DECLARATION

I declare that this research project is my original work and has not been presented for an academic award in any other university.

Ong’ong’a Nyariki Abraham

Reg. No D61/76639/2012

Sign: ……………………………………….. Date: ……………………..

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

Dr. R. Musyoka

SUPERVISOR

Signed: ……………………………………….. Date: ………………………..
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Finally, the respondents who assisted me in filling questionnaires and helped me collect data that was later analyzed to aid in coming to a conclusion and making recommendations.
DEDICATION

In memory of my beloved dad Mr. Steve Ong’ong’a.
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ABSTRACT
Organizations have a marketing department charged with the responsibility of growing sales volume, developing new products, ensuring customer satisfaction and growing and maintaining market share. This department thus has to set a marketing strategy to effectively meet the organizations long term goals and objectives. The research topic is based on the Marketing Strategies used by Insurance Companies in Kenya to gain market share. The research gives some critical information on how Insurance companies position themselves in the market. A marketing strategy is all about the 4ps; product, place, promotion and price, and the extended marketing mix for services; people, process and physical ambience. The study was carried out in all the 47 insurance companies in Kenya and data was gathered and descriptive statistics of Mean, Frequency and percentages was done on the characteristics of the respondent and regression analysis was used to measure and predict the relationship between the predictor variables and the dependent variable. The findings of the study is significant in enabling the organizations in the Insurance industry to develop appropriate marketing strategies so as to gain a competitive edge in the market and enlarge the organization’s market share and grow the insurance industry revenue.

Key words: Marketing strategies, market share, insurance, insurance premium, 7ps, Kenya
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

According to Hose (2011), effective marketing is a key to any successful business. Learning and implementing six important elements of a marketing strategy can be the difference between a marketing strategy that will help your business succeed and one that will leave your product struggling for recognition against the competition. For a company to have a marketing strategy that is effective, Hose suggests that six elements must be put into consideration. The elements are product knowledge, customer knowledge, competitor knowledge, budget, advertising platforms and aggressive branding which can easily be acquired through conducting a thorough marketing research. Hose (2011), further suggests that no matter how high the quality of your business' products or services or how much benefit they may provide to end-users, there's a good chance customers may never know about your products or services unless you develop an effective marketing strategy. A marketing strategy is therefore the method you employ to reach your customers and help your business stand out in a crowded marketplace.

Over the years, more attention has been paid to market share than any other marketing variable. That interest result from a long history of research that shows that higher share leads to higher profits. There are four possibilities; gaining share, holding or maintaining share, harvesting and divestment or abandonment. Gaining or building market share is an offensive or attack strategy aimed at increasing market position at the expense of competitors. A firm builds market share by stealing it from others. There is a conspicuous sense of battle (Schnaars, 1998).
According to the Association of Kenya Insures 2012 report, the gross written premium for Group Life Insurance was Kshs. 10.03 billion. Five (5) companies have a market share of over 5% and account for 79.6% of the business. Pan Africa Life is the market leader with a market share of 31.4% followed by CIC Life with a market share of 21.0%. In the Non – Life (general) Insurance, Jubilee Insurance is the market leader with a market share of 11.31% and CIC General is the second with a market share of 9.18%. Competition for market share by many players has led to price wars with some insurers charging unsustainable premiums. This has compromised service delivery as the insurers are not able to fund infrastructure for efficient delivery of services and claims settlement. Attempts by the government to prod the insurers to merge by increasing the minimum capital requirements have not borne much fruit although others have merged. This a pointer Kenyan insurers were content fighting for the small customer base as investment income consistently mask the losses racked up in the underwriting side of business. The battle for premiums in search for growth in the crowded market is egging some executives to warn of losses given that the bulk of the players are using pricing as an arsenal for market share growth but it remains to be seen how profitable those growth strategies are at an underwriting or overall level (Mbogo, 2011).

1.1.1 The Concept of Strategy

Strategy according to Thompson and Strickland (2003) may be perceived as a combination of competitive moves and business approaches that managers employ to satisfy organizational vision and objectives. Whereas goals represent the ends which the firm is seeking to attain, strategy is the means to the end (Ansoff, 1990).
According to Chandler (1960), a strategy is the determination of long term goals and objectives of any enterprise and the adoption of the course of action and allocation of resources necessary to carry out the desired goal. A unique strategy contributes effectively to the competitiveness of business firms. Strategy has emerged since the 50s as a tool for reorienting the organizational thrust. Good strategy can contribute to growth, profitability, market penetration, cost – reduction, cutting edge differentiation of products and sustainable competitive advantage of business firms (Prahalad and Hamel, 1990). Johnson Scholes & Whittington (2005) termed strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

1.1.2 Marketing Strategies

Marketing strategy is a procedure by which companies react to situations of competitive market and forces of market or react to environment forces and internal forces to enable the firms to achieve its objective in the target market (Lee & Griffith, 2004; Slater, Hult, & Olson, 2010). Traditionally, marketing strategy is a plan for pursuing the firm’s objective or how the company is going to obtain its marketing goals within a specific market segment (Kotler, 2010; Leonidou et al., 2002; Theodosiou & Leonidou, 2003; Walker, 2011).

There are things that can limit the effectiveness of a marketing strategy. For instance, the failure to adjust it to account for changes in market conditions, such as the appearance of a new competitor who offers much lower prices, may cause you to lose
customers. Not taking the time to conduct thorough research before developing your strategy can result in a marketing campaign that misses the mark and wastes valuable marketing dollars (Hose, 2011).

According to Kotler (2006) property, casualty and liability insurance marketing not only includes the traditional marketing sales function but incorporates services such as customer needs analysis, market segmentation, product development and distribution that must be incorporated into a successful marketing mix. Brodrechtova, (2008) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to generate economic value and keep the firm ahead of its competitors.

The 4ps are the parameters that marketing managers can control, subject to internal and external constraints of the marketing environment. The objective is to make choices that rotate the 4ps on the customers in the target market so as to create perceived value and generate a positive response. Firms should therefore ensure that the actions taken are agreeable with the individuals or organizations needs at a particular time and should create value that is perceived to be far superior to the cost of the service being offered (Wearne and Morrison, 1996).

Successful marketing depends upon addressing a number of key issues. These include: what a company is going to produce, how much it will charge, how it is going to deliver its products or services to the customer; and how it is going to tell its customers about its products and services. Traditionally, they were known as the 4ps. As marketing became more sophisticated discipline, a fifth ‘p’ was added, people. Recently two Ps were added,
that is, process and physical evidence.

1.1.3 Market Share

Market share refers to the percentage of sales a company has in a specific market within a specific time period. Higher market share translates into higher profits. Gaining or building market share is an offensive or attack strategy to improve the company’s standing in the market (Sarkissian, 2010).

Market share is a measure of the consumers' preference for a product over other similar products. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands, the leader gains more than the others. By the same token, a market leader - as defined by its market share - also has to expand the market, for its own growth (Schnaars, 1998).

There are many different ways to increase market share; companies usually use a combination of strategies. Sometimes something as basic as increasing advertising can have huge effects, as can adjusting pricing. Breaking products into groups and targeting them at specific demographics can also increase this percentage, as can making of complementary products. Another strategy is improving the product or service itself, which can attract customers from competitors, though this can be difficult, so many companies try to grow along with a growing market rather than trying to take business from the competition (Sliden, 2014).

Market share is a key indicator of market competitiveness; how well a firm is doing against its competitors. This metric, supplemented by changes in sales revenue, helps
managers evaluate both primary and selective demand in their market. It enables them to judge not only total market growth or decline but also trends in customers’ selections among competitors. Generally, sales growth resulting from primary demand (total market growth) is less costly and more profitable than that achieved by capturing share from competitors. Conversely, losses in market share can signal serious long-term problems that require strategic adjustments. Firms with market shares below a certain level may not be viable. Similarly, within a firm’s product line, market share trends for individual products are considered early indicators of future opportunities or problems (Armstrong and Greene, 2007).

1.1.4 The Insurance Industry in Kenya

Kenya has 47 insurance companies – two are under receivership. The industry is regulated by the Insurance Regulatory Authority (IRA), a semi-autonomous regulator, set up in 2008. The role of IRA is to improve regulation and stability of the industry. The Kenyan Insurance Market is governed by the Insurance Act (1984) administered by the Insurance Regulatory Authority (IRA). Under this Act, all assets, liabilities and lives within Kenya must be insured with an Insurance Company registered in Kenya under the Insurance Act. It is also a requirement under the Insurance Act that the Insurance Regulatory authority must approve all reinsurances abroad. All insurance companies must deposit with the Insurance Regulatory Authority their schedule of premium rates for all classes of business. The Insurance Act lays down the terms and standards required by Law for the efficient operation of the Insurance Industry.
The industry operates under an umbrella body, the Association of Kenya Insurers (AKI), which was established in 1987. Before then, it was called the Insurance Association of Eastern Africa. Membership is open to any registered insurance company. Its main objective is to promote prudent business practices, create awareness among the public and accelerate the growth of insurance business in Kenya. There are two Kenyan Reinsurance companies i.e. Kenya Reinsurance Company Limited and East Africa Reinsurance Company Limited. There are also two regional reinsurance companies namely Africa Reinsurance Company and PTA Reinsurance Company Limited operating in Kenya. However, the capacities of these reinsurance companies are small and more than half of the reinsurances are placed overseas. There are two major classes of Insurance, that is, Life and Non – Life. The major classes of non life insurance business are Motor, Fire, WIBA, Personal Accident, Marine, Theft and Medical Insurance. Other classes include Liability, Aviation, Engineering and Miscellaneous Accidents while Life Insurance covers ordinary life, group life, deposit administration/pensions and unit linked contributions. According to statistics from Association of Kenya Insurers, non-life insurance premium has grown in the last five years by about Kshs. 35 billion which represents an average growth of Kshs. 7 billion per year. The gross written premium for 2012 was Kshs. 71.46 billion compared to Kshs. 60.07 billion in 2011 and the total premiums for Life Insurance business plus contributions for Deposit Administration and Unit Linked contracts for 2012 was Kshs. 37.08 billion. The penetration of insurance in the year 2012 was 3.16% compared to 3.02% in 2011. Life insurance recorded a penetration ratio of 1.08% (2011: 1.02%) while non-life insurance recorded 2.08% (2011:
2.00%). The Insurance Industry contributes 3.4 billion to the Gross Domestic Product of our country Kenya (AKI, 2012).

According to Kihara (2012) the importance of insurance to an individual and the country at large, cannot be underestimated. It plays a significant role in a country's economic growth and offers financial protection to an individual or firm against monetary losses suffered from unforeseen circumstances. This is because the world is characterized by risks and uncertainties and insurance has evolved as a way of providing security against these risks and uncertainties. Kihara (2012) further argues that there are advantages of having an insurance cover which include; Peace of mind. One carries out his/her daily activities with the knowledge that in case of a loss, the insurance company will meet the financial consequences of that loss, job creation and retention. The insurance industry employs a lot of people e.g. sales agents, loss assessors etc. Also, jobs are created when investors inject money into the economy knowing they will be compensated in case of a loss. In case of a loss, jobs are retained when insurance compensates the insured, saving. There are insurance policies that encourage people to save through long term assurances, Pensions and annuities. They provide income during old age, on life assurance, cash lump sum paid in case of premature death alleviates the financial suffering of the dependents.

Kihara (2012) further states the challenges the insurance industry is facing as; some cultural practices and beliefs which are not in tune with the current economic realities, poor economic growth. This has led to high poverty levels hence low purchasing power, lack of knowledge and appreciation of the role of insurance by the public, ignorance, undercutting of premiums by underwriters and brokers demanding favours from
insurance companies and the negative image of the industry caused by unethical practices by some agents and other market players.

1.2 Research Problem

Gaining market share is expensive and risky and takes more than desire on the part of the firm wishing to gain share. Firms should seek market share gains only when the situation is right and when they have appropriate resources. According to Schnaars (1998) market share gains are most appropriate when the following five conditions are present; in high growth markets, when the firm has developed a breakthrough innovation, when an acquisition can be explained, when a competitor is unwilling to fight back and when a competitor is unable to fight back.

Schnaars further suggests that an organization can gain market share by lowering prices, increasing promotion, developing new products, improving product quality, increasing service offering and changing a product or market in a way that negates the market leaders advantage.

Competition for market share by many players has led to price wars with some insurers charging unsustainable premiums. This has compromised service delivery as the insurers are not able to fund infrastructure for efficient delivery of services and claims settlement. Attempts by the government to prod the insurers to merge by increasing the minimum capital requirements have not borne much fruit although others have merged. This a pointer Kenyan insurers were content fighting for the small customer base as investment income consistently mask the losses racked up in the underwriting side of business. The battle for premiums in search for growth in the crowded market is egging some
executives to warn of losses given that the bulk of the players are using pricing as an arsenal for market share growth but it remains to be seen how profitable those growth strategies are at an underwriting or overall level (Mbogo, 2011).

Mirie (1987) did a study on the marketing of Insurance services, however this study only gave us an overview of insurance marketing but failed to inform us on the effects. Wamwati (2007) did a study on the critical success in the insurance industry in Kenya, however this study was too broad and failed to look critically to the marketing strategies and their influence on performance. Karanja (2008) did a study on the innovation strategies adopted by insurance companies in Kenya, however this study only served to inform us but failed to establish the relation between innovation and performance. Magunga (2010) on the other hand carried out a study on the effects of marketing strategies on performance of Insurance Industries in Kenya. He further argues that the major contributors to the sector performance are the marketing strategies adopted by insurance companies. It is important to emphasize that good marketing practices by insurance companies in Kenya is imperative if the industry is to effectively play a key role in the overall development of the country.

The research tried to answer the general research question; do marketing strategies have an influence on market share of Insurance Companies in Kenya?

1.3 Research Objective

To establish the influence of marketing strategies on market share of Insurance Companies in Kenya.
1.4 Value of the Study

The study will benefit Insurance companies in Kenya as the observations made will be helpful to the marketing departments as they will show how they score in their marketing strategy and also conclusions and recommendations given will help them in future decision making while doing a review of the marketing strategy.

The findings from this study will be of importance to the government who through the Insurance Regulatory Authority will obtain useful information that will be used to formulate positive fiscal policies which are relevant and sensitive to the forces influencing the insurance sector performance and penetration in Kenya.

Future scholars and researchers will benefit from this study as it will provide basis for future references in their studies as they can build on this study by identifying gaps in the current research and conduct a more comprehensive and conclusive study.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The purpose of this chapter is to focus on the review of the literature by other scholars and researchers on marketing strategies and the insurance industry. An empirical review has been undertaken leading to a conceptual framework which is proposed to guide the study.

2.2 Theoretical Foundation of the Study

2.2.1 Innovation

Innovation is a new way of doing something or "new stuff that is made useful" (McKeown, 2008). It may refer to incremental and emergent or radical and revolutionary changes in thinking, products, processes, or organizations. Innovation and R&D for the long-term profitability of the firm is viewed as a process of "creative destruction" (through innovation that changes the very nature of competitive advantage in the market) rather than as a condition leading to equilibrium. This argument is supported by the "Austrian" school of strategy (Jacobson, 1992), which suggests that the business environment is inherently dynamic and therefore characterized by uncertainty and disequilibrium. The Austrian school views profits in such an environment as a consequence of discovery and innovation. Such discovery and innovation do not necessarily mean drastic changes of a discontinuous (Schumpeterian) nature alone. Rather, they span a continuum encompassing innovations with the potential to provide the firm with a differential advantage over its competitors (Jacobson, 1992) such as
reformulation of a product, developing new processes for manufacturing a present product, and developing new channels of distribution.

Innovation is an important topic in the study of economics, business, design, technology, sociology, and engineering. Although personal characteristics have been identified as significant predictors of consumers’ adoption of an innovation several researchers have shown that it is the perceived attributes of the innovation itself rather than the characteristics of the innovators that are stronger predictors of the adoption decision (Black et al, 2001, Polatoglu, Ekin, 2001). Clients in the insurance industry demand a minimum relative advantage in order to switch channels. This means that new innovative services should be perceived to be better than their predecessors.

According to (Mills and Morris 1986), insurance must continually invent new products and services in light of changes brought by technology so that they can gain from market share by luring customers from the competitors.

**2.2.2 Product Quality**

The economic view of quality is "any aspect other than price that influences the demand curve of a product". Combining these two notions, quality can be construed as any non price aspect of a product that signifies its superiority and causes a shift in its demand curve. Ideally, a business would want to sustain a higher price as well as a higher market share but these two objectives may not always be compatible. That is, if the business were to follow a niching strategy by offering a high quality product at a high price targeted at a small market niche, it effectively excludes itself from the contest for market share dominance in the broader market.
The ability of a business to charge higher prices for higher quality is contingent on the ease with which consumers can determine the quality of the product. When quality is uncertain, consumers tend to use price as an indicator of quality. This suggests a bidirectional relationship between quality and price, in which perceived quality positively influences price under conditions of greater information availability, and price positively influences perceived quality under conditions of lower information availability (Satish and Varadarajan, 1999).

2.2.3 Market Share

The structure-conduct-performance model posits a positive relationship between industry concentration and profitability. Evidence also suggests that the relationship between market share and profitability is robust across different definitions of market share, different sampling frames, and controls for accounting method variation. The quality explanation; in markets beset by uncertainty and imperfect information about product performance, the high market share of a brand acts as a signal of superior quality to consumers. In such markets, consumers are likely to have greater confidence in high market share brands. This enables high market share brands to command a price premium over lower market share brands and thereby enhance their profitability. The market power explanation; Businesses with a high market share, by exercising their market power-the ability to command a price premium, lower costs by negotiating for more favorable terms (than their competitors are able to) with vendors and marketing intermediaries, and obtaining favorable shelf placements from retailers enhance their profitability. The efficiency explanation; The scale and experience effects associated with
market share lead to lower costs and thereby enable a business with a high market share to earn higher profits than its competitors with a low market share. The third-factor explanation; a set of third set of factors (unobservable such as luck, uncertainty, or managerial insight) may play a crucial role in helping a business achieve a high market share as well as superior performance (Satish and Varadarajan, 1999).

2.3 The Concept of Marketing Mix

Kotler (2003) has defined the marketing mix as the set of marketing tools the firm uses to pursue its marketing objectives. Payne (1993) describes the marketing mix as the internal elements or ingredients that make an organization’s marketing programmes. He however asserts that the 4P’s model is unnecessarily restrictive and recommends an extended marketing mix that should include people, processes and physical ambience.

Firms seek competitive advantage and synergy through a well integrated program of marketing mix elements (Walker, 2011). Brodrechtova (2008) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to generate economic value and keep the firm ahead of its competitors. The marketing strategies have a major impact upon the efficiency and cost structure of an enterprise.

Thuo (2008) looks at the broad perspective of the marketing mix and expounds that, for instance, price is more than simply the amount of money that the consumer pays when making the purchase. It also encompasses credit or finance deals, any discounts, special offers, and additional deliveries changes. Place or distribution is not just about the physical movement of products from manufacturer to consumer. It is also about the ease
of access to products, the way they are displayed and the environment in which they are presented. Product is not just the physical item presented for sale; it also deals with the image that is created for the product through branding and the level of customer service that accompanies it and promotion is more than advertising. It should also cover all aspects on the way in which the organization communicates with its customers and other interested groups including its own employees.

Collier (1991) argued that the 4Ps traditional model should be expanded to become the 7Ps services management. These 7Ps can be used to formulate a marketing strategy by which a service company can achieve a competitive advantage. Each one of the 7Ps of the service management paradigm can be viewed as an opportunity to gain competitive advantage and define business strategy. Smith and Saker (1992) argued that the marketing mix elements are considered an essential element of any marketing strategy.

Each of the ingredients of the marketing mix is key to success. No one element can be considered in isolation. Akroush et al. (2005) carried out a study on the effect of marketing mix elements on customers' satisfaction in the comprehensive motor insurance sector in Jordan. The study found that (a) there was a strong and positive relationship between the marketing mix components collectively, 7Ps, and customers’ satisfaction. (b) There was a strong and positive relationship between the new components of marketing mix, namely; people, processes and physical evidence, 3Ps, (individually and collectively) and customers satisfaction. In general, the 3Ps effect on customers’ satisfaction was found stronger than the effect of the traditional marketing mix components 4Ps. Zeithaml et al. (2006) proposed another way to address the challenges
of services marketing through thinking creatively about an expanded marketing mix for the future.

Zubes (1999) states the purpose of marketing in insurance company can be: Maximization of company’s profit and earning by insurance company sufficient profit alongside with execution some additional function. He confirms that marketing in insurance is powerful enough to differ from marketing existing in the field of commodities production. At first this is connected with particularity with the insurance business, surrounded by which main are: long period life of the insured product, long term character of interaction insurer and consumer, determined by validity of the contract (for example, legality contract of insurance life can reach 50 and more years), therefore in a number of cases, profitability, the properties and characteristic of the insurance product become to be comprehensible through many years after its sale.

2.4 The concept of market share

Market share is the most important metric that marketers can use in order to judge the effectiveness of marketing campaigns. This includes branding initiatives, advertising campaigns, Customer Relationship Marketing programs and any other revenue generation effort. Market share metrics are more important than Return On Investment measurements. The reason is quite simple. Market share is a relative measurement against external benchmarks. Market share tells us how we are doing relative to our competition (Sliden, 2014).

The company's market share is important for investors, since it gives them a better idea of its competitiveness. Though this doesn't always go hand in hand with profitability, it's
often a good indicator of whether a business is performing well or not, and drastic changes often indicate problems or changes for the better. Those with larger shares are often more likely to give investors a better Return on Investment (ROI) than those with a very small share, though there are a lot of other factors at play (Sliden, 2014).

Market share is most meaningful in a relative sense; that is, when a company compares the market share it commands to the percentage held by its largest competitors. The important factor in computing relative market share is not the exact number associated with the sales volume, your position relative to the competition is more important. You want to know basically if they dominate you, if you are relatively equal in size, or if you dominate them (Cook, 1995).

Market share responds to elements of marketing strategy (Weiss, 1968) and one of the important items that affects market share is marketing strategy and marketing mix. The ability of using the successful marketing strategies in market competition was critical for a company’s performance (Baldauf, Cravens, & Wagner, 2000; Cooper & Kleinschmidt, 1985; Lages & Lages, 2004; Leonidou, Katsikeas, & Samiee, 2002; Mavrogiannis, Bourlakis, Dawson, & Ness, 2008).

Shafer (2010) suggests five ways that organizations can use to snatch more market share from the competitors, even now, when the economy is expanding by just 1 percent, just as the insurance industry is expanding at about 1% in Kenya; Stay relevant through innovation, respond to customers fast, use customers' ideas, snap up competitors or convince customers from the competitors and be more flexible by even poaching employees from the competitors. In following what Shafer proposes, an organization can
determine if it is gaining market share by looking at the customer retention rates and customer acquisition rates.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter provides discussions of the research methodology that was used in this study. It discusses the research design especially with respect to the choice of the design. It also discusses the population of the study, sample design, sampling techniques, data collection methods as well as data analysis and data presentation method that were employed in the study.

3.2 Research Design
Descriptive survey study design was applied in this study. This design was appropriate as it enabled the researcher to obtain information concerning the current status of the phenomena or to be specific the “status quo” of challenges facing the target population or its characteristics, (Mugenda, 2003).

3.3 Target Population
The population from which the conclusion for the study was made includes all the 47 insurance companies operating in Kenya. The study was conducted by a census of all the insurance companies in Kenya.

3.4 Data Collection
The study used primary data that was collected through a questionnaire. A questionnaire comprising of both open and multiple choice questions was administered to marketing managers of insurance companies. In addition secondary data was gathered from the Association of Kenya Insurers which comprised of the gross written premiums and
market share of the insurance companies and data which is incorporated in the literature review and findings and recommendations.

### 3.5 Data Presentation and Analysis

The researcher conducted data clean up, that is, editing, coding and tabulation. A descriptive statistics of Mean, Frequency and percentages was done on the characteristics of the respondent and regression analysis was used to measure and predict the relationship between the predictor variables and the dependent variable. The multiple regression model was used in data analysis.

\[
Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + b_5 x_5 + b_6 x_6 + b_7 x_7 + \varepsilon
\]

Where \( y \) = market share, \( a \) = y intercept, \( b \) = regression coefficient and

- \( x_1 \) - Product
- \( x_2 \) - Price
- \( x_3 \) - Place
- \( x_4 \) - Promotion
- \( x_5 \) - Process
- \( x_6 \) - People
- \( x_7 \) - Physical

- The \( x_i \)’s shows the sensitivity of market share to the predictor variables
- Mean: will be used to show the average score on how a particular marketing strategy indicator affects market share
- Standard deviation: will be used to show the extent of consensus among the respondents on how a particular marketing strategy indicator affects market share.

- \( \varepsilon \): error term captures all the over variables that affect market share but are not captured in the model.

- \( R^2 \) shall be used to measure explanatory power of the model.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.0 Introduction

This chapter presents the output of data analysis and its interpretation. Descriptive results have been presented alongside the regression model. The results are presented in a way to reveal how the objective of establishing the influence of marketing strategies on market shares of Insurance Companies in Kenya. The research targeted marketing managers of the 47 insurance companies registered in Kenya. Out of the 47 questionnaires administered, only 34 were returned. This represents a 72% response rate.

4.1 Reliability of the Data Collection Tools

Before the collected data was subjected to analysis, reliability of the questionnaire used to capture the data was tested. The questionnaire was piloted for validity and Cronbach’s alpha coefficient used to test the reliability of the measurement scales giving a 0.782 Cronbach’s alpha coefficient which is above the 0.70 threshold.
4.2 Descriptive Statistics

Table 4.1 gives the descriptive statistics about the various variables of the study.

**Table 4.1 Descriptive Statistics**

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<thead>
<tr>
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<tbody>
<tr>
<td>Mean</td>
<td>4.59</td>
<td>4.00</td>
<td>3.50</td>
<td>3.59</td>
<td>4.74</td>
<td>4.88</td>
<td>3.94</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>0.61</td>
<td>1.16</td>
<td>1.31</td>
<td>1.23</td>
<td>0.45</td>
<td>0.33</td>
<td>0.85</td>
</tr>
<tr>
<td>Observations</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
</tbody>
</table>

Notes: P1 is Product, P2 is Price, P3 is Place, P4 is Promotion, P5 is Process, P6 is People, and P7 is Physical Ambience

*Source: Research Data 2014*

The results indicated that on average majority of the respondents agreed that people strategies contributes to gaining market share among insurance companies in Kenya. This is as supported by an average value of 4.88 that was obtained. The respondents also agreed that process strategies were responsible for gaining market share among insurance companies in Kenya. This is as evidenced by an average value of 4.74 that was obtained. The respondents also generally agreed that product strategies were responsible for gaining market share among insurance companies in Kenya. This is as evidenced by an average value of 4.59 that was obtained. The respondents also agreed that price and physical ambience strategies were responsible for gaining market share among insurance companies in Kenya. This is as evidenced by an average value of 4.0 and 3.94
respectively that was obtained. Finally, the respondents fairly agreed that place and promotion strategies contribute to gaining market share among insurance companies in Kenya. This is as supported by the average values of 3.5 and 3.59 respectively that were obtained.

Generally, people strategies as an explanatory variable recorded the highest degree of consensus among the respondents in terms of the extent to which it is responsible for gaining market share among insurance companies in Kenya. This is as supported by the lowest standard deviation value of 0.33 that was obtained. The degree of consensus among the respondents on the extent to which process strategies affects gaining market share among insurance companies in Kenya was also high as shown by a standard deviation of 0.45. Product strategies as an explanatory variable also registered a fairly high degree of consensus among the respondents in terms of the extent to which it affects gaining market share among insurance companies in Kenya as shown by a standard deviation of 0.61. Physical ambience strategies as an explanatory variable also registered a fairly high degree of consensus among the respondents in terms of the extent to which it affects gaining market share among insurance companies in Kenya as shown by a standard deviation of 0.85. Place strategies as a factor contributing towards gaining market share among insurance companies in Kenya showed the highest extent of divergent opinions among the respondents. This is as shown by the highest standard deviation of 1.31. Promotion strategies as a factor contributing towards gaining market share among insurance companies in Kenya showed a fairly higher extent of divergent
opinions among the respondents. This is as shown by a standard deviation of 1.23 as was price strategies at 1.16.

4.3 Marketing Variables

The tables in the preceding pages present the frequency distribution of respondents’ opinion on the extent to which marketing strategies have contributed towards gaining of market share of insurance companies in Kenya.

4.3.1 Product Strategies

Table 4.2 present the frequency distribution of respondents’ opinion on the extent to which product strategies has contributed towards gaining market share among insurance companies in Kenya.

Table 4.2 Product Strategies

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>22</td>
<td>64.7</td>
</tr>
<tr>
<td>To a large extent</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>2</td>
<td>5.9</td>
</tr>
<tr>
<td>To a small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
The results indicated that at least 94.1% of the respondents were of the opinion that product strategy to a large extent contributes to gaining market share among insurance companies in Kenya.

### 4.3.2 Price Strategies

Table 4.3 presents the frequency distribution of respondents’ opinion on the extent to which pricing strategies have contributed towards gaining market share among insurance companies in Kenya.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>16</td>
</tr>
<tr>
<td>To a large extent</td>
<td>6</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>10</td>
</tr>
<tr>
<td>To a small extent</td>
<td>0</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34</td>
</tr>
</tbody>
</table>

*Source: Research Data 2014*
The results showed that at least 64.7% of the respondents agreed that pricing strategies to a large extent was responsible for gaining market share among insurance companies in Kenya.

### 4.3.3 Place Strategies

Table 4.4 presents the frequency distribution of respondents’ opinion on the extent to which place as a strategy contributed towards gaining market share among insurance companies in Kenya.

**Table 4.4 Place Strategies**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td>To a large extent</td>
<td>8</td>
<td>23.5</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>8</td>
<td>23.5</td>
</tr>
<tr>
<td>To a small extent</td>
<td>5</td>
<td>14.7</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data 2014*
The results showed that at least 52.9% of the respondents agreed that place as a strategy contributes to a large extent towards gaining market share among insurance companies in Kenya.

4.3.4 Promotion Strategies

Table 4.5 presents the frequency distribution of respondents’ opinion on the extent to which promotion strategy contributes towards gaining market share among insurance companies in Kenya.

Table 4.5 Promotion Strategies

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>9</td>
<td>26.5</td>
</tr>
<tr>
<td>To a large extent</td>
<td>11</td>
<td>32.4</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>8</td>
<td>23.5</td>
</tr>
<tr>
<td>To a small extent</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>3</td>
<td>8.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data 2014*
The results indicated that 58.9% of the respondents were of the opinion that promotion is responsible for gaining market share among insurance companies in Kenya.

### 4.3.5 Process Strategies

Table 4.6 presents the frequency distribution of respondents’ opinion on the extent to which process as a marketing strategy contributes towards gaining market share among insurance companies in Kenya.

**Table 4.6 Process Strategies**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>25</td>
<td>73.5</td>
</tr>
<tr>
<td>To a large extent</td>
<td>9</td>
<td>26.5</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data 2014*

From the results captured above, at least 100% of the respondents were in agreement that process as a marketing strategy was responsible for gaining market share among insurance companies in Kenya.
4.3.6 People Strategies

Table 4.7 presents the frequency distribution of respondents’ opinion on the extent to which people as a marketing strategy contributes towards gaining market share among insurance companies in Kenya.

Table 4.7 People Strategies

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>30</td>
<td>88.2</td>
</tr>
<tr>
<td>To a large extent</td>
<td>4</td>
<td>11.8</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research Data 2014
From the results presented in the table above, all the respondents were in agreement that people as a marketing strategy was responsible for gaining market share among insurance companies in Kenya.

4.3.7 Physical Ambience Strategies

Table 4.8 presents the frequency distribution of respondents’ opinion on the extent to which physical ambience as a marketing strategy contributes towards gaining market share among insurance companies in Kenya.

**Table 4.8 Physical Ambience Strategies**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>To a very large extent</td>
<td>11</td>
<td>32.4</td>
</tr>
<tr>
<td>To a large extent</td>
<td>10</td>
<td>29.4</td>
</tr>
<tr>
<td>To a moderate extent</td>
<td>13</td>
<td>38.2</td>
</tr>
<tr>
<td>To a small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>To a very small extent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>34</td>
<td>100</td>
</tr>
</tbody>
</table>
Source: Research Data 2014

From the results in the table above, all the respondents were in agreement that physical ambience as a marketing strategy was responsible for gaining market share among insurance companies in Kenya.

Generally, the respondents’ opinion indicates that it is process and people strategies which bear the highest responsibility for gaining market share among insurance companies in Kenya.

4.4 Regression Analysis

The following table presents the results of regression analysis.

**Table 4.9 Regression Model**

<table>
<thead>
<tr>
<th>Model</th>
<th>Coef.</th>
<th>Sig.</th>
<th>[95% Conf. interval]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>2.301</td>
<td>0.062</td>
<td>-0.128 4.733</td>
</tr>
<tr>
<td>P1</td>
<td>-0.192</td>
<td>0.318</td>
<td>-0.579 0.195</td>
</tr>
<tr>
<td>P2</td>
<td>0.013</td>
<td>0.0867</td>
<td>-0.149 0.175</td>
</tr>
<tr>
<td>P3</td>
<td>0.159</td>
<td>0.158</td>
<td>-0.066 0.384</td>
</tr>
<tr>
<td>P4</td>
<td>0.111</td>
<td>0.364</td>
<td>-0.136 0.358</td>
</tr>
<tr>
<td>P5</td>
<td>1.035*</td>
<td>0.003</td>
<td>0.393 1.676</td>
</tr>
<tr>
<td>P6</td>
<td>-0.739*</td>
<td>0.018</td>
<td>-1.339 -0.138</td>
</tr>
</tbody>
</table>
The results indicate that all the regression coefficients are different from zero. The regression coefficients obtained were -0.192, 0.013, 0.159, 0.111, 1.035, -0.739 and 0.115 for product, price, place, promotion, process, people, and physical ambience respectively. This means that all the seven variables have an effect on gaining market share in insurance companies in Kenya. The results further indicate that only process and people strategies were statistically significant. This is as shown by a P-value of 0.003 and 0.018 respectively which are below the 0.05 threshold. However, the other five explanatory variables namely product, price, place, promotion and physical ambience were found not to be statistically significant as shown by the P-values of 0.062, 0.318, 0.867, 0.158 and 0.23 respectively.

The following table shows the values of R squared and the F statistic

**Table 4.10 Model explanatory power**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R Square</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square change</td>
</tr>
<tr>
<td>1</td>
<td>0.872</td>
<td>0.761</td>
<td>0.696</td>
<td>0.761</td>
</tr>
</tbody>
</table>
The results captured on the table above shows that the seven explanatory variables namely product, price, place, promotion, process, people and physical ambience strategies are 76.1% responsible for gaining market share among insurance companies in Kenya. This shows that the regression model has a fairly high explanatory power. In addition the P-value of 0.00 for the F statistic shows that the seven independent variables are good joint predictors of gaining market share among insurance companies in Kenya.

The results in this study correspond to Kiragu (2014) in his study of an assessment of challenges facing insurance companies in building competitive advantage in Kenya: A survey of insurance firms who reported an $R^2$ value of 0.778. This study reported an $R^2$ value of 0.761. This shows that the method of data analysis used is correct and gave the desired results.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter contains a summary of the results as presented in the previous chapter and gives conclusions and recommendations based on the findings of the study. This chapter also provides the limitations of the study based on the analysis of the entire study and suggestions for further research.

5.1 Summary of the Study

This study sought to find out the marketing strategies contributing to gaining market share among insurance companies in Kenya. The objective of this study was to establish the influence of marketing strategies on market share of Insurance Companies in Kenya. The study made use of descriptive statistics and regression analysis to achieve these objectives.

The regression analysis results showed that all the seven indicators of the explanatory variables namely product, price, place, promotion, process, people and physical ambience strategies were good joint predictors of gaining market share among insurance companies in Kenya. The explanatory power of the regression model was found to be fairly high as implied from the R squared value of 76.1%. In addition, the regression coefficients for all the seven independent variables were found to be different from zero. Hence it was
concluded that they all have an effect on gaining market share among insurance companies in Kenya. However, it is important to note that out of the seven independent variables, only people and process strategies were found to have statistically significant regression coefficients.

The regression analysis results were also supported by the descriptive statistics. The mean value of the respondents’ opinion showed that all the seven independent variables contribute to gaining market share among insurance companies in Kenya. In addition the standard deviation statistic showed that generally majority of the respondents were in consensus on their opinions.

From the study, it is evident that product strategies lead to an increase in market share of organizations. According to Kotler (1999), a company aims to make the products or services different and better in a way that will cause the target market to favour it even pay a premium price for it. Insurance companies have a task to promote the intangible benefits of insurance policies such as indemnification in the event of loss of the insured property and the envisaged benefits in case of an investment policy.

5.2 Conclusion

On the basis of the study findings, it is hereby concluded that the following factors are responsible for gaining market share among insurance companies in Kenya: product, price, place, promotion, process, people and physical ambience strategies. However, it should be noted that there are other factors that play an important role towards gaining
market share among insurance companies in Kenya. This is because the seven independent variables have contributed only seventy six percent towards this trend.

It can be concluded that insurance firms have adopted the marketing mix to help them gaining market share. In order to improve sales and market share, firms should consider selling of insurance products in a right manner and also sell relevant products to the public. Insurance companies should also team up with the Insurance Regulatory Authority in order to carry out promotions throughout the country in a bid to promote public awareness. The Association of Kenya Insurers and the Insurance Regulatory Authority should also set up measures to ensure that the right practices are followed by the players in the Insurance industry so that the customers are not to be defraud by malpractices as the players seek to gain market share.

5.3 Recommendations

Marketing managers need to comprehend the fact that although some elements (e.g., product, price, promotion, physical ambience and distribution) still exert a positive and significant effect on gaining market share among insurance companies in Kenya, the strongest impact has emerged from people and process which exerted the strongest, effect on gaining market share among insurance companies in Kenya. It is reasonable to say that the effect of the 7Ps is a potential outcome of a successful service delivery process and the interactions that take place between the customer and the service provider, which represents a fundamental part of successful business operations. This would strongly pave the way for the success of relationship marketing initiatives to improve company performance as well as customer satisfaction and customer loyalty levels. This will result
in customer retention and eventually customer acquisition from the competitors. This leads to a gain in market share. Insurance companies offer protection and peace of mind to governments, donor agencies, and private investors and individuals across the world. Although the penetration rate is still low in Kenya compared to other countries in Africa like South Africa and Botswana, marketing managers can increase penetration by making use of the 7Ps. This study has identified the factors that contribute towards gaining market share among insurance companies in Kenya. Therefore, it is recommended that the government policy makers should devise strategies that make it possible for insurance companies to continue operating sustainably like checking on the premiums to ensure the companies compete favorably on price. It is further recommended that a study should be undertaken to find out ways of addressing the challenges that insurance companies face such that an insurance company can be placed under receivership yet it can be having a good percentage of market share and other firms are surviving on low market share for a long time without gaining.

5.4 Limitations of the Study

The outcome of this study cannot be completely satisfactory because of a couple of the following limitations:

The researcher was not able to use the entire sample size that was originally intended. The study was a census of all the 47 registered insurance companies in Kenya, but data was only collected from 34 of the insurance companies. Secondly, most of the marketing managers were unwilling to give information claiming to be busy. They delegated this responsibility to the staff in the marketing department.
5.5 Recommendation for Further Study

Modification by doing a case study of the market leader in the industry can be carried out to actually determine the marketing strategies that they use that enable them remain at the top of the game.

Further research should be carried out to determine the other factors that can increase market share of insurance companies other than marketing strategies. Research can also be carried on other industries other than the Insurance Industry.
REFERENCES


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APPENDICES

i. Questionnaire

ii. List of Insurance Companies