study also gives recommendations to be taken based on the research findings. The limitations underpinning the study are also expounded in this chapter. And finally suggestions for further research are outlined.

5.2 Summary

The objective of this research enquiry was to establish the impact of marketing capabilities on key account management strategies of dairy processors in Kenya. What constitute marketing capabilities is met with varied opinions across marketing scholars. For this reason, pricing, product, distribution, marketing communications, relationship management and innovation capabilities were adopted in this study. They were tested against five different indicators of key account management strategies among them organization-wide, people related, procedural, operational and target KAM strategies.

Frequency distribution analysis was performed on the data collected to draw conclusions on the respondents' firm characteristics. Descriptive statistics analysis was carried out on both marketing capabilities and key account management strategies to isolate the nature and character of those two variables. The results on marketing capabilities showed that the relationship management capabilities (mean= 4.007) were the most important capabilities in dairy processors. Other influential capabilities include innovation (mean=3.68),

pricing (mean=3.662), product (mean=3.635), distribution (mean=3.605), and marketing communication (3.178) in that order. The most predominant key account management strategies observed in the organizations were operational and target strategies both with a mean of 3.24. They were followed by people related (mean=3.234), procedural (mean=3.174) and organization-wide capabilities (mean=3.119) in that order. Pearson's product moment correlation and regression analysis were performed to test the relationship between marketing capabilities and key account management strategies. The correlation analysis was a two tailed test on a 0.01 confidence level. The results showed that all marketing capabilities had a p-value 0.00 which is less than 0.01 implying a high correlation level and statistical significance. Regression analysis showed that marketing capabilities had a positive statistically insignificant impact on the overall KAM strategies.

5.3 Conclusion

This study was aimed at investigating the impact of marketing capabilities on key account management strategies of dairy processors in Kenya. Product, pricing, distribution, marketing communication, relationship management and innovation capabilities were adopted as independent variables, while organization-wide, operational, procedural, people related and target KAM strategies were the dependent variables. Following the research findings we arrive at a conclusion that relationship management capabilities (mean= 4.007) were the most important capabilities in dairy processors. Other influential capabilities included innovation (mean=3.68), pricing (mean=3.662), product (mean=3.635), distribution (mean=3.605), and marketing communications (3.178) in that order. Also the overarching key account management strategies observed in the dairy companies were operational and target capabilities both with a mean score of 3.24. They were followed by people related (mean=3.234), procedural (mean=3.174) and organization-wide capabilities (mean=3.119) in that order. Lastly we conclude that marketing capabilities have a positive but insignificant influence on key account management strategies of dairy processors in Kenya.

5.4 Recommendations of the Study to Dairy Managers

Companies should give investments attention to the top ranked capabilities such as relationship management and innovation capabilities that are considered essential for competitive advantage. Since relationship management capabilities were highly regarded and that KAM is their offshoot, these organizations should also

prioritize investing in key accounts as these have been proven to offer strategic value. They should as well ensure different forms of key account management strategies are properly aligned to achieve a synergetic common goal.

5.5 Limitations of the Study

There were several limitations subject to this study. First, the study was a descriptive cross-section survey that collected data at a single point in time. In this case it was impossible to assess how the results would change over time. Maybe if we did another study by now the results would be different. Second, the study was a census study meaning all the dairy companies in Kenya had a chance to participate. Some firms, however, were smaller than others and the results were generalized across all of them. Maybe the results would be different if the respondents would be categorized according to their sizes. Third, the study relied on a single source of information in every company and this is subject to biases leading to wrong conclusions. Fourth, the study was carried on dairy firms which make it difficult to generalize across many different industries.

5.6 Suggestions for Further Research

This study used marketing capabilities to assess their influence on key account management. Future research can employ other types of capabilities such as dynamic capabilities and inside-out capabilities to see if they will arrive at similar results. Future research can also use a case study that will do deep organizational analysis to arrive at more logical conclusions.

This study was carried out on dairy companies in Kenya and we find that we cannot generalize the findings to other sectors. It is, therefore, intelligible to perform a similar study in a different context in order to compare the results. The study can also be performed on different tiers of dairy companies in order to compare the results. For example, a study on the leading dairy companies in Kenya.

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APPENDIX I. RESEARCH QUESTIONAIRE.

This research questionnaire intends to collect data from the dairy processors in Kenya with an objective to investigate the impact of marketing capabilities on Key Account Management strategies of dairy processors in Kenya. The data obtained will be held confidentially as well as the identity of respondents kept concealed and anonymous. The data collected is strictly for academic purpose applications in fulfilling the requirements for master's degree studies and your help in filling the questionnaire is highly appreciated. It is to be completed by the marketing manager. The questionnaire is divided into three sections; A, B, and C in order to exhaustively address the objectives of the study. Please answer the questions as precisely as possible.

SECTION A. GENERAL INFORMATION

1. GENERAL INFORMATION ABOUT THE COMPANY

1	Name of your company	
2	Job designation	MM KAM
3	Number of years in operation of the company	Below 10 years ( ) 11-20 years ( ) 21-30 years ( ) 31-40 years ( ) Above 40 years ( )
4	Number of employees in your company	Below 50 ( ) 51-100 ( ) 101-200 ( ) 201-300 ( ) 301-400 ( ) 401-500 ( ) Above 500 ( )
5	Daily milk processing capacity of your organization in litres	"Litres in 000s'' Below 100 ( ) 101-200 ( )

		201-300 ( )
		301-400 ( )
		401-500 ( )
		501-600 ( )
		Above 600 ( )
6	Geographical scope of operation in relation to raw milk collection.	Regional ( ) National ( ) International ( )
7	Geographical scope of operation in relation to milk and milk products marketing.	Regional ( ) National ( ) International ( )
8	Structure of company ownership	Farmers only ( ) Government only ( ) Individually owned ( )

SECTION B. MARKETING CAPABILITIES

Please rate how well the following statements represent your company's overall marketing capabilities on a scale

(Where 1=Not at All, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5=Very Large Extent)

B1. Pricing capabilities	Not at All (1)	Small Extent (2)	Moderate Extent (3)	Large Extent (4)	Very Large Extent (5)
We change pricing levels swiftly in response to market dynamics					
We clearly understand the pricing strategies used by competitors					
The company tracks price changes made by competitors					
The company has flexible pricing policies					

Our customers are satisfied with our price charges					
Product capabilities					
The company has the ability to successfully develop new products					
We ensure that our products and services are responsive to the needs of customers					
Distribution capabilities					
The company has a well distributed branch network					
We have a large hardworking sales force					
The company incurs a low average cost of distribution in relation to sales					
We are able to sell the whole of our daily intake every day					
Marketing communications capabilities					
We often develop and execute advertising programs					
The company engages in well calculated public relations activities					

The company has a robust active online social media presence					
Relationship management capabilities					
We effectively manage customer complaints					
We are highly effective at maintaining our customers					
We are able to comprehensively recognize customer needs and wants					
Innovation capabilities					
We are able to improve existing products, services, and processes using existing organizational resources					
We are able to adapt existing products, services, and procedures to new market demands by changing and reconfiguring organizational capital.					

SECTION C: KEY ACCOUNT MANAGEMENT STRATEGIES

Please rate how well the following statements represent your company's overall key account management practices on a scale **(Where 1=Not at All, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5=Very Large Extent)**

C1. Organization wide KAM practices	Not at All (1)	Small Extent (2)	Moderate Extent (3)	Large Extent (4)	Very Large Extent (5)
The company considers senior manager buy in of KAM					
The company has a KAM advocate					
Within the company top management is actively involved in KAM					
Everybody in the company is trained to appreciate KAM					
There is an outlined key account selection criteria in the company					
In order to accommodate KAM, the firm has altered its organizational structure					
The company clearly identifies key accounts					

Please use a scale of 1-5 to rate how well the following statements represent your company's operational key account management processes **(Where 1=Not at All, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5=Very Large Extent)**

C2. Operational KAM practices	Not at all (1)	Small extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
Individual key account programs are in place for the firm					
The company has a well-built feedback mechanism with key customers					

The company initiates common events with key accounts					
The firm makes collaborative investments with key accounts.					

On a scale of 1-5, rate how well the following statements represent your company's people-related key account management procedures (**Where 1=Not at All, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5=Very Large Extent**)

C3. People-related KAM practices	Not at all (1)	Small extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
The company has appointed specialist Key Account Managers					
The company has fully trained Key Account Managers					
The company has established cross functional KAM teams					
In the firm, there are particular motivation and reward plans for Key Account Managers					
We consider the customer's relations with our competitors					
The company considers the composition of the customer's buying decision unit					
The company considers the likelihood of long term relations					

Please use a scale of 1-5 to rate how well the following statements represent your company's procedural key account management methods. (**Where 1=Not at All, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5=Very Large Extent**)

C4. Procedural KAM practices	Not at all (1)	Small extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
For key accounts, the organization has developed particular rules and processes.					
For addressing key accounts, the organization has developed certain rules and processes.					
The company provides distinguished and better service levels for Key Accounts					
The company ensures sufficient IT support for KAM					
In the company we forecast the lifetime value of Key Accounts					

Please rate how well the following statements represent your company's KAM Target and Performance processes on a scale **(Where 1=Not at All, 2=Small Extent, 3=Moderate Extent, 4=Large Extent, and 5=Very Large Extent)**

C5. KAM target practices	Not at all (1)	Small extent (2)	Moderate extent (3)	Large extent (4)	Very large extent (5)
In the company we have specific targets for the entire KAM program					
The company benchmarks against other companies on KAM					
We have specific KAM targets for each key account in the company					
In the company we monitor the degree of attainment of the KAM program target					

Thank you for your time!

UNIVERSITY OF NAIROBI
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Our Ref: **D65/11797/2018**   September 23, 2022

TO WHOM IT MAY CONCERN

RE: INTRODUCTION LETTER MR. JOHN BERNARD KATHENKA

The above named is a registered Master of Science in Marketing Student at the Faculty of Business and Management Sciences, University of Nairobi. He is conducting research on: **"Marketing capabilities and Key Account Management Strategies of Dairy Processors in Kenya."**

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

PHILIP MUKOLA (MR.)
FOR: ASSOCIATE DEAN,
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

PM/fmi

APPENDIX II: LIST OF DAIRY COMPANIES

Company Name	County
Latte Dairies	Kisumu
David Ndiritu Githaiga	Nyeri
Mogawat Enterprises	Nairobi West
Lolwe Milk Parlour	Kisumu
Organo Milk Limited	Nairobi West
Morani Ltd	Nyeri
Kilifi Plantation	Mombasa
Mauna Business Enteprises Limited	Kisumu
Jasdeep Singh Rehal	Kisumu
Countryside Dairies	Kisumu
Amos Nyingi Mwaniki c/o Mwaken Dairies	Thika
Jackson Kariuki Ndei	Thika
Countryside Dairies	Kisumu
Countryside Dairies	Kisumu
Countryside Dairies	Kisumu
Katheri Milkway Dairies	Meru

Podago Self Help Group	Embu
Wanyororo Dairy Farmers Co-operative Society Ltd	Nakuru
Jufred Milk Products	Embu
Usafi Creameries Ltd	Muranga
Margaret Adhiambo	Kisumu
The Hive Pastries	Muranga
Classic Foods Ltd	Meru
Lowland Dairies	Muranga
Paul Mbugua Wanjiru	Nairobi Central
Samuel Gichuki Njoki	Muranga
Kutsi Farmers Community Based Organization	Eldoret
Kelvin Acheu Omwansa	Nairobi West
Elite Dairies Ltd	Nairobi Central
Dama Foods Enterprises	Nakuru
Freshways Dairy Limited	Nyeri
Komi Farm Limited	Thika
Kenran Investment Company Limited	Nairobi South
Choppies Enterprises Kenya Limited	Kisumu
Choppies Enterprises Kenya Limited	Kisumu
Countryside Dairy	Kisumu

Patrick Kangau Macharia	Nyeri
Christopher Maina	Olkalou
Peter Mucwe	Thika
Meved Dairy Farm	Embu
Miyanji Dairy	Mombasa
Italian Gelati & Foods Products	Mombasa
Eric Kamau Karanja	Thika
Real Food Africa Ltd	Nakuru
Society Stores	Meru
Yammies Fresh Limited	Nairobi West
Peter Mawira Ikingi	Nairobi West
Life Fresh Dairies	Nairobi West
Milele Fresh	Nairobi West
Siche Dairy	Muranga
Rutwa Enterprises	Nairobi South
Lacata Investment Limited	Eldoret
Home Lands Foods	Eldoret
Lowland Dairies	Muranga
Jehova Jire Self Help Group	Thika
Munga Self Help Group	Thika
Davi Ngunja Njenga	Nairobi West
George Karanja Wanjiru	Nairobi West

Murero Systems Co. Ltd	Muranga
James Karanja Njeri	Thika
Johnson Thiongo Muiruri	Thika
Yetu Dairies Limited	Embu
Reginah Nyawira Kabira	Nyeri
Zachary Wahinya Kamau	Thika
Levanta Dairies Limited	Thika
NURU	Kisii
Duncan Kumu Muranga	Nyeri
Sylas Kiplagat (Eldama Dairies)	Baringo
Makuyu Evergreen Investments Limited	Muranga
Sunvalley Limited	Tharaka Nithi
Ramadhan Noor	Thika
Christopher Maina	Nyeri
Comrade Dairy and Food Enterprises	Nakuru
Simon Karanja Gakarau	Thika
Afrodane Foods Industires	Nairobi West
Uplands Premium Dairies	Nairobi Central
BioFoods Ltd	Nairobi South
New K.C.C. - Kiganjo(Cancelled)	Nyeri
Happy Cow	Nakuru
Brookside Dairy Limited	Nairobi Central

Meru Dairy Union	Meru
Doinyo Lessos Creameries Ltd	Eldoret
Githunguri Dairy F.C.S.	Nairobi Central
Sameer Agr & Livestock Ltd	Nairobi South
Sameer Agr & Livestock Ltd	Nakuru
Bahati Agro Processors Limited	Nakuru
Superior Highland Dairy	Embu
Kiambaa D.F.C.S. Ltd	Nairobi West
Lucky Dairies	Olkalou
New K.C.C.	Olkalou
Aspendos Dairy Limited	Muranga
Mukurwe-ini Wakulima Dairy Ltd	Nyeri
Sunpower Products	Nairobi West
New K.C.C. - Kitale	Kitale
Kinangop Dairy Limited	Olkalou
Highland Creamers and Foods Limited	Kisii
Suka Farmers Co-operatuive Society Ltd	Nakuru