

**MARKETING ORIENTATION AND SALES GROWTH: A CASE OF  
LARGE MANUFACTURING FIRMS IN THE FOOD INDUSTRY IN  
NAIROBI**

**BY**



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PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE  
MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE,  
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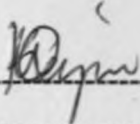
**JULY, 1998**

DECLARATION

**Declaration**

This project is my original work and has not been submitted for a degree in any other university.

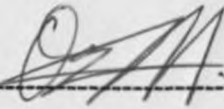
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This project has been submitted for examination with my approval as the university supervisor.

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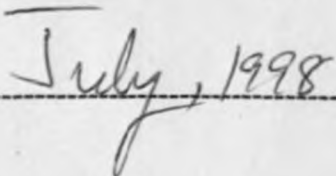
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## DEDICATION

To my dear parents Mr. Peter Gachanja Kuria and Mrs. Dorcas Mumbi Gachanja for their love of education and their sponsorship to the program as well as a special dedication to little Daniel Kiplimo for the many hours he was gone without me.

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## ABSTRACT

The study reported here analyzed the various programs and methods of marketing orientation that firms in the food industry in Nairobi had adopted. The study also explored whether firms that had adopted more marketing orientation programs had better sales growth. The basic premise of the study was that the increases in sales volumes in the increasingly competitive environment depended to a large extent on the degree to which the organization was able to apply the marketing concept in its marketing function. The need for the study arose out of the fact that the food industry in the Nairobi market was facing saturation and stiff competition from other foreign imported foodstuffs were flooding the market and seemed to gain more customer acceptance than locally manufactured foodstuffs. Customer acceptance of imported foodstuffs was due to the fact that foreign manufacturers considered the customer the focal point of their operations and thus made products that suited a wide variety of people by diversifying their product range whereas local manufacturers relied more on a production and product orientation thus making whatever was easier to make and then selling it to willing customers. The increase in imported foodstuffs brought on by the advent of liberalization caused the local manufacturers to change their orientation in order to survive in a market where customers had a wide range of products to choose from and imported foodstuffs seemed to satisfy their needs more adequately than locally manufactured products. Nairobi is the most affected by these changes in the environment because it is the capital city. The majority of the population in Nairobi is urban, more enlightened and tend to have more often than not changing requirements.

The study was a census survey of all local manufacturing food industries Nairobi. Data was collected using a structured, undisguised questionnaire and analyzed and presented using tables, proportions and percentages. In conclusion, the findings of the study revealed that firms that had adopted more marketing orientation programs did have better sales growth than those that had less programs.

## ACKNOWLEDGEMENTS

Many people have contributed greatly in one way or the other to the development of this project. First my special thanks go to my supervisor. Dr. M. Ogutu of the Department of Business Administration without whose guidance and constant advice, this work would not have materialized. I want to thank him for all his tireless efforts and patience in seeing through the accomplishment of this project. To God also be all the glory for giving me good health, wisdom, knowledge, strength and hope to complete the program.

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Last but not least my gratitude goes to Fast Secretarial Services for the typing of my project proposal and the final report.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 BACKGROUND

In the 1983 issue of the Journal of Marketing, two well known American Professors of Marketing namely Yoram Wind and Thomas S. Robertson, argued that Marketing has reached a point of discontinuity in its development, as a discipline from an emphasis upon Marketing Management to a broadened perspective concerned with marketing strategy. The early emphasis upon marketing management and the marketing functions - particularly advertising and product development, is not surprising observed Baker (1992). The manipulation of these elements of the marketing mix allow tactical responses to the prevailing conditions in the markets in which one is competing. As the markets of the advanced industrialized economies of the western world gradually moved from an endemic condition of under supplied markets to one of potential oversupply, it was clear that marketing practices had to change. Tactical management was not able to cope with the intense competition of the new market conditions something more was required. It was this recognition which led to what Baker characterizes as the rediscovery of the marketing concept.

While most authors and commentators such as Kotler date the statement of the Marketing Concept to the 1980s - its central tenets facts were crystallized in the mid 1950s and identify its articulation with the General Electric Company. It is obvious that such identification is purely a matter of convenience. Marketing did not just happen in the 1950s - its function had been in daily use in some shape or form from the beginnings of trade and commerce way back in antiquity.

The adoption of a marketing orientation is well advanced and no longer confined to the fast moving consumer goods companies where it originated. All kinds of manufacturing companies now subscribe to the marketing approach as do service organizations in both the public and private sector whether for a profit or not for profit. The adoption of the marketing concept and a marketing orientation does not create nor bring into existence new business functions but it does call for a change in both focus and emphasis, and it is this change of focus and emphasis which has led to the need for marketing oriented strategy (Baker, 1992).

In our modern sophisticated societies observes Baker, it has become necessary to develop a marketing function to bridge the gap which has developed between the two parties to an exchange - product and consumer buyer and seller or supplier and user which has grown as a result of task specialization and division of labour and the application of technology to the production function.

Economic growth and development, the consumerism movement and the growth of democracy throughout the world and in Kenya most recently depicts that the market system approach offers the best solution to the actual economic problem of maximizing satisfaction through the consumption of scarce resources. This is achieved through marketing and implementation of the marketing concept. (Fullerton, 1988). According to the Economic Survey of 1997, the stable value of the Kenyan shilling against the major trading foreign currencies helped bring the manufacturing sector from further decline by facilitating easy importation of raw materials, machinery and spare parts. Similarly aggressive marketing strategies by local manufacturers also assisted in breaking the fall experienced through real output growth of manufacturing production slowing down slightly to 3.7% in 1996 compared to the 3.9% growth reported in 1995.

This combined effects and increased technological innovation, increased competition - both national and international, and a slowing of growth in population have resulted in a much more complex and competitive market place. In this environment survival, let alone success calls for a new philosophy of business in which the process of manufacturing or supply creation should be seen to start with a clear statement of consumer needs - the marketing concept (Baker: 1992).

The food industry under the following research study will cover industries that manufacture edible products such as food products in general chocolate and sugar products, bakery, grain mill/vegetable and animal oils and fats, fish, canned and preserved fruits, vegetables, dairy products meats, beverages, soft drinks and carbonated water industries.

The food industry has had numerous challenges due to the advent of the recent environmental changes. A lot of imported foods have their way into the local market. They are from countries that have active consumerism movements and as a result have had to make products that are market oriented. The food industry has been the most affected by liberalization as, numerous imposed food stuffs paid find their way into the local market and customers begin to switch brands because the other foods have other nutritional elements not found in local foods. This explains the decline in sales of local firms and multinational firms tend to do better because of the use of international standards. The economic survey indicates a short decline in these industries in the future may have to adopt a market orientation in the production of their foods in order to survive in this market.

## 1.2 THE RESEARCH PROBLEM

Will a business that increases its market orientation as a result of implementing the marketing concept increase its sales growth and as a result improve its market performance?

The debate concerning marketing orientation has been reviewed continuously by both marketing academicians and managers for over three decades (Kotler 1984, Kotler and Adreaser 1987, Levitt 1960, Webster 1988). Judged by the attention paid to it during this time by practitioners and academicians in speeches, textbooks and research papers, market orientation is the very heart of modern marketing management and strategy - yet to date no one has developed a valid measure for it or assessed its influence on business performance. As a result, business practitioners seeking to implement a market orientation in Kenya and in most countries in Africa have had no specific guidance as to what precisely a market orientation is, and what its actual effect on business performance may be. The effect of the marketing concept on business performance has been a major topic of research among academicians and students of marketing. Although these studies have contributed valuable insights on how organizations are benefiting from the use of the marketing concept, they have had some pitfalls in that they were not associated to the local - Kenyan situation and if so they were based on the effect of the overall business performance of only one variable - profitability. An example of such a study on this subject is Nyaga J.K. 1986, who studied the adoption of the Marketing Concept among financial institutions in Kenya. Another study by (Sacks and Benson 1978) investigated whether it was time to discard the Marketing concept and concluded that marketing concept was still relevant and will remain to be so for many more decades to come. It was considered to be the most advanced philosophy of business. Narver and Slater (1990) also studied the effects of market orientation on Business profitability and observed that it would be useful to test the relationship of market orientation to additional performance measures that may affect long-term performance for example. what is the

relationship of market orientation to customer retention, new product success and Sales growth?

Further research is evidently needed to resolve these issues. For this research purpose, the researcher will focus on sales growth as a measure of business performance. The study therefore aims at developing a measure of market orientation and analyses its effects on Business performance among some local organizations other influences on business sales growth as a performance measure must be controlled for. This is because industrial organizations and marketing strategy literature place considerable emphasis on this influences. They may include some uncontrollable situational factors which are the independent variables and causes of either poor or successful sales growth. This includes demand, competition, legal/political factors, economic climate of the country as well as environment of the industry, technological, government regulations and internal resources of the organizations. This is encompassed in the model of the marketing system (Aaker 1988; Bain 1959; Day 1984; Scherer 1980). These situational variables must be controlled in analyzing the effect of a market orientation sales growth as a measure of business performance.

The relationship among the primary elements in the theory of market orientation- the components of the marketing concept the business level, market level variables and performance can be found in the independent effects model by Boal and Bryson, (1987).

This study aims at assessing the relationship of market orientation to an additional performance measure that may affect its long term performance. It aims at assessing the relationship of market orientation to sales growth.

The study will be an important step in enhancing the understanding of the marketing concept among managers in the manufacturing industries. In addition the understanding of the major characteristics of the marketing concept may cause the marketing function to be more useful in developing a marketing program directed to food industry manufacturers. The same information would be useful to manufacturers in developing products that have more consumer acceptance and thus increase and enhance the sales growth of the company. The study will benefit the customers because the aspects of consumer acceptance or preference will be a critical factor in influencing a manufacturer to produce foods that are market oriented by considering the preferences of the customer and their needs.

### **1.3 OBJECTIVES OF THE STUDY**

The study had two major objectives as follows:

1. To identify the programs and methods of marketing orientation that firms in the food industry in Nairobi have adopted.
2. To determine whether firms that have adopted more marketing orientation programs have better sales growth.

## 1.4 OVERVIEW OF THE REPORT

This report is divided into five chapters. The first chapter introduces the study. It gives the background information of the issue under study, the research problem and objectives of the study.

Chapter two is a review of the literature related to the area of study. It covers literature based on conceptual and empirical works of other researchers regarding the problem at hand. The central tenets of a marketing concept are also reviewed.

Chapter three deals with the method of data collection and the research design. Discussion of the relevant population of the study, the sampling procedure and the data collection method are given in this chapter. Also presented in the same chapter is a discussion of the validity and reliability tests of the scales used in this study.

Chapter four gives the data analysis and findings. Chapter five presents the summary of conclusion of the study and also highlights the limitations of the study. Finally, it gives suggestions for future research.

## CHAPTER TWO

### LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

#### 2.1 Introduction

The marketing concept is considered to be a philosophy of the entire management. It is a simple but very important idea. It means that an organization aims all its efforts at satisfying its customers at a profit. It is a business philosophy that challenges the previous concepts such as production, product, selling and societal marketing (Kotler, 1980). According to Waruingi and Kibera in their book *Marketing: An African perspective*; it is an orientation that believes that all marketing decision making should start by understanding the target consumers and then work backwards to the organization. That is, the marketer should first identify the needs and wants that consumers are trying to satisfy. Once the needs are identified then a product that will satisfy those needs and wants at a profit is developed. After that an integrated Marketing Programme involving all the 4P's and the environment of all the personnel in the organization is implemented. It is then hoped that volume sales and profit will be realized through repeat buying and consumer loyalty. Research shows that firms having a demonstrated marketing orientation are more profitable than those lacking it. The philosophy advocates the sovereignty of the consumer.

This literature review is based on empirical and conceptual works of other researchers and authorities in the subject matter. The central tenets of the marketing concept, the concept in Kenya or the Kenyan scenario, the marketing environment and its implications on the implementation of the concept, sectors and marketing concept and its relevance in the Kenyan context will be reviewed. Market orientation and performance: the conceptual model will also be reviewed.



## 2.2 THE CENTRAL TENETS OF THE MARKETING CONCEPT

The marketing concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors (Kotler 1980). There are five more competing concepts under which organization's conduct their marketing activity. The production concept advocates that the consumer is not the important thing in terms of focus but rather they favor those products that are highly and widely available and are low in cost. It does not hold the consumer/customer as sovereign and products should be made based on their preferences and not those that they will favour. The other concept is the product concept which says that customers will favour products that offer the most quality, performance or innovative feature. This as compared to the marketing concept is turned inside out and the customer should first give their specifications before a product is made that can meet the quality performance or innovative features requirement of the customer. The selling concept the closest rival to the marketing concept holds that consumers if left alone will ordinarily not buy enough of the organizations product. This should not be the case as the products should be able to market themselves based on the fact that they were made to satisfy a certain 'Niche' of the market. Consumers should not be coerced to buy products which they may not need or would not satisfy their needs adequately.

One cannot create a need that does not already exist so the marketing concept advocates for trying to find the need first then making and selling a product that will satisfy it. Finally the societal marketing concept aims at determining the needs, wants and interests of target markets and to deliver the desired satisfaction.

This is the marketing concept, the only difference being that it engages in social responsibility aspects of marketing.

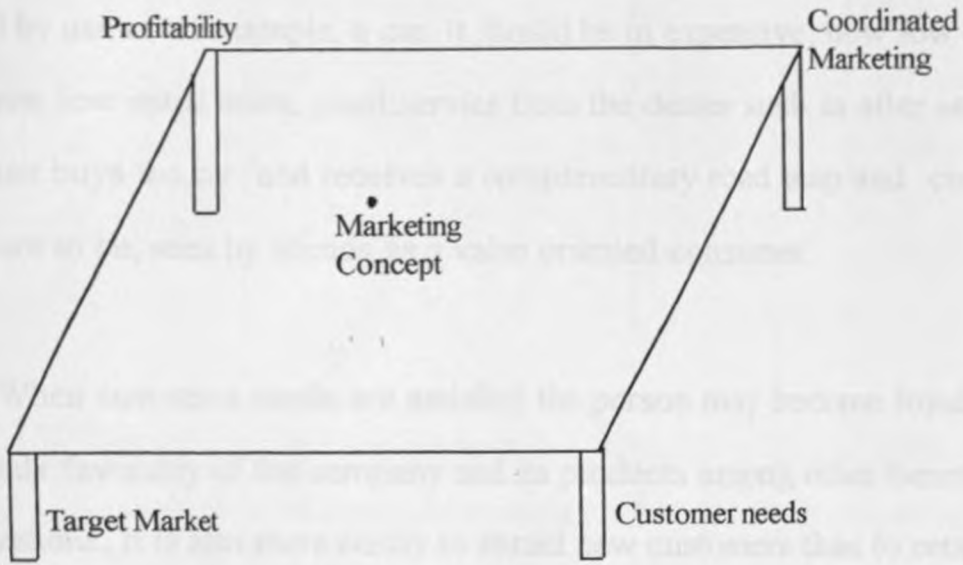
Though the concepts differ in various ways it is very common for organization to confuse the marketing concept with the selling concept. The two are compared in the following way:

	<b>Starting Point</b>	<b>Focus</b>	<b>Means</b>	<b>Ends</b>
<b>Selling Concept</b>	Factory	Products	Selling & Promotion	Profits through Sales volume
<b>Marketing Concept</b>	Target Markets	Customer Needs	Coordinated Marketing	Profits through Customer Satisfaction

The difference between the two concepts can be further stated as: The marketing philosophy argues that there is only one way to run a company successfully: make sure that there is only one way to run a company successfully: make sure that every activity (finance, production, transportation, selling or R&D) has but a single purpose and is so judged namely to satisfy customer requirements at a profit (Baker, 1922). It follows from this belief that the starting point for all business operations is the customer and his/her needs. Marketing creates customers by making sure that their needs are satisfied. This is an "outside in" management orientation (Kohli and Jawoski, 1990). The marketing concept therefore takes an outside in perspective and the selling concept an inside out perspective as they make the product then try to sell it in the market.

The marketing concept when compared to this other competing concepts appears unique in the sense that it is the only one that is advocating for the supremacy of the customer in all decisions be they product, pricing, promotion or place decisions. The customer should be the centre or hub of all the business activity and all departments should be focused to satisfy the customer. The other concepts appear to be in favour of supremacy of the product and how it can satisfy the customers needs. They take an inside out perspective and the marketing concept is outstanding because it takes an outside in perspective as discussed earlier. It is or can be considered to be the only concept that has such an approach among the five thus stressing its uniqueness further.

The marketing concept rests on four main pillars which are also encompassed in its definition. These can be illustrated by the use of a table.



Target market involves the group the organizations aims to market to for example "Town Man", Career woman, high class social status among others.

Customer needs or a customer orientation as described by Kotler to guide the whole system is perhaps the broadest section among the four pillars and probably the most significant because one can choose or identify a target market but fail to understand the customer. The customers point of view has to be considered. In general the company can respond to customers requests by giving them;

What they want

What they need

What they really need (Kotler P. 1980).

Customers needs can be further divided into stated needs, real needs, un-stated needs. Delight needs and secret needs. This can be illustrated and/or described by use of an example, a car. It should be in expensive, how low operating costs now low initial costs, good service from the dealer such as after sales service; Customer buys the car and receives a complimentary road map and customers may want to be, seen by friends as a value oriented consumer.

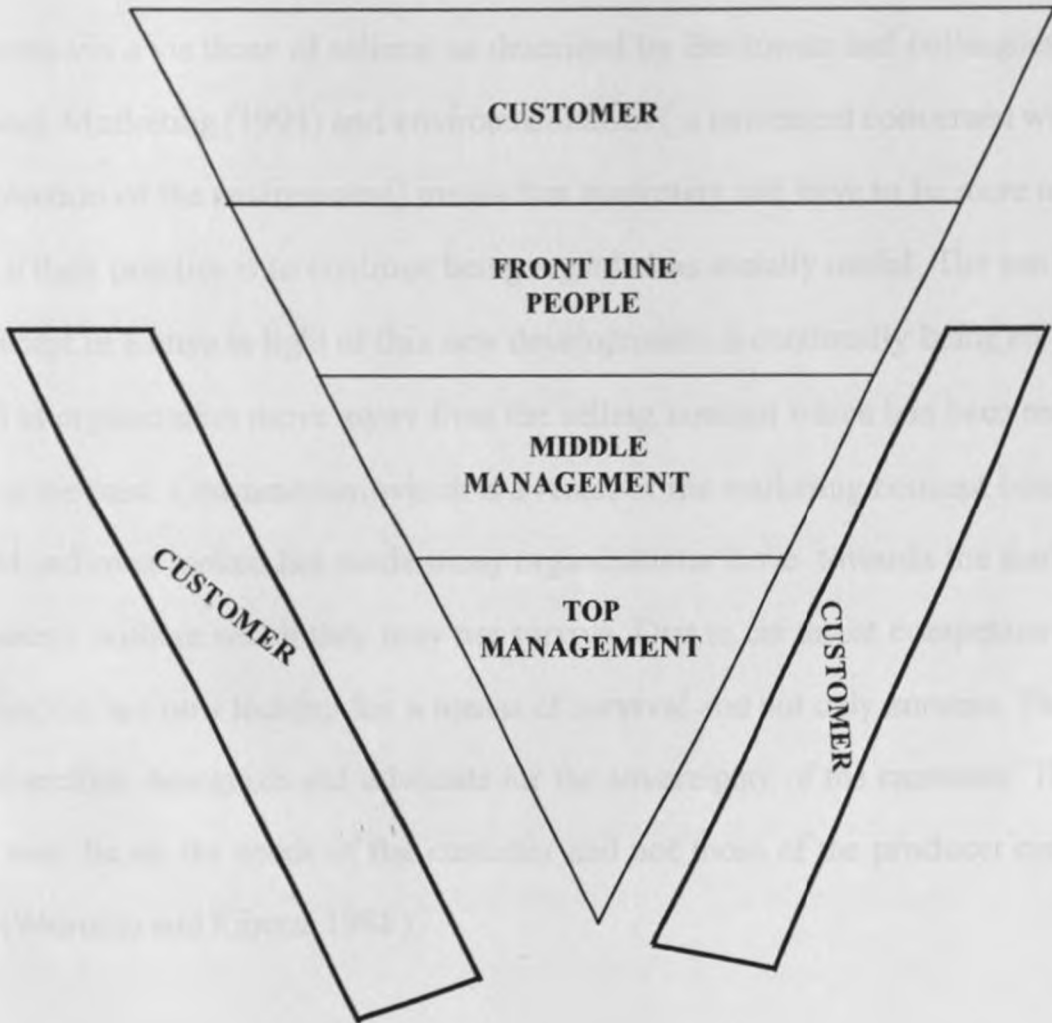
When customers needs are satisfied the person may become loyal, buy more, talk favorably of the company and its products among other benefits to the organizations. It is also more costly to attract new customers than to retain current ones. Customer satisfaction is considered to be best indicator of the company's future profits (Kotler P. 1980).

The third pillar as defined by Kotler is coordinated or integrated marketing also described as the total company effort which means that marketing functions must be coordinated among themselves and well coordinated with the other company departments. It means that marketing functions (sales, advertising, management of products, marketing research among others) must be coordinated among themselves as well as with other company departments such as finance, production, sales and administration. They should according to Kotler work together to do a better job.

It should be coordinated from the customers view point. Unfortunately not all company employees are trained and motivated to work for the customer. The marketing concept requires the company to carry out internal marketing as well as external marketing. Internal marketing as identified by Kotler covers the hiring, training and motivating function involving able employees who want to serve the customers well. A company that has a well integrated or coordinated marketing system as prescribed by the marketing concept would have a master marketing organization chart in the following format: (See Page 16)

Profitability the fourth pillar aims at having profit not just sales as an objective. The purpose of marketing concept is to help organization achieve their goals. Private firms profit goal and non profit organizations surviving and attracting enough funds to perform their work. The key of this reset is to aim for profits as a by product of doing the job well (Kotler, 1976).

## MASTER MARKETING ORGANISATION CHART



Source : Marketing Management Analysis, planning and control (P. Kotler 1976)

### 2.3 THE MARKETING CONCEPT IN KENYA

The emergence of consumerism (a movement trying to increase the rights of consumers vis a vis those of sellers) as described by Berkowitz and colleagues in their book *Marketing* (1994) and environmentalism (a movement concerned with the protection of the environment) means that marketers will have to be more innovative if their practice is to continue being regarded as socially useful. The marketing concept in Kenya in light of this new developments is continually being embraced as organization move away from the selling concept which has been recognized in the past. Consumerism which is a result of the marketing concept being ignored and over looked has made many organizations move towards the marketing concept without which they may not survive. Due to cut throat competition organization are now looking for a means of survival and not only success. They must therefore recognize and advocate for the sovereignty of the customer. The focus must be on the needs of the customer and not those of the producer cum seller (Wairungi and Kibera, 1988).

According to previous or prior research based on a study that aimed at establishing the application of the marketing concept in Kenya as one of the objectives found that it was relevant to our situation for the overall survival of the organisation. They found that majority of those that had adopted it were multinational corporations and not private local firms. So the relevance of the concept, its adoption and implementation depended on the level of operations.



## SECTION II

### 2.4 THE MARKETING ENVIRONMENT AND ITS IMPLICATIONS ON THE IMPLEMENTATION OF THE MARKETING CONCEPT

It must be noted that marketing does not take place in isolation. There are non-controllable variables or macro environmental factors which either facilitate or hinder the activities of marketers. The environment is considered to be the ultimate constraint (Business Week, 1992). The environment encompasses the economic, political, legal, geographical or demographic, social, cultural, competitive and technological environments. They influence (positively or negatively) the degree of freedom an individual marketing executive has in making decisions on the product, price place and promotion variables (Wairungi and Kibera, 1980).

The trends identified by an environment scan in the U.S. Which was carried out prior to 1994 identified various environmental forces that were in play that could affect the implementation of the marketing concept. The research/scan identified various changes that had occurred globally and locally some of which can be operationalised in the Kenyan situation.

## 2.4.1 SOCIAL ENVIRONMENT

The scan identified several changes that had occurred in this environment they included growing numbers and importance of older Americans; population growth in urban centres; desire for "high technology" and "high touch" gadgets; the desire for product quality and customer service; greater role of women in jobs and purchase decisions; income of individuals as well as values which were changing.

This changes have had a dramatic impact on marketing in that organisations have had to change their strategies in order to survive. The marketing concept has therefore become a force to reckon with and a weapon to gain a competitive advantage (Business Week, 1989). In terms of the marketing mix elements the product has to be made to suit the customers stated needs. They have to be of high quality and value to the customer. The price has to be reasonable depending on the levels of income prevalent in that environment. The distribution systems should target areas where the population is located and ease the availability and proximity of the product. In terms of promotion social changes have forced the marketers to be more conscious of what the customer is looking for so they have resorted to giving more information on the product and why it should be used as opposed to other competing products, a promotional tool could be increase customer services and after sales service.

Demand for consumer goods depends directly upon the size of the population. In turn consumer determines the demand for industrial and capital goods - hence derived demand as these goods for industrial and possess value only in so far as they facilitate and satisfy the ultimate consumption needs of individual consumers.

Albercht identifies five significant areas of change in life style.

1. From rural living to urban living
2. From stationery to mobile
3. From self sufficient to consuming
4. From physically active to sedentary

This changes in the social environment have implied that marketers, have to implement the concept effectively to ensure continued survival of the organisation. They must be sensitive to these changes and the effects they are likely to have on consumptions pattern and customer needs (Baker 1992).

#### **2.4.2 ECONOMIC ENVIRONMENT**

The scan identified issues such as budget and trade deficits triggering inflation; foreign markets for growth; decline in per capita incomes; expenditures and less consumer acceptance of debt. This has an implication on the implementation of the marketing concept as most organizations will be aiming to sell higher volumes in order to get profits so they may resort to the use of selling concepts rather than application of the marketing concept.

Economies are concerned with the central problem of maximizing satisfaction through the utilization of scarce resources. Levitts observation: 'Every declining industry was once a growth industry' depicts the increasing difficulty in controlling the market forces and as a consequence a change in market price and increase in competition. Economic theory predicts that there will be changes in the supply of or demand for a product. Marketers must understand these changes in order to be able to cope and implement the marketing concept effectively. If they do not understand the current positions and events leading up to the economic environmental conditions then they cannot implement it effectively.

Due to the changes that have occurred the pricing policies have to be fair and equitable for consumers to be able to buy the products. A company that has embraced the marketing concept, will adopt a price that will be low in light of decline in per capita income as well as inflationary tendencies.

The customer will be spared the effects of this environment by the organisation not changing the prices but looking for ways of cutting back on costs of operations instead of increasing prices. The products in such an environment will tend to be more durable and long lasting as the customer will have less disposable income. So they may tend to produce products that will satisfy the customer for a longer period of time. An organisation that has implemented the marketing concept will be able to effect these changes as customer needs change.

A firm that has no marketing concept may collapse or find it difficult to change and implement a marketing orientation. The distribution channels of a marketing oriented organisation will tend to be nearer the consumer or in close proximity as the customers will opt to spend less in travelling expenses to obtain a product and as expenses to obtain a product and as a result may switch to other brands that are readily expenses to obtain a product and as a result may switch to other expenses to obtain a product and as a result may switch to other brands that are readily available. The issue of promotions in such an environment will tend to be focused on informing the customer how best they can save money for example the product is economical there will be no waste also producing in larger sizes so as to cut back on costs of purchasing two products as opposed to one. Promotions of a marketing oriented firm will tend to inform the customer of cost saving buyer decisions.

Due to this changes the marketing concept has had to be implemented on a daily basis as the customer becomes the focal point.

### **2.4.3 TECHNOLOGICAL ENVIRONMENT**

The environmental scan identified increased computer use, inventions and more problems with pollution and solid nuclear wastes as the main changes in this environment. This aspects would be of use to marketers in that they will allow them to better understand, and serve the customer. This will ease the application and implementation of he marketing concept as the customer becomes the focal point of the organisations activities. Technology has a positive impact on the implementation of the concept.

More recently (1988) Fortune magazine carried an article entitled, "Technology in the year 2000", in which it looked back over the preceding 12 years and offered some predictions of where technology might be by the millennium. Given the order and magnitude of such changes one might reasonably question the prediction that the next 12 years could bring ten times as much progress. In 1976 there was no PCs, no CDs, no VCRs. All of which are now common place. Technology influences secular trends in economic levels of activity that marketers need to understand in order to be able to implement the marketing concept effectively. It is also of importance to long term strategic planners and planning.

In terms of the marketing mix elements technology of a firm that has implemented the marketing concept affects the product mainly due to advanced product development. This aimed at serving the customer better a good example is the development through Research and development of a toothpaste that can serve three purposes in one so the customer only needs to buy the product only once as opposed to three times and three different products. Technology has also eased distribution of products as customers can call to order for more products from suppliers. They can also use PCs to communicate with producers. Sales people have also been given PCs to communicate orders to the firm. Due to advancement in technology the prices of products have greatly reduced as the time and manpower required to produce them lessens. Promotion can also be made easier and more informative for the customers.

Since the customers are more aware they can be able to state their needs more effectively and as such an organisation can be able to implement the marketing concepts effort more effectively. Without technology the implementation of the concept in this new era of computerisation would be next to impossible. Information system and databases on customers should be readily available to enhance the organisations ability to satisfy them. A customer should be able to communicate with the organisation freely and at all times.

#### **2.4.4 POLITICAL - LEGAL ENVIRONMENT**

This is termed as the regulatory environment in the scan. This means that there have been less regulations and more protection of some firms by the government. The government can influence product decisions in different ways such as South African businesses have been in the past banned from trading with Kenya. Hence even if there was a lucrative market for Kenyan products in South Africa, Kenyan producers could not sell legally to that market. Governments develop specific policies for all these areas and support them to varying degrees with investment and expenditure derived from direct and indirect taxation. It has an economic policy and this will have a significant influence upon the regulation of competition, permissible business practices upon standards and so on (Baker 1992).

In that governments policies are invariably made mandatory through legislation no firm can afford to lose touch with political events. A marketer who wants to implement the marketing concept has to understand this environment as it has a direct effect on organisational activities.

A marketer may want to effect prices that are suitable according to the customers view but they cannot because of legislation on the prices such as controls and ceilings set to ensure that competitors do not gain unfair advantage through pricing strategies.

The government also has legislation on promotion media and to a large extent control it, such as owning the Broadcasting Stations, (KBC) both radio and televisions. They also issue licences on road signs that are posted by the road sides to inform customers of the products. The changes that have occurred will ensure that there is less regulation of this elements and thus ensure more implementation of the marketing concept and adoption of a market oriented way doing business.

### **SECTION III**

## **2.5 SECTORS AND THE IMPLEMENTATION OF THE MARKETING CONCEPT**

A research study carried out in 1986 by Nyagah J. K. on the adoption of the marketing concept in Kenya by financial institutions sector concluded that findings on programs and methods oriented towards the marketing concept which were emphasized by the institutions that had adopted the concept included company run meetings, on the job training, special lectures offered by consultants among others. Customer research indicates that the marketing concept requires substantial investment in customer research to measure, evaluate and interpret the wants, attitudes and behavior of various target groups.



Further research on the marketing concept indicates that the business functions to satisfy the needs of the customers and that fundamental to the marketing concept is, the recognition and acceptance of customer oriented way of carrying out business.

It accordingly has the following aspects:-

1. Customer orientation
2. Integrated marketing
3. Customer satisfaction
4. Profit orientation and direction.

Each of these aspects can be performed by using several activities and designed to make the customer the focal point about which any business moves in operating to achieve its objectives.

Nyaga's findings about the adoption of the marketing concept concluded that among the activities carried out by the financial sector to ensure its successful implementation were:-

Different customer services were developed for each customer group as they were considered an important and critical activity for the financial institutions in Kenya, which truly wished to adopt the concept. Findings of the study also indicated that most of the firms had adopted the marketing concept. This was evidenced by the installation of effect systems for marketing analysis, planning and control of customer services were frequently mentioned as activities emphasized in generating customer satisfaction.

Majority of the adopters of the marketing concept in Kenya were foreign owned companies (100%) while locally owned ones scored (89.5%). Non adopters stood at (10.5%). The marketing concept may be a success in the different sectors of the economy depending on how management of an organisation interprets it and implements it on day to day basis.

## **2.6 FACTORS CONSTRAINING THE IMPLEMENTATION OF THE MARKETING CONCEPT IN VARIOUS SECTORS.**

Believers in free enterprise tend to think that it is not the marketing concept that has failed the consumer but it is the implementation of the concept (Nyaga 1986). It is clear from observation that many of the companies which profess to be adhering to the marketing concept are frequently under attack such as chemical industries, tobacco manufacturing industries and even financial institutions are the principal targets of customer complaints.

Faulty implementation of the concept is not the only problem however, the marketing concept as it is practised today does not imply commitment to the kind of the customer satisfaction that is now being demanded.

The marketing concept and stages of adoption as noted by Kotler may not apply to the local situation due to the different environments.

Another major task that management may face in implementing the marketing concept is the reorganization of the firm. To achieve proper coordination of the firm through departments decisions and activities the internal operations and the overall objectives of one or more departments may not have a chief executive who is a member of the organizations top level management. In such a case one should be appointed. Some departments may also have to be abolished and new ones created. Implementing the marketing concept philosophy thus requires the support

Felton AP identified the pitfalls that face a firm embracing the marketing concept as or to include:-

- ◆ inexperienced executives
- ◆ errors in promotion of executives
- ◆ demands of the job on the part of the executive
- ◆ incomplete integration
- ◆ personality clashes inexecuting duties
- ◆ autocratic management style
- ◆ Illogical diversification in investment opportunities

Kotler identified 3 hurdles faced by companies in the process of adopting the marketing concept or changing into a market orientation. These are:-

- Organized resistance
- Slow learning
- Fast forgetting

Other issues that have been identified as affecting the implementation of the marketing concept include several tasks.

The first task facing the management in implementing the marketing concept is to establish an information system that allows the firm to learn about customers needs and to use the information internally to create satisfying products and services. Since this type of information system is usually expensive the management must be willing to commit a substantial amount of money and time to developing and maintaining it. Without such an adequate information system an organisation cannot be customer oriented (Ferrel and pride 1982; 11).

Another major task that management may face in implementing the marketing concept is the reorganization of the firm. To achieve proper coordination of the firm through departments decisions and activities, the internal operations and the overall objectives of one or more departments may not have a chief executive who is a member of the organizations top level management. In such a case one should be appointed. Some departments may also have to be abolished and new ones created. Implementing the marketing concept philosophy thus requires the support of not only the top management but also of managers and staff at all levels in the organization ( chepyegen G. 1996).

## SECTION IV

### 2.7 RELEVANCE OF ADOPTION AND IMPLEMENTATION OF THE MARKETING CONCEPT IN KENYA

Is the marketing concept and its adoption relevant in Kenya today? The answer to this question is yes. It is relevant and should be adopted in Kenya today. In the past and probably in the present organisation in Kenya have been adopting other concepts among the five competing ones (production, Selling, Product, Societal Marketing) and failed to capture the marketing concept in totality, that is, they may only capture some aspect and fail to capture the others for example capture profitability target market and fail to capture customer needs and coordinated marketing. While others have failed to capture it at all and instead adopted its closest rival the selling concept.

This is evidenced by the following. A firm that practices and has implemented the marketing concept:-

1. Focuses on customers and are organised to respond effectively to changing customer needs.
2. Have well staffed marketing departments and others (Manufacturing, finance, research and development, personnel, purchasing) all accept the concept that the customer is king.

Most organisations in Kenya do not really grasp or embrace the concept until driven to it by circumstances. Any of the following developments might prod them to implement:-

- Sale decline
- Slow growth
- Changing buying patterns
- Increasing competition
- Increasing marketing expenditures.

With the advent of numerous economic environment changes such as the most popular liberalisation organisations are being forced to implement the marketing concept in order to survive due to the increase in competitive forces within the market competing for the same customer (Market Share). In Kenya managers still have a production orientation making whatever products are easy to produce and then trying to sell them. They think that customers exist to buy the firms output rather than of firm existing to serve customers and more broadly the needs of society. Well managed firms, however, have replaced this production orientation this means trying to carry out the marketing concept.

Adoption of the marketing concept had led to a case of its implementation in one way or the other. A firm that has not adopted the concept cannot implement it as it does not understand the functions that will be inherent in its implementation. It has to adopt it first and then implement it accordingly. The organisations in Kenya that do not embrace the concept cannot be able to implement it effectively.

## CHAPTER THREE

As most firms that are now changing to a customer - Market orientation are looking for ways to implement it so as to achieve the goal that the customer is king such are examples of the Kenya power Lightening which has put in place customer services telephone lines as well as emergency units for immediate restoration of power incase of a blackout. Others are Banks such as Standard Chartered Bank which has implemented the concept by having a system whereby there are about five counters or tellers to serve customers so as to ease the queuing time and queue lengths. They have also eased customers access to their money by putting in place ATMS.

Based on this examples it is evident that the concept is relevant in Kenya and its adoption should be followed by proper implementation in order to be effective and an organisation to be adducent in its operations - aimed at satisfying the customer needs.

## CHAPTER THREE

### METHOD OF STUDY

This chapter considers the population of study, data collection instrument and the analysis techniques.

#### 3.1 The Population

The population of interest in this study consisted of all food manufacturing firms in Nairobi that employed 50 or more employees which were considered to be large by Kenyan standards according to the statistical abstract of 1996. The research was based in large organizations only in order to control for the possible influence size was likely to have on sales. The sample consisted of such firms drawn from a single industry to control for other possible effects that may have arisen due to industry variations. Firms in the same industry were likely to be subjected to uniform environmental influences such as of customers, market structure and political legal factors. Confining the population to Nairobi firms was only for purposes of controlling for geographical social-cultural and other locationally related influences.

A list containing all the manufacturing firms in Nairobi was obtained from the Kenya Industrial Research and Development Institute (KIRDI). There were 36 companies that fitted the study specifications. Out of this 36 companies six were no longer operational in Kenya and had wound up their operations while others had moved out of Nairobi to other locations such as Athi River, Nakuru and Thika. This left the researcher with a population of 30 companies. Since the number of companies was small (30) a census survey was carried out. The researcher felt that a census survey would give a more accurate picture of the use of the marketing concept in food manufacturing firms.



A total of 15 companies responded to the questionnaire while the other 50% approached declined giving information on the basis that they had previously experienced a breach of confidentiality of information by prior researchers, while others cited company policy not to divulge any information as their reason for refusal. Others were cases of “not at homes” by the relevant focus groups/respondents. Those who did not respond were some Multinational subsidiaries and locally owned private companies. Publicly quoted and foreign owned companies were the most co-operative.

The respondents who were initially intended to take part in the survey were thirty six firms out of which six firms were no longer operational in Nairobi. This left the researcher with thirty firms of which (50%) were filled and received in good time for data analysis. This number was considered adequate based on previous researches response rates that ranged from (50 %) to (60%). An example of such prior researches are Nyaga J. K. (1990) response rate of 60% Kiarie E.K. (1997) response rate of 65% Kalii F. N. (1997) response rate of 60% Ngahu C. K. response rate 60% and Narver and Slater (1990) response rate of 84%.

### **3.2 The Respondents**

The respondents were the marketing managers and sales managers in the head offices of the firms. The designation of the respondent official depended on who performed the marketing functions of the respective companies. In most cases, the respondent was familiar with the marketing practices of the firm.

### **3.3 Data Description and Collection**

The pertinent data was collected using a structured undisguised questionnaire (See Appendix 1B). The questionnaire consisted of both open and closed ended questions and was divided into two sections. The first section of the questionnaire consisted of questions aimed at obtaining general organisational data.

The second section consisted of specific questions aimed at obtaining data for the objectives of the study. An itemized scale was used to structure the questionnaire. Thus the respondent was required to select one of a finite number of categories that were ordered in terms of their scale positions. There was a question aimed at collecting data on the sales volume before and after the implementation of a marketing orientation as sales records were considered strictly and highly "confidential". The questions were developed from pertinent literature. The questionnaire was first tested in four firms then revised accordingly.

One questionnaire per company was administered using the "drop and pick later" method. Where clarification was needed, the researcher availed herself for the same.

#### **3.4 Method of Data Analysis**

The data was summarized and presented by use of tables. The main methods of analysis were percentages computed from the number of mentions of the various factors out of the total number of respondents which was fifteen.

#### **3.5 Validity and Reliability Tests of the Scales used in the Study**

The validity to be measured was whether the scale used was capable of actually measuring the level of marketing orientation by applying it on firms whose levels were known to the researcher. This was done by administering questionnaires to two firms that were known to have a strong marketing orientation and two firms with a weak marketing orientation. The results obtained from the firms with the strong marketing orientation differed quite significantly from those with a weak marketing orientation. The scores obtained from the former companies were higher than those of the latter companies. The two firms with strong orientation had recorded scores of between (15) and (45) whereas those with a weak orientation scored less than (15) indicating that they sometimes or do not at all engage in the

various activities that were indicative of the various levels of implementation of a marketing orientation.

The companies in which the sales were low indicating less marketing orientation programs were found to have experienced less sales growth than those with higher scores on marketing orientation related activities which has better sales growth.

The reliability of the scale used was tested using the split-half method to obtain an average of three correlation values to obtain a co-efficient alpha as shown in Appendix 2. Co-efficient alpha ranges between zero and one. A value of less than 0.6 is considered unsatisfactory while a value above 0.6 is considered satisfactory (Tull, 1987, Churchill and Peter, 1984).

The computed co-efficient alpha ( $r_s$ ) - an average of three correlation values - was found to be 0.633. Since 0.633 is greater than 0.6, the scale used was considered reliable.

The correlation coefficient alpha obtained between the set of paired items was corrected using the Spearman Brown prophecy formula to obtain the internal consistency reliability ( $r_w$ ) which was found to be 0.9. This then further confirms that the scale used was also internally consistent.

## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.0 Introduction

In this chapter the data from the completed questionnaires is summarized and presented in the form of tables, percentages and proportions. Out of the Thirty six firms in the population of interest. Thirty firms received questionnaires. The marketing managers of these firms served as respondents. Out of thirty questionnaire distributed, fifteen were filled and received in good time for data analysis thus giving an overall response rate of fifty percent.

The analysis in this chapter is divided into three parts. Part one is on the activities undertaken by the firms in the process of marketing and producing their products. Part two presents data on the various programs and methods of a marketing orientation that the firms have adopted. Part three covers or aims to identify whether firms that have more of these programs and employ more of these methods have higher sales growth prior to and after the implementation of the marketing orientation.

#### 4.1 Activities in the process of marketing and producing their products that are market-oriented adopted by the firms.

The respondents were generally found to be familiar to a large extent with some of the issues of the marketing concept. The research findings in the current study indicate that the food manufacturing firms in Nairobi use in some cases a few and others a lot of the main tenets of the marketing concept.

**4.1.1 TABLE 1 - ACTIVITIES IN THE PROCESS OF PRODUCING AND MARKETING THEIR PRODUCTS**

Statements of Activities	Number of Mentions	Percentage %
a) Conduct Marketing research	2	14.3
b) Provides a channel for consumer complaints	2	14.3
c) Ensures that advertising is truthful	3	21.43
d) Responds promptly to complaints of new products	2	14.3
e) Ensure that products markets are of a high quality	5	<u>35.7</u>
	<b>Total</b>	<b><u>100%</u></b>

n = 15

Source: Primary data.

Table 1 shows the activities that were indicated as being applied in the process of producing and marketing certain company products. As the table shows the data indicates that overall, product quality which is the activity with the highest percentage source of (35.7%) was the most important activity. Followed by advertising being truthful with (21.43%) then conducting marketing research, providing channels for consumer complaints, and responding promptly to complaints receiving equal scores of (14.3%).

These findings indicate that the activities that the firms engage in are aimed at ensuring that the quality is as high as possible in order to maintain maximum customer satisfaction. These findings agree with the literature cited in Chapter 2. This shows that to maximize satisfaction the firms ensure total quality is achieved. The literature suggests that the customer should be treated as sovereign and one way of achieving this is through the production of quality products to make sure that the customer gets satisfied at the least cost. Advertising being truthful will ensure that the customer gets what is being produced in terms of usefulness to them.

**TABLE 2: FACTORS CONSIDERED IN NEW PRODUCT DEVELOPMENT**

<u>FACTOR</u>	<u>FREQUENCY OF USE</u>					
	Always		Sometimes		Not at all	
	No.	%	No.	%	No.	%
Customer needs first	15	100	-	-	-	-
Target group first	7	46.67	8	53.3	-	-
Competitors Products	-	-	11	73.3	4	26.67
Profits expected from sales	13	86.67	2	13.3	-	-

n = 15  
 No. = Number of Mentions  
 Source: Primary data

4.1.2 Table 2 shows the factors that were considered in developing new products. The findings show that the customers needs always came first. A score of (100%) indicating that all the respondents had some form of marketing orientation or practised the marketing concept was obtained.

**TABLE 3: FACTORS CONSIDERED IN THE LAUNCHING OF NEW PRODUCTS**

Factor	No	Percentage/Proportion
Quality of the products	6	40%
Customer needs satisfaction	9	60%
Sales increase	-	-
Others	-	-
Total	<u>15</u>	<u>100%</u>

n = 15

No. = Number of mentions

Source: Primary data

4.1.3 Table 3 shows factors considered in new product launching as a marketing function. Most respondents indicated that the customer needs satisfaction and the quality of the products were the most important factors with the former having a percentage of mentions of (60%) and the latter (40%). This shows that most respondents considered either one or both of the factors at time as being most important. They considered both as having equal importance but the questionnaire aimed at establishing only one factor from which the findings indicated that customer needs satisfaction was the most important with (60%) of the respondents picking it. The literature suggests that for a firm that has a strong marketing orientation customer needs satisfaction should be of paramount importance. No company indicated sales increase or other factors as being more important than the first two when launching new products.



The last part of this section aimed at identifying the way the firms handled complaints from customers which as the literature suggests is a way of adopting the marketing concept. The activities that were indicated included use of suggestion boxes, prompt handling, public relations and others. The most popular channel for this was through prompt handling which had a score of (100%) meaning all the respondents considered it and (13%) considered use of suggestion boxes (See Appendix 3).

Frequency of use

	Always		Sometimes		Never		Total
	No.	%	No.	%	No.	%	
Use of suggestion boxes	1	33.3	2	66.7	0	0	100%
Prompt handling	11	100	0	0	0	0	100%
Public relations	11	100	0	0	0	0	100%
Other	12	100	0	0	0	0	100%
Use of suggestion boxes	12	100	0	0	0	0	100%
Use of suggestion boxes	24	100	0	0	0	0	100%
Use of suggestion boxes	2	66.7	1	33.3	0	0	100%
Use of suggestion boxes	0	0	3	100	0	0	100%

Appendix 3  
Frequency of use

... the frequency with which the firms used the various marketing ...

## 4.2. PROGRAMS AND METHODS OF MARKETING ORIENTATION ADOPTED BY COMPANIES

**TABLE 4: THE VARIOUS PROGRAMS AND METHODS OF MARKETING ADOPTED BY THE FIRMS**

Methods and programs	Frequency of use						Total
	Always		Sometimes		Never		
	No.	%	No.	%	No.	%	
a) Develop new Market function	8	53.3	7	46.7	-	-	100%
b) Identify customer needs	13	86.7	2	13.3	-	-	100%
c) Identify target group	12	80	3	20	-	-	100%
d) Integrated marketing	6	40	9	60	-	-	100%
c) Try to identify the changing needs	12	80	2	13.3	1	6.7	100%
f) Profits							
i) Customer satisfaction	14	93.3	1	6.7	-	-	100%
ii) Volume sales	9	60	5	33.3	1	6.7	100%
g) Competitors reaction	6	40	8	53.3	1	6.7	100%

n = 15

No. = Number of Mentions

Source: Primary data

Table 4 above shows the frequency with which most firms used the various marketing orientation tools.

The table reveals that most firms aim for profits through or as a result of customer satisfaction (93.3%) as suggested by literature in chapter two. The end should be profits through customer satisfaction and not volume sales if the firms have or practice the marketing concept. If findings had indicated otherwise it would have been concluded that they apply more of the selling concept than the marketing concept. The findings however indicated a higher percentage use of the marketing concept. This is followed by identification of customer needs (86.7%), identification of target groups (80%), identifying changing customer needs (80%) developing new market function (53.3%), integrated marketing and competitors reaction averaged (40%) each. The combination of those tools which were used to one degree or another (that is always, sometimes, never) shows that integrated marketing as a central tenet of the marketing concept ranked the highest (60%) on the lesser degree thus indicating it is the least applied by most firms. Literature suggests four main tenets of the marketing concept. The findings indicate that the other three were commonly in use due to the high frequencies obtained. The data indicated that (20.1%) of the firms do not or never try to identify the changing needs of customers, consider profits through volume sales or find out the reaction of competitors to their new products.

4.2.2 Table 5 below shows the activities that the various firms engaged in that were to be considered in the process of marketing it products. Findings from the data reveal that the same percentage that had indicated identification of customer needs in table 4 also identified it as the most important factor by scoring (86.7%) as well as identification of target markets (86.7%). The same number that mentioned it, as always being considered indicated it as an extremely important factor/activity. This was followed by profit maximization (67.7%) and sales growth through increased values (67.7%) then sales growth by profits with (40%). This still strongly indicate a presence and application of the marketing concept because the customer still remains the focal point of product development. These findings reveal that nearly all the firms apply the marketing concept. These findings conform with the



TABLE 6

## METHODS OF ESTABLISHING EFFECTIVE MARKETING ORIENTATION

ACTIVITY	FREQUENCY OF USE						TOTAL 100%
	ALWAYS		SOMETIMES		NEVER		
	No.	%	No.	%	No.	%	
(a) Check if you are meeting needs of customers	15	100%	-	-	-	-	100%
(b) Check competitors	5	33.3%	9	60%	1	6.7%	100%
(c) Find out the effect of marketing orientation on demand	7	46.7%	8	53.3%	-	-	100%
n =	15						

No. = Number of Mentions

Source: Primary Data

4.2.3 Table 6 presents results on the various methods of establishing whether they are practising the marketing concept and ensuring its application is effective.

From Table 6 it can be seen that the firms said they always check if they are meeting the needs of their customers. This is indicated by a score of (100%) means all the respondents considered it the major activity in establishing in establishing effective marketing orientation programs. Some (33.3%) check their competitors and (46.7%) find out the effect on demand of having a marketing orientation. Overall/however only (60%) of the firms said they sometimes check. If their competitors are doing better in sales and a further (53.3%) find out the effect of marketing orientation on demand. Only (6.7%) of the firms indicated that they never check if their competitors are doing better than them in terms of sales.

### 4.3 THE IMPLEMENTATION OF THE MARKETING ORIENTATION AND SALES GROWTH

The second objective of the research study aimed at determining whether firms that had adopted more marketing orientation programs had recorded better sales growth.

The levels of marketing orientation were determined by assessing the instrument used to collect the primary data (see Appendix 1b). The questions in the Appendix were scored so that a firm could possibly score certain levels of a marketing orientation. The levels that were characterising the extent of adoption of a marketing orientation were based on the mentions of certain factors which are considered to be the four pillars of a marketing concept. These were factors such as target marketing, co-ordinated marketing, customer needs and profitability which are the central tenets of the marketing orientation. The instrument used was based on a three point frequency scale of always, sometimes or never. Always carried a score of (2), sometimes (1) and never/not at all (0). If a firm indicated that it always considered the factors that were indicative of a strong marketing orientation it had score of eight (see Appendix 6). If a firm had partially adopted the marketing orientation meaning that it considered just a few of the factors and not so frequently then it had a score of five and could be considered a level five firm on an eight point scale. Those that did not indicate a strong adoption of the marketing orientation could score one to four on the eight point scale. Such firms could have indicated using only one or none of the four pillars of a marketing orientation. The firms scored depending on the frequency with which they indicated applying the concept. Other questions to measure levels were the question on the activities that were indicative of what the company did in the process of producing and marketing its products (question one in Appendix 1B Section A). The most important factors taken into account when launching new products (question three of appendix 1b Section A) is another indicator of these levels. By ticking

the correct responses only, the companies orientation could easily be identified an example, being if the company ticked (a) quality of their products as the most important factor, it would be considered to have a weaker orientation than one which indicated (b) customer needs satisfaction as the most important factor. Marketing orientation levels were assigned on a scale of one to eight. A level of one was considered to be indicative of a weak marketing orientation while as a level of eight was indicative of a strong marketing orientation.

The sales growth was measured by the researcher looking at sales figures before and compared with figures during the time of research. The sales figures considered were those of 1997 due to the fact that by the time of research the year was not yet over and so sales figures of 1998 had not been prepared. The comparison was therefore drawn from the difference between average sales volume in 1997 compared with prior sales figures divided with the duration they had used the programs in order to get an average increase in sales per annum. The researcher used this average sales increase to compare the difference in sales growth for the various levels of a marketing orientation.

The findings from the research undertaken revealed that firms that had more marketing orientation programs over the number of years since implementation did indeed have better sales growth on average. This was arrived at by comparing the sales figures prior to and after the implementation of the marketing orientation. The recorded increase in sales was divided by the number of years the company had been using the marketing orientation programs, to arrive at the average increase in sales. The research was able to get this information in terms of percentages where it was not readily available in actual sales figures. Some firms recorded over 30% increase in sales as a result while others indicated a significant increase. The researcher was able to get hold of some figures of firms that could be considered to have a strong marketing orientation and the other a weak one. They compared in the following table:-

**TABLE 7**  
**MARKETING ORIENTATION LEVELS AS COMPARED TO THE**  
**AVERAGE INCREASE IN SALES VOLUME**

FIRMS	MARKETING ORIENTATION LEVELS	INCREASE IN SALES VOLUME (TONS)	AVERAGE INCREASE IN SALES VOLUME (TONS)
1.	8	75080	37500
2.	3	10,080	5040
3.	2	5000	1666
4.	5	N/A	N/A
5.	7	Very significant increase	
6.	2	7040	2346
7.	5	30430	18215
8.	1	3740	1870
9.	8	75,000	37,500
10.	5	30430	18215
11.	7	N/A	N/A
12.	6	N/A	N/A
13.	6	N/A	N/A
14.	5 quite a significant increase		
15.	14	25,000	12,500

From the table above it can be observed that firms that scored higher levels of marketing orientation tended to have or had higher sales growth. The table reveals that firms that has a strong orientation (on a level of one to eight) had recorded a higher average sales increase. It can also be observed that some firms appeared to have adopted a different level every year for example firm 2 with an increase in volume sales of 10080 tons indicated that they had adopted the marketing orientation in 1996. It has therefore been in effect for two years so the average increase was 5040 tons. The firm had been classified as being a level 3 firm.



The table also shows that there were other firms that were slow to implement the programs an example being firm 8 which was classified as a level 4 firm but has been applying the programs for a period of two years. This also further shows that the effective implementation of the program was necessary in order to reap the full benefits of the concept.

A more accurate assessment of average yearly growth rate of sales would have been a comparison drawn from at least a number of years prior to the marketing orientation and a number of years in the period after the implementation of a marketing orientation. The ideal would have been yearly growth rate but the data was not easily accessible. The averages used may not therefore accurately capture this factor though it will serve the purpose. A grand average would have been a better way to draw this comparisons. The averages used were also not computed on a uniform number of years for each firm over which they had been applying the marketing orientation or since implementation of the marketing orientation.

Unfortunately this was not possible to determine due to the fact that sales records were not readily available because of a number of reasons such as company policy restricting the accessibility of such documents and the information in them being regarded as strictly confidential.

## CHAPTER V

This chapter summarizes and discusses the findings of the study based on the objectives. It also presents the conclusions as well as the limitations of the study and suggestions for future research.

### 5.1 SUMMARY

The study sought to answer two major objectives. First, it sought to identify the programs and methods of marketing orientation that firms in the food industry in Nairobi have adopted. Secondly, it sought to determine whether firms that had adopted more marketing orientation programs had better sales growth.

In relation to the various programs and methods it was found that the firms had adopted the marketing concept through the practice of a marketing orientation and applied its central tenets through various programs and methods that differed from one firm to another depending on the industry it was based in. Some firms had adopted more programs and methods others as well as differing ways of implementation for these programs. This was evidenced by the activities carried out in the process of producing and marketing their products. Most firms indicated that one of the activities they engaged in was ensuring that products marketed were of a high quality (by about 35.7%) while ensuring that advertising was truthful came second in importance (by about 21.4%). Other activities carried out included conducting marketing research to determine customer needs providing a channel for consumer complaints and responding promptly to complaints and responding promptly to complaints of new products by consumers each scoring (14.3 per cent). Most firms indicated the customer as coming first in the formulation and subsequent development of marketing plans and products. This was revealed by majority of the firms indicating that they

always consider customer needs first (by about 90%) before considering profits expected from sales by about (86.67 per cent).

A comparison of the proportions of the factors considered in new product launching revealed that customer needs satisfaction was indicated by the majority of the firms as being the most important. More than 60 per cent considered this factor as compared to 40 per cent that considered the quality of the products. Sales increases and other factors were not considered.

Other marketing oriented programs and methods that were adopted by the firms included identifying the customer needs which ranked second (86.7 per cent) to gaining profits as a result of customer satisfaction (by about 93.3 per cent). Identifying the target group and identifying the changing customer needs were considered of equal importance (by about 80 per cent) while developing new market functions obtained 53.3 per cent. Profits from volume sales 60 percent and integrated marketing efforts was 40 per cent. Most firms despite having all the programs that indicated a strong marketing orientation failed to identify with integrated marketing programs another tenet of the marketing concept. Most firms averaged 40 percent or below meaning they would be fully marketing oriented save for this one factor.

On how they went about ensuring that the implementation of the marketing orientation was effective most firms indicated that they normally checked if they were meeting the needs of their customers always (by about 90%), find out the effect of the orientation on demand over (40 percent) and indicated that they rarely checked competitors products and performance (30 percent).

When asked the reasons that had necessitated the adoption of a marketing orientation over (90 percent) of the firms indicated increasing competition as the sole factor while others indicated sales decline (by about 40 percent),

slow growth (by about 20 percent) and economic changes by about (26.7 per cent) (See Appendix 5). This shows that external factors such as liberalization of the markets and other factors mentioned in chapter two did indeed play a role in enhancing the adoption of a marketing orientation.

In relation to the second objective which sought to determine whether more marketing orientation programs led to better or higher sales growth the analysis revealed that firms that had more programs had better sales growth. According to figures computed from the secondary data available (see Table 7). Most firms with more programs recorded over (100 per cent) increase in sales whereas those with less recorded (over 70 per cent) increase in sales by volume. A comparison was drawn between firms that indicated a high frequency, that is, indicated, always, of application of the programs and those that had a low frequency, that is, indicated sometimes or not at all, application of the various programs. All firms that responded indicated that they had adopted a marketing orientation in one form or the other to a certain degree. Firms that declined to give actual sales figures indicated that they had experienced a sales growth in sales of over (30 per cent) while others confirmed that it was quite a significant increase.

In regard to the lack of adoption of the marketing orientation concept most firms indicated to having a marketing orientation program in operation in conjunction with their marketing function through the extent of implementation would differ among firms depending on the type of food product manufactured.

## 5.2 CONCLUSION

The findings of this research which were carried out on a comparative basis, have highlighted that a business that increases its market orientation as a result of implementing the marketing concept subsequently increases its sales growth (in volume sales) and as a result improves its market performance.

In conclusion, marketing orientation programs should be implemented to enhance business performance and if already in place increase the degree to which they have been adopted.

## 5.3 LIMITATIONS OF THE STUDY

The following constituted the limitations of this study:

First, time limited the scope and depth of the study. Owing to the short time during which the study had to be completed and unavailability of some marketing managers it was not possible to get all the questionnaires filled. The majority of the managers cited company policy not to release any information related to the company, others were unavailable as they had left the country while others declined to answer some questions on the basis that it was confidential. Due to these difficulties only 15 of the targeted 30 plus companies provided information.

Second, the study was limited to a single category of manufacturing sector and may not apply to all categories of manufacturing organisations or service organisations. This was limiting in its setting. It therefore did not allow generalisations to cover all sectors in the Kenyan economy.

Third, the scales used to measure levels of a marketing orientation were constructed by the researcher and may not capture the levels adequately. So further testing and refinements to see whether the levels may be captured would be necessary (See appendix 6 for construction of the marketing orientation levels).

#### 5.4 SUGGESTIONS FOR FUTURE RESEARCH

The following areas can be recommended as possible areas of future research. First, a research of a similar nature can be carried out considering only one sector in the food manufacturing industry (e.g. bakery, grain millers only, dairy products etc) and not a cross section as was herein studied.

Second, research can be carried out based on other performance measures such as customer retention and/or new product success and how they may affect long-term business performance. Third, research can be done in the service organizations to determine if a marketing orientation has an effect on sales growth.

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Economic Survey 1997

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Appendix 1a

**Complimentary letter to the respondent**

University of Nairobi  
Faculty of Commerce  
Dept. of Business Administration  
P. O. Box 30197  
NAIROBI

April 1998

Dear Sir/Madam,

I am a graduate student in the Faculty of Commerce, University of Nairobi. I am currently engaged in a management research project on the "Marketing Orientation and Sales Growth" as a measure of Business Performance. This is in fulfillment of the degree of Master of Business Administration (MBA).

I Kindly request you to fill the attached questionnaire soonest possible and to the best of your knowledge. Your response will be treated in strict confidence and the name of your institution will not appear in the final report.

Your co-operation will be greatly appreciated.  
Thanking you in advance.

Yours faithfully,

GACHANJA K. W  
MBA II STUDENT

DR . M. OGUTU  
SUPERVISOR  
DEPT OF BUSINESS ADMINISTRATION

## Appendix 1b

### BUSINESS PERFORMANCE SURVEY

#### TO: MARKETING MANAGERS

#### QUESTIONNAIRE

The questionnaire below has 2 sections. All the questions are in relation to the Marketing orientation and its effects on business sales growth as a measure of performance.

#### GENERAL SECTION

1. How long has your company been in operation in Kenya (please tick).

- (a) 1 to 5 years ( )
- (b) 5 to 10 years ( )
- (c) 10 to 15 years ( )
- (d) 15 to 20 years ( )
- (e) Over 20 years ( )

2. Is your company

- (a) Locally owned ( )
  - (b) Foreign owned ( )
  - (c) Multinational subsidiary ( )
  - (d) Parastatal ( )
  - (e) Others (specify)
- 
-

3. What would you say is the principal business of your company (please tick)

- (a) Sugar and chocolate ( )
  - (b) Bakery ( )
  - (c) Grain Mill ( )
  - (d) Vegetables and animal oils/fats ( )
  - (e) Fish products ( )
  - (f) Canned and preserved fruits and vegetables ( )
  - (g) Dairy Products ( )
  - (h) Meats ( )
  - (i) Beverages/soft drinks ( )
  - (j) carbonated waters ( )
  - (k) Others (specify)
- 
- 

## SECTION A

1. Which of the activities below are indicative of what your company does in the process of producing and marketing its products? (Tick in the appropriate space).

- (a) Conducts marketing research to determine consumer needs ( )
- (b) Provides a channel for consumer complaints ( )
- (c) Ensures that advertising is truthful ( )
- (d) Responds promptly to consumer complaints of new products ( )
- (e) Ensures that products marketed are of a high quality ( )

3. What would you say is the principal business of your company (please tick)

- |  | Always<br>(3) | Sometimes<br>(2) | Never<br>(1) |
|--|---------------|------------------|--------------|
| (a) Sugar and chocolate                        | ( )           | ( )              | ( )          |
| (b) Bakery                                     | ( )           | ( )              | ( )          |
| (c) Grain Mill                                 | ( )           | ( )              | ( )          |
| (d) Vegetables and animal oils/fats            | ( )           | ( )              | ( )          |
| (e) Fish products                              | ( )           | ( )              | ( )          |
| (f) Canned and preserved fruits and vegetables | ( )           | ( )              | ( )          |
| (g) Dairy Products                             | ( )           | ( )              | ( )          |
| (h) Meats                                      | ( )           | ( )              | ( )          |
| (i) Beverages/soft drinks                      | ( )           | ( )              | ( )          |
| (j) carbonated waters                          | ( )           | ( )              | ( )          |
| (k) Others (specify)                           |               |                  |              |

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### SECTION A

1. Which of the activities below are indicative of what your company does in the process of producing and marketing its products? (Tick in the appropriate space).

- |  |     |
|--|-----|
| (a) Conducts marketing research to determine consumer needs  | ( ) |
| (b) Provides a channel for consumer complaints               | ( ) |
| (c) Ensures that advertising is truthful                     | ( ) |
| (d) Responds promptly to consumer complaints of new products | ( ) |
| (e) Ensures that products marketed are of a high quality     | ( ) |

2. How frequently do you consider the following factors in deciding the new product to be manufactured:

	Always (3)	Sometimes (2)	Never (1)
(a) Customer needs first	( )	( )	( )
(b) Target Group first	( )	( )	( )
(c) Market demand for competitor's products	( )	( )	( )
(d) Profits expected from high sales volume	( )	( )	( )

3. Which is the most important factor that you take into account when launching new products? (Tick the correct responses only)

- |                                  |     |
|----------------------------------|-----|
| (a) Quality of the products      | ( ) |
| (b) Customer needs satisfaction  | ( ) |
| (c) How much sales will increase | ( ) |
| (d) Others (Please specify)      | ( ) |

---



---

4. Customer complaints are addressed by

- |                             |     |
|-----------------------------|-----|
| (a) Use of suggestion boxes | ( ) |
| (b) Prompt handling         | ( ) |
| (c) Public relations        | ( ) |
| (d) Others (specify)        | ( ) |

---



---

5. How frequently do you:-

	Always (3)	Sometimes (2)	Not at all (1)
(a) Plan for developing a new marketing function for every new product?	( )	( )	( )
(b) Identify the customers the product is designed for?	( )	( )	( )
(c) Identify the target group?	( )	( )	( )
(d) Have a marketing function that is an effort of all departments in the organization?	( )	( )	( )
(e) Try to identify the changing customer needs?	( )	( )	( )
(f) Aim for profits from the new product as a result of			
1. Customer satisfaction?	( )	( )	( )
2. Volume sales?	( )	( )	( )
(g) Find out the reaction of competitors to your new products?	( )	( )	( )

6. How important are the following activities to your company:

	<b>Extremely Important</b>	<b>Important</b>	<b>Not at all Important</b>
	<b>(3)</b>	<b>(2)</b>	<b>(1)</b>
(a) Profit maximization	( )	( )	( )
(b) Identification of target markets	( )	( )	( )
(c) Identification of customer needs	( )	( )	( )
(d) Sales growth through increased volumes	( )	( )	( )
(e) Sales growth by profits	( )	( )	( )

7. How frequently do you:-

	<b>Always</b>	<b>Sometimes</b>	<b>Never</b>
	<b>3</b>	<b>2</b>	<b>1</b>
(a) Check whether you are meeting the needs of your customers?	( )	( )	( )
(b) Check if competitors are doing better than you in terms of sales?	( )	( )	( )
(c) Find out the effect on demand of having a marketing orientation	( )	( )	( )



8. Please indicate the total number of sales volume you had annually
- (a) Prior to the implementation of the marketing orientation \_\_\_\_\_
- (b) After the implementation of the marketing orientation \_\_\_\_\_
9. Which of the following reasons have necessitated the adoption of a marketing orientation?
- (a) Sales decline ( )
- (b) Slow growth ( )
- (c) Increasing competition ( )
- (d) Increasing marketing expenditure ( )
- (e) Environmental/Economic changes ( )
10. If your company does not use the marketing orientation concept which of the following reasons is appropriate? (Tick those that are appropriate)
- (a) Lack of money ( )
- (b) Lack of interest ( )
- (c) Lack of awareness of how best you can do it ( )
- (d) Others (specify) \_\_\_\_\_
11. Please indicate the organizations you consider as your major competitors.
- (a)
- (b)

APPENDIX 2

RELIABILITY TEST COMPUTATION

<u>STATEMENT</u>	<u>SCORES</u>
1	8
2	13
3	12
4	6
5	12
6	23
7	6
8	10
9	13
10	13
11	10
12	6
13	15
14	5
15	7

Set 1 of paired items

(Based on odd and even classification of items)

X = Odd, Y = Even

X	Rank	Y	Rank	di	di <sup>2</sup>
8	3	13	5	-2	4
12	5	6	3	2	4
12	5	23	6	-1	1
6	1	10	4	-3	9
13	6	13	5	1	1
10	4	6	3	1	1
15	7	5	2	5	25
7	2	0	1	1	1
					<u><u>Σdi<sup>2</sup> = 46</u></u>

Using Spearman's rank correlation co-efficient formula

$$r_s = 1 - \frac{6\Sigma di^2}{n(n^2-1)}$$

$$r_s = 1 - \frac{6(46)}{8(8^2 - 1)}$$

$$r_1 = 1 - \frac{276}{504}$$

$$r_1 = 1 - 0.55$$

$$r_1 = 0.45$$

Mean of set 1 ( $r_{s1}$ ) = 0.45

(ii) Set two of paired items (Items randomly selected from the list)

X	RANK	Y	RANK	$d_1$	$d_1^2$
8	2	12	5	-3	9
13	4	6	2	2	4
12	3	6	2	1	1
23	6	10	4	2	4
13	4	10	4	0	0
13	4	6	2	2	4
15	5	7	3	2	4
5	1	0	1	0	0
					<u><u><math>\Sigma d_1^2 = 26</math></u></u>

Using Spearman's rank correlation coefficient formula

$$r_s = 1 - \frac{6\Sigma d_1^2}{n(n^2-1)}$$

$$r_s = 1 - \frac{6(26)}{8(8^2-1)}$$

$$r_s = 1 - \frac{156}{504}$$

$$r_s = 1 - 0.31$$

$$r_s = 0.69$$

Mean of set 2 ( $r_{s2}$ ) = 0.69

(iii) Set three if paired items (selected by re-arranging the in the list)

X	Rank	Y	Rank	$d_i$	$d_i^2$
7	1	6	3	-2	4
12	4	23	6	-2	4
10	3	13	5	-2	4
13	5	10	4	1	1
12	4	6	3	1	1
15	6	10	4	2	4
13	5	10	4	1	1
8	2	0	1	1	1
					<u>20</u>
					<u><u><math>\Sigma d_i^2 = 20</math></u></u>

Using Spearman's rank correlation co-efficient formula

$$r_s = 1 - \frac{6 \Sigma d_i^2}{n(n^2 - 1)}$$

$$r_s = 1 - \frac{6(20)}{8(8^2 - 1)}$$

$$r_s = 1 - \frac{120}{504}$$

$$r_s = 0.76$$

Mean of set 3 ( $r_{s3}$ ) = 0.76

Then the overall mean for the 3 sets

$(r_{s1} + r_{s2} + r_{s3})$  is

$$\frac{0.45 + 0.69 + 0.76}{3}$$

$$= \frac{1.9}{3} = 0.633333 = 0.633$$

Correcting  $r_s$  with the Spearman's brown prophecy formula

$$\text{given as } r_w = \frac{n(r_s)}{1 + (n-1)r_s}$$

where

- $r_w$  = the internal consistency reliability
- $r_s$  = correlation coefficient between the halves
- $n$  = number of paired items

$$r_w = \frac{8(0.633)}{1+(8-1)0.633}$$

$$r_w = \frac{5.064}{(1+4.431)}$$

$$r_w = \frac{5.064}{5.431}$$

$$r_w = 0.932$$

**APPENDIX 3**

**METHODS OF HANDLING CUSTOMER COMPLAINTS**

METHOD	NO.	PERCENTAGE
Use of suggestion boxes	2	13%
Prompt handling	15	100%
Public relations	1	6.7%
Others	-	-

N = 15

No. = Number of Mentions

Source: Primary Data

*APPENDIX 4*

**COMPUTATION OF % INCREASE IN SALES VOLUME**

Company A            More marketing orientation

Volume prior to marketing orientation	46,000 tons
Volume after marketing orientation	121,000 tons
Increase in volume sales	75,000 tons

$$\text{Percentage increase} = \frac{75,000 \times 100}{46,000} = 163\%$$

Company B            Less Marketing Orientation

Volume prior to marketing orientation	12,960 tons
Volume after marketing orientation	23040 tons
Increase in volume sales	10,080 tons

$$\text{Percentage increase} = \frac{10080 \times 100}{12960} = 77.8\%$$

*Appendix 5*

**FACTORS THAT NECESSITATED THE ADOPTION OF A  
MARKETING ORIENTATION**

<b>FACTOR</b>	<b>NO.</b>	<b>PERCENTAGE</b>
Sales decline	6	40%
Slow growth	3	20%
Increasing competition	15	100%
Increasing Marketing Expenditure	-	-
Environmental/Economic changes	4	26.7%

No. - Number of mentions

n = 14

Source: Primary data



## Appendix 6

### HOW THE SALES FOR THE LEVELS OF MARKETING ORIENTATION WAS CONSTRUCTED

FIRM	Statements								TOTALS
	A	B	C	D	E	F	G	H	
1	2	-	2	2	-	2	-	-	8
2	2	-	1	0	-	0	-	-	3
3	2	-	0	0	-	0	-	-	2
4	1	-	1	1	-	2	-	-	5
5	2	-	2	1	-	2	-	-	7
6	2	-	0	0	-	0	-	-	2
7	2	-	2	0	-	1	-	-	5
8	0	-	1	0	-	0	-	-	1
9	2	-	2	2	-	2	-	-	8
10.	2	-	1	1	-	1	-	-	5
11	2	-	2	1	-	2	-	-	7
12	1	-	2	1	-	2	-	-	6
13	1	-	2	1	-	2	-	-	6
14	1	-	1	2	-	1	-	-	5
15	1	-	2	0	-	1	-	-	4

#### Key:

Always = 2

Sometimes = 1

Never = 0

The statements used as key indicators of a marketing orientation were A, C, D and F.