

**MARKETING STRATEGIES ADOPTED IN SERVING THE BOTTOM OF THE  
PYRAMID CUSTOMER OF THE KENYA POWER & LIGHTING COMPANY  
LIMITED**


**BY  
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## DECLARATION

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

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I would also like to acknowledge the encouragement from all my colleagues and my MBA classmates, friends and relatives whose remarkable devotion and dedication throughout the project work was incredible.

May God bless the work of their hands!

## **DEDICATION**

This research study is dedicated to my family for the tireless sacrifices of their precious family time throughout the entire degree program and especially during this research project.

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## ABSTRACT

Marketing strategy has long been recognized as a vital tool to confront competitive pressures in a market environment and also as a tool of improving the performance of the firm. If an organization wants to develop a distinctive image by which bottom of the pyramid consumers will be able to identify it, it must be able to provide a combination of features perceived to be desirable by the target market. The study sought to determine the marketing strategies adopted in serving bottom of the pyramid customers of Kenya Power & Lighting Company.

This research adopted a descriptive cross-section survey decision where the population of interest in Marketing Department in Kenya Power & Lighting Company was visited. From the target population of 49 respondents, primary data was collected. A questionnaire was used as an instrument for data collection. The questions were designed to collect qualitative and quantitative data. A content analysis and descriptive analysis was employed in analyzing the data. From the study, it was concluded that Kenya Power & Lighting Company should establish and adopt promotion strategies through local people, product strategies, market penetration and development strategies, pricing and personnel strategies in order to occupy a position as a large firm, a global firm, a niche firm and an efficient firm to serve bottom of the pyramid customers.

The study concludes that Kenya Power & Lighting Company adopts product development marketing strategies in marketing to customers at the bottom of the pyramid. This has been through developing new products, increase number of small distribution transformers, use of ready board technology, roll out of pre-paid metering system, modification of company products and use of modern technology strategies. The study concluded that Kenya Power & Lighting Company is developing schemes for customers, use of media like pamoja FM, launching of pre-paid metering for small customers and increasing transmission projects to enhance voltage transfer capacity as well as creating new connectivity to the urban slums and rural areas.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In recent decades, marketing efforts were concentrated on the upper echelons of potential profitability. Now that markets have become saturated and profits from targeting the top are thinning, astute managers in many industries have come to recognize the latent possibilities which lie in marketing to what has been called the “bottom of the pyramid” (Prahalad, 2005). While a Bottom Of Pyramid (BOP) emphasis has been strongly criticized by Kamani (2007) as overstating the success of marketing undertakings to target these low-income individuals, he does report some successes in the marketing of products designed in their own nations. Moreover, work by Prahalad the pioneer in raising the profile of BOP markets has led to research showing, on a purchasing power parity basis, a \$5 trillion market that remains largely untapped. Large corporations shifting focus from saturated developed markets to the bottom of the pyramid offer one approach to targeting these dollars (International Finance Corporation, 2007).

One enduring impression of the BOP poor is that they have few options and few opportunities to exercise options. Their economic status constrains them to pay a BOP penalty for items they purchase. They typically do not or cannot travel to locations that have better distribution infrastructure, lower prices or product or service alternatives. They are constrained and thus required to buy locally from the village monopolist who has all the market power. Given this historical and contemporary reality, the consumption experience more often than not leaves BOP people suspicious of business in general and feeling powerless to do much about it. Add to this, the typically lower educational level

of BOP consumers, and their relatively limited awareness of the “outside” world and they, as a global consumer segment, have often been described as viewing global brands as suspicious outsiders to be shunned (Venkatagiri and Nair, 2005)

Targeting the BOP is not the only marketing approach appropriate for Less Developed Countries, though. A second method would target individuals in the less developed world who have resources enough to save. Beyond what is necessary for daily survival, but who fore-go consumption to in effect self insure. For instance, the fact that only 3.5% of Kenya’s government spending is allotted to social safety nets is typical of Less Developed Countries. Lacking this systemic safeguard, citizens in less developed countries save for healthcare crises, educational expenses, and retirement (Lardy, 2006).

To increase willingness to consume, the key is focused marketing research including the study of marketing practices that have been successful in developing nations because native marketers created them ((Rivera-Santos and Rufin, 2010). Given the vastly differing socio-economic conditions in countries such as China, simply selling goods previously designed and destined for Western markets will not likely contribute to reducing global imbalances. Prahalad and Lieberthal (1998) suggest minimizing what they call “corporate imperialism” via well-thought-out changes in what is marketed, and how. Experience shows that new and innovative business models and strategies for product development and production are key to reaching the consumers at the BOP. When developing the BOP business model and adapting products and production to BOP markets, marketers in the energy sector need to be price sensitive and a good understanding of their potential BOP customers before designing products and

distribution channels. BOP customers have limited product awareness and understanding for successful selling of good and services (Ali, 2001).

### **1.1.1 Concept of Bottom of the Pyramid (BOP)**

The BOP argument originally developed by Prahalad (2005), affirms that businesses can gain competitive advantage and therefore sustained profitability by targeting the poor at the bottom of the economic pyramid. By expanding the global market system to include over 4.5 billion people who live in relative poverty would have the result of direct benefits and expanded opportunities for poor communities, while at the same time providing new profit centers for the private sector. Santoro, (2000), indicated that firms are innovative to tailor goods and services that meet the economic realities and needs of the BOPs, a mutual benefit exists for the private sector and the BOPs, which in turn results in a more stable urban economy (Marconi, 2002). Despite the substantial global population that this segment consists of, it is poorly served and dominated by the informal economy and therefore inefficient and uncompetitive. The basic assumption of many executives has been that this segment of the global market is unstructured making it inefficient and uncompetitive, and unviable due to the per capita income levels. This assumption holds strongly when looking at BOP segments in urban areas which present a different circumstance that makes such assertions a reality (Martinez and Carbonell, 2007).

Urbanization presents the possibility of concentrated BOP populations and therefore the possibility of structuring the BOP for marketing purposes. Up-scaled intervention by the private sector into this segment may be what is urgently needed to turn on the wheels of efficiency and market competitiveness in terms of consumption and production of goods

and services. This can be achieved by creating business models that deliberately aim at merging the informal economy of the BOP with the mainstream, formal economy. The BOP concept postulates the creation of viable urban economies through the development of business models that are inclusive, responsible to society and the environment, efficient and effective by using innovations and ideas that are generated by the majority of the urban populace who happen to be in the BOP segment. The concept further focuses on alleviating poverty and inhuman existence through the use of market economics (Lahiri, Perez-Nordtvedt and Renn, 2008).

According to Rivera-Santos and Rufin (2010), the bottom of the pyramid has created a high amount of interest. For marketers it combines the appeal of social action and profit. The tantalizing prospect of helping the poor while earning revenue speaks to the idealism within marketers. The ultimate prospect arising from marketing to the BOP is an increase in global prosperity with probable declines in conflict. The thought that inequities in income and opportunities fuel resentment and discord that leads to strife and war is a paradigm that has been present for centuries. Over time, researchers and practitioners have sought to implement bottom of the pyramid (BOP) concepts in a variety of settings (Martinez and Carbonell, 2007).

### **1.1.2 Energy Sector in Kenya**

The Energy Policy in Kenya has evolved through sessional papers, regulations and Acts of Parliament. The landmark policy paper that set the basis for development of the country, Sessional Paper No. 10 of 1965, dwelt on the Electric Power Act (CAP 314) that had been used to regulate the sector. Sessional Paper No. 1 of 1986, which was another

landmark policy blueprint, however did not focus much on the power sector (Government of Kenya, 2007). The Electric Power Act of 1997 led to the establishment of ERB in 1998, with the objective of regulating the generation, transmission and distribution of electric power in Kenya. The same Act unbundled generation from transmission and distribution of power, functions that were at the time being carried out by KPLC. Consequently, KENGEN was established in 1998. The Electric Power Act 1997 also provided for rural electrification on a limited scale using renewable energy technologies (Government of Kenya, 2005).

The major sources of electricity are hydro, geothermal and thermal power. The installed power capacity, in June 2005, was 1155.0 MW.<sup>7</sup> The breakdown was: hydropower at 677.3 MW, oil thermal power at 344.2 MW, geothermal power at 128 MW, and wind power at 0.4 MW. The effective capacity was 1066.9 MW (KPLC, 2005). The key players in energy sectors include Independent Power Producers (IPPs) which build, own and operate power stations and sell the power in bulk to KPLC, Energy Regulatory Commission (ERC) which reviews electricity tariffs and enforces safety and environmental regulations in the power sector as well as safeguarding the interests of electricity consumers. The other players include the Ministry of Energy which formulates policy on the energy sector in addition to administering the Rural Electrification Scheme, the Rural Electricity Authority (REA) that implements rural electrification projects on behalf of the government and Kenya Electricity Transmission Company (KETRACO) mandated to construct new transmission lines with government funding to accelerate infrastructure development and finally Geothermal Development Company is tasked with

developing steam fields to reduce upstream power development risks so as to promote rapid development of geothermal electric power (Ministry Of Energy, 2011).

The Rural Electrification Authority (REA) is one of the youngest State corporations in Kenya, having been established under Section 66 of the Energy Act (No 12 of 2006) as a result of the Government's Sessional Paper No. 4 of 2004 on Energy. Under the Act REA is mandated to also explore, promote and develop the use of other renewable sources of energy. These include, Solar, Wind, Small hydro, Power alcohol, Bio diesel, Biogas and Municipal and Industrial Waste energy, among others. The primary objective of creating the REP is to enhance provision of electricity supply in the rural areas towards ensuring achievement of targets set by the government (REA, 2012)

### **1.1.3 The Kenya Power & Lighting Company Limited**

The Kenya Power & Lighting Company Limited is a limited liability company responsible for the transmission, distribution and retail of electricity throughout Kenya. It was created back in 1954 for the purpose of transmitting power from Uganda through the Tororo-Jinja line. It was then managed by the East Africa Power & Lighting company (E.A.P&L). In 1964 EAP&L sold its Tanzania's shares to the government of Tanzania and hence its operations were limited to Kenya. This again prompted a change of its name to Kenya Power & Lighting Company. Throughout this time Kenya Power & Lighting Company Limited was in charge of power generation, transmission and distribution. However, in 1997, the power generation part was split off from the Kenya Power & Lighting Company functions hence leaving K.P.L.C with the responsibility of transmission and distribution of power ([www.kplc.co.ke](http://www.kplc.co.ke)).

Later in 2011, The Kenya Power & Lighting Company rebranded to Kenya Power. The Kenya Power & Lighting Company has adopted a new name and unveiled a fresh look in line with its strategic plan and Vision 2030. The corporate rebranding strategies adopted by the company were mechanization and automation for appropriate employment balance, enhance culture change, skill needs assessment and appropriate training programs, performance management , gender mainstreaming and transforming Kenya Power & Lighting Company training school to centre of excellence (KPLC,2012). Kenya Power & Lighting Company which is now known as Kenya Power, embarked on a corporate culture change and rebranding exercise in 2009 with the aim of transforming the distribution network in order to render more reliable and responsive services to customers and to sustain its good financial performance. The Kenya Power & Lighting Company rebranding project is being implemented by a consortium comprising Ogilvy & Mather East Africa Ltd., McKinney Rogers Kenya Ltd., and SBO Research Kenya Ltd. The Kenya Power & Lighting Company has also initiated the process of automating its power distribution in Nairobi and Mombasa at a cost of Shs.500 million. Upon completion, the project will facilitate the efficient monitoring and quick resolution of disturbances in the power network in order to minimize interruption of electricity to customers. The company was intensifying efforts to increase population access to electricity from the current 29% to a target of 40% by the year 2020 as part of a medium-plan target of Vision 2030 (Njoroge, 2012).

The Kenya Power & Lighting Company owns and operates the national transmission and distribution grid, and retails to more than 2,000,000 customers throughout Kenya. The company's corporate vision is to 'provide world class power that delights our customers',



while the mission is 'powering people for better lives'. The Board, Management and staff of The Kenya Power & Lighting Company are committed to effective implementation and continual improvement of the Quality Management System that complies with ISO 9001:2000 in order to consistently meet its customers and other stakeholder's requirements and expectations. It is often argued that the urban poor spend a bigger proportion of their income on energy sources as compared to their richer and more affluent counter-parts in the urban areas. According to this survey, the customer at Bottom of the Pyramid spend an average of Ksh. 319 on energy e.g. for lighting, Ksh. 330 on electricity and Ksh. 280 on Kerosene and an average of Ksh. 348 on cooking fuel hence energy consumption pattern by customer at Bottom of the pyramid offer viable markets that attracted Kenya Power & Lighting Company to marketing to the market.

The Kenya Power & Lighting Company is seeking to increasing access to electricity for Low Income Households in Kenya's in Slums and rural area through the process of implementing the Transmission and Distribution components of the Kenya Electricity Expansion Program (KEEP), under financing from the World Bank. It is recognized that there are about 930,000 households spread in various slums in Kenya among them Kibera, Mathare Valley, Korogocho, Mukuru, Nyarenda, Nyawita, Muthata, Kaptembwa Kwa Rhoda, Kiandutu, Kiwara who can be connected and increase company profitability and enhance economic development. The increasing access to electricity for Low Income Households projects in Kenya's in Slums through Global Partnership on Output based Aid (GPOBA) is being piloted in Kenya and company have invested in marketing to the Bottom of the Pyramid customers.

## 1.2 Research Problem

The need for firms marketing to the BOP to carefully cultivate perceptions of partnership and cooperation rather than competitive-mercantile perceptions is needed (Martinez and Carbonell, 2007). The urban poor as consumers aspire for the benefits that the urban economy offers to other economic classes. The conventional thinking of many private sector players is that the BOP markets are essentially basic and therefore only focused on acquisition of basic goods. While this is true, it does not eliminate the fact that the urban poor are willing to compromise on quality of goods and services. The BOP market is a potential market that with the right approach and business model is easy to access and service. Most of the BOP markets are geographically concentrated and homogeneous, making targeting, segmentation and reach considerably cheaper compared to other market segments (Oil Change/Action Aid, 2011).

The company has been losing more than KShs 20 million through illegal transmissions in urban slums. The company has taken marketing initiatives to increase energy supply in urban and rural areas and designed electricity innovative products and services to increase energy access for the low income earning market. The Kenya Power & Lighting Company has been seeking to increase its market share at 47.5% in the urban and 4.3% in the rural areas and an average of about 15% at the national level (World Bank, 2006), reduce electricity vandalism, illegal connectivity, increasing its revenue from diversification of business from Ksh. 214million in 2010/2011 financial year to Ksh.1000 million in 2015/2016 financial year by providing marketing its products to the urban and rural customers (Kenya Power & Lighting Company, 2011). The Kenya Power & Lighting Company is marketing and providing high quality customer service by

efficiently transmitting and distributing high quality electricity that is safe, adequate and reliable at cost effective tariffs to the market in rural and urban slum. This led to the company adopting unique marketing strategy for the electricity products to the urban and rural markets (Electricity Regulatory Board, 2005). Kenya Power & Lighting Company products face stiff competition from products such as Kerosene which is the most commonly used source of fuel in urban slums and rural areas for lighting and cooking as it is considered fast, efficient, easy to use and cheap, among charcoal, LPG ,Biomass, solar and wind energy.

Previous studies have focused on assessing marketing strategies adopted by firms. For instance, Owiye (1997) asserts that sugar companies in Kenya had put in place a number of marketing strategies. Further, Masika (2006) undertook a study on retail marketing strategies adopted by Commercial Banks in Kenya. To the best of the researcher's knowledge, there is no study known to the current that has a clear focus on assessing marketing strategies adopted in marketing to the bottom of the pyramid customers in the energy sector. This research study therefore seeks to fill the existing knowledge gap by determining marketing strategies adopted in serving Bottom of the Pyramid customers of Kenya Power & Lighting Company. The study seeks to answer the question, what are the marketing strategies adopted in serving the Bottom of the Pyramid customers of Kenya Power & Lighting Company?

### **1.3 Objectives of the Study**

The objective of the study is to determine the marketing strategies adopted in serving the Bottom of the Pyramid customers of Kenya Power & Lighting Company.

### **1.4 Value of the Study**

The results of the study may be of benefit to the following:

The study will provide information to potential and current scholars on the marketing strategies to the Bottom of Pyramid customers of Kenya Power & Lighting Company.

The study will be significant to researchers who may gain knowledge of marketing strategies adopted in marketing to the Bottom of the Pyramid market in the energy sector and develop studies focusing on other sectors.

The study will be significant to the government agencies and policy makers as they may use the results to formulate positive national policies on a framework that is relevant and sensitive to the marketing of energy services by energy production firms.

The study will be of significance to the Kenya Power & Lighting Company, as the management will gain insight on how to market their energy service to the bottom of the pyramid customers in Kenya and gain profit. The study will also provide insight on important marketing opportunities for the Kenya Power & Lighting Company and seek effective marketing strategies to create long-term opportunities that will increase the use of electricity services from the Kenya Power & Lighting Company, and acquire Bottom of Pyramid customers in both rural and urban setting as unique market to increase use of Kenya Power & Lighting Company services and subsequently improving profits.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter reviews past studies on marketing strategies adopted when marketing to the Bottom of Pyramid market. The chapter will address concept of bottom of the pyramid, Bottom of the pyramid business model, characteristic of BOP, and marketing strategies adopted in marketing to the bottom of the Pyramid market.

#### 2.2 Concept of Bottom of the Pyramid

Prahalad (2004) in the book *The Fortune at the Bottom of the Pyramid* indicated that *Eradicating Poverty through Profit* provided that initial conceptualization that had been missing in marketing thought. His book succeeded in planting the perception that consumers with low levels of income could be profitable customers. He painted a picture of the double bottom line social goals combined with the business objective; profit (Cohen and Winn, 2007). Coincidentally, he appealed to the best motives among those at the top of the pyramid. By citing examples of successful attempts to empower the poor and share in global wealth, he kindled the imagination of those who want the world to be a better place. This is an appealing proposition low-income markets present a prodigious opportunity for the world's wealthiest companies to seek their fortunes and bring prosperity to the aspiring poor (Prahalad and Hart, 2002). According to Prahalad (2002), marketers who believe that the BOP is a valuable untapped market also believe that even the poor can be good customers. Despite their low level of income, they are discerning

consumers who want value and are well aware of the value brands favored by more affluent consumers. This school of thought recognizes the obstacle that low income creates.

Concepts related to marketing strategies aimed at BOP segments around the world have also evolved. Like most markets, there is no one size fits all plan for companies engaging or contemplating engaging the BOP market. However, there are two elements of the BOP proposition that have been identified as highly correlated to successful marketing to individuals that fall within this market no matter where they are. First, an accurate characterization of BOP individuals both as consumers and as producers is required to fully understand their needs, perceptions, and behaviors (Cohen and Winn, 2007). Indeed, more often than not, BOP individuals are producers and consumers of specific goods and thus the typical separation of production and consumption, common among developed markets, is not readily apparent here. The need for firms marketing to the BOP to carefully cultivate perceptions of partnership and cooperation rather than competitive-mercantile perceptions is needed (Rutherford, 2000; Martinez and Carbonell, 2007). Second, it is important to recognize that marketing to BOP individuals often requires a different business model than one typically found in advanced markets, one incorporating access to micro-credit as well as micro-finance, and the adaptation of the marketing mix that emphasizes function (specific utilities relevant to those of limited means) and identity (where products and services are also perceived as a means to a larger world of cherished values, and not just tied to physical or material wellbeing (World Bank, 2002).

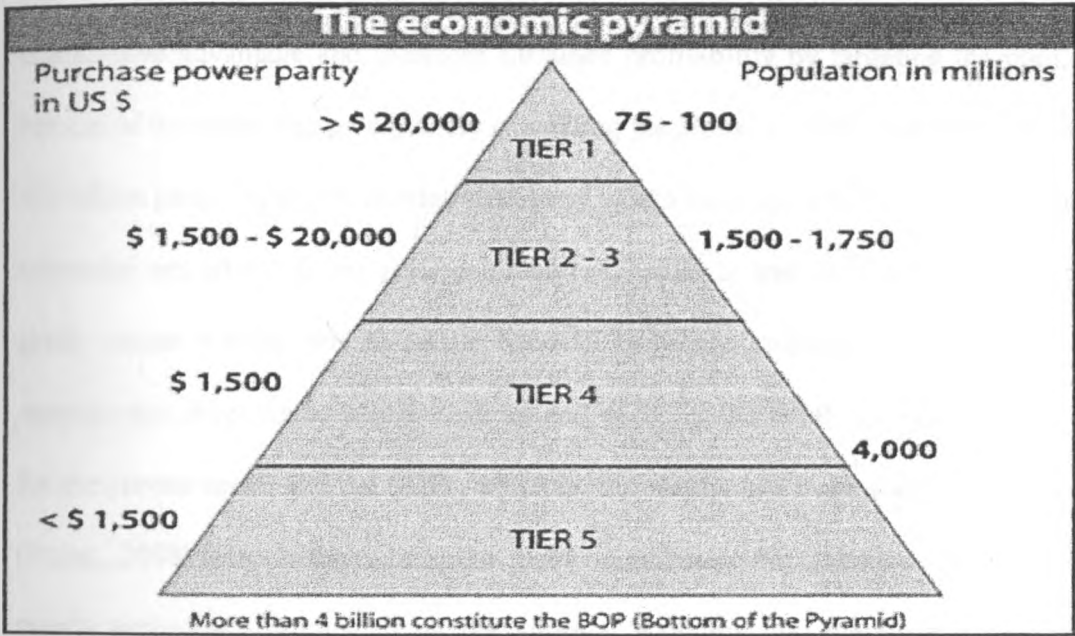
### 2.3 The BOP Business Model

In spite of the opposing viewpoints in the literature regarding the extent to which there is a business opportunity at the BOP, there is agreement that serving the low-income sector profitably requires a different business model (Alvarez, 2008). Prahalad and Hart (2002) states “doing business with the world’s four billion poorest people two thirds of the world’s population will require radical innovations in technology and business models.” Moreover, the market at the BOP requires a combination of low cost, good quality, sustainability, and profitability (Prahalad and Hart, 2002). As a result, for-profit firms need to understand how the BOP segment differs from upper tiers, and adapt the marketing approach to meet the characteristics of consumers at the bottom (Milanovic, 2005).

Prahalad (2005) concentration on the bottom of the pyramid requires a sea change in a company’s approach to business. Attempts to reap profits from the BOP using current marketing techniques will fail. Failure will result because the products are too expensive or complicated, are not available in small enough quantities or sizes, or are simply not what the poor want. The BOP is not low hanging fruit. It is a market with potential, and achieving that potential will require costly effort and innovative strategies (Seelos and Mair, 2007). Even with a completely new management approach, evidence suggests that profits at the bottom of the pyramid may be elusive (Karnani, 2007). According to Prahalad, marketers who believe that the BOP is a valuable unserved market also believe that even the poor can be good customers. Despite their low level of income, they are

discerning consumers who want value and are well aware of the value brands favored by more affluent consumers.

The 'fortune at the bottom of the pyramid' a phrase coined by Prahalad is indicated in the Figure 2. 1 The economic pyramid



Source: Prahalad, (2002)

### 2.4 Characteristics of BOP customer profile

BOP populations are not a homogenous group. Living in all kinds of settlements, they have varied income and expenditure levels. BOP customers' unique demands mean that product or service solutions are neither interchangeable nor readily transferable even within the segment. In spite of their diverse needs that vary across regions, BOP populations share several commonalities in their financial hardships, domestic



constraints, difficult living conditions, lack of basic information for making informed decisions and informal quality standards, amongst others. Income levels of rural BOP are low in both per capita income and disposable income. Household earnings compulsorily go first towards fulfilling survival needs and investments required to assure health in the next round of the economic cycle (Milanovic, 2005).

The BOP argument originally developed Prahalad (2005) affirms that businesses can gain competitive advantage and therefore sustained profitability by targeting the poor at the bottom of the economic pyramid. By expanding the global market system to include over 4.5 billion people who live in relative poverty would have the result of direct benefits and expanded opportunities for poor communities, while at the same time providing new profit centers for the private sector, hence if firms are innovative to tailor goods and services that meet the economic realities and needs of the BOPs a mutual benefit exists for the private sector and the BOPs, which in turn results in a more stable urban economy (Polak, 2008). Despite the substantial global population this segment consists of, it is poorly served and dominated by the informal economy and therefore inefficient and uncompetitive. The basic assumption of many executives has been that this segment of the global market is unstructured; making it inefficient and uncompetitive, and unviable; due to the per capita income levels. While this assumption holds strongly when looking at BOP segments in rural areas, the urban phenomenon presents a different circumstance that makes such assertions fly in the face of reality (Samia, 2007).

Urbanization presents the possibility of concentrated BOP populations and therefore the possibility of structuring the BOP for marketing purposes. Up-scaled intervention by the private sector into this segment may be what is urgently needed to turn on the wheels of

efficiency and market competitiveness in terms of consumption and production of goods and services. This can be achieved by creating business models that deliberately aim at merging the informal economy of the BOP with the mainstream, formal economy (Samia, 2007). The BOP concept postulates the creation of viable urban economies through the development of business models that are inclusive, responsible to society and the environment, efficient and effective by using innovations and ideas that are generated by the majority of the urban populace who happen to be in the BOP segment. The concept further focuses on alleviating poverty and inhuman existence through the use of market economics (Seelos and Mair, 2007).

This underlies the need for conservative cash flow management and a low risk appetite for unproven offerings. The seasonal nature of income necessitates credit services that match cash outflows to cash inflows for discretionary products. Purchase of essential products, such as medicines or other emergency necessities, is less reliant on credit availability. There is a lack of ready access to financial institutions and services, which could facilitate movement of resources across time and help arrest the economic risks felt by rural BOP households. BOP households continue to have minimal savings beyond major lifecycle events, such as education and marriage, retain illiquid assets such as land, gold and animals, and have less capability to handle economic shocks (Solomon, 2002).

Variation in languages across regions and low literacy levels inhibit the creation of standard, cost-effective marketing and communication materials, such as well designed publications, signage, advertisements and brochures. The lack of consistent and effective marketing contributes to information asymmetry and long gestation periods for new product introductions (Venkatagiri, 2005).

Restricted mobility and limited travel patterns of urban BOP end customers lead to slow dissemination of knowledge, resistance to change, and little benefit from existing customer experiences from outside their local communities. Rural BOP end customers demand a high degree of customization before changing consumption patterns, due to deep cultural beliefs and preconceived notions or experiences with prior purchase decisions. This lowers the attractiveness of the rural BOP segment for commercial players looking to cross-sell products and services from urban centers. For developing urban BOP market segment as a whole, the current expenditure across product portfolios is highly concentrated in portfolios that correspond with immediate survival needs, overwhelmingly goods and services. There is a large gap between segment expenditure on food and the next largest expenditure, on energy needs, which accounts for roughly 12 percent of the Indian rural BOP annual expenditure (Gardetti, 2005).

The global distribution of BOP customers adds another factor to consider: culture. The cultures of Latin America, Asia, and Africa differ widely. It is logical that differences in culture will affect future attempts to understand the needs of the BOP segments. In general, D'Andrea *et al.* (2004) find that consumers at the BOP spend a higher portion of their income on consumer goods (50 to 75 percent), as compared to wealthier segments. These authors also find that, due to their limited and unstable cash flow, low-income consumers tend to shop daily and spend small amounts of money each time. Then too, they are reluctant to buy in places that are located far away from their homes. The findings show that "stay at home" mothers make most of the purchases and family

spending decisions; by doing this, they fulfill roles as wife, mother, and household manager (Gardetti, 2005).

Companies currently devote resources to listening to the voice of the customer and are confident in their efforts with currently serviced segments. A change of focus to the BOP will require new techniques, and freedom from accepted knowledge. The BOP is so radically different that companies will have to ignore what they know as truths that may not apply anymore. Faulty new product development eradicates the potential for profit and unfamiliar product development (NPD) territory increases the risks of failure. Firms can increase their NPD success rates by integrating consumers into the process as boundary spanning team members instead of mere respondents to surveys. Thus, product development will benefit from the input of customers at the lowest levels of income (Pitta and Franzak, 1997). However, that initiative will be supremely different from current successes. Leveraging the lighting industry's motivations to break into an important new market and the exciting opportunities offered by new lighting technologies, IFC will seek to promote a market transformation that would provide the poorest of the poor or the bottom of the pyramid with greater access to reliable and affordable lighting services (Emmons, 2007).

Lack of access to modern lighting services hinders development. Among the poorest of the poor, lighting is often the most expensive item among their energy uses. Fuel-based lighting can account for up to 50% of all energy expenses and up to 33% of total household income. Yet, while consuming a large share of scarce income, fuel based lighting provides little in return. The low quality of the lighting provided by fuel-based

devices poorly supports productive or income-generating activity. It also reduces educational performances, as children lack the opportunity to study without eye strain in the evenings. Further, indoor pollution from fuel burning leads to health problems. Access to modern lighting products can reverse this scenario. Modern lighting technologies have lower ownership costs than fuel-based lighting, do not generate indoor pollution, and can support small scale income generating activities fostering a virtuous cycle of development and poverty education (Hart and Christensen, 2002).

## **2.5 Marketing Mix Strategies and Bottom of Pyramid**

Cravens (2000) argued that marketing is a major stakeholder in new product development, customer management, and value-supply-chain management, and marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business's customers. Therefore, to deal with the current challenges, the shopping mall businesses must have more distinctive and purposeful marketing strategies and they should be effectively implemented (Cravens *et al.*, 2000). The following are marketing strategies adopted by various organisations. A lasting commercial solution to energy access must meet the income constraints of the end-user. Therefore, rather than offering multi-purpose energy systems, which raises costs and product complexity, and reduces affordability and focus in one energy use.

This approach will reduce up-front and recurring costs of ownership, and raise productivity, increasing overall affordability of modern lighting services. Moreover, by identifying the potential market size and validating the superiority of modern lighting products against fuel based lighting, will mobilize the company interest in finding new

high-growth areas to develop this bottom of the pyramid market commercially and bring modern lighting products to those that most need it (Hart and Christensen, 2002).

### **2.5.1 Product Strategies**

Since affordability is at the heart of serving the BOP, product modification will help lower the price and improve affordability and In terms of products, the question revolves around designing goods that people living in poverty need, versus what their stated desires are. The parallel strategy, reducing product size works in higher customer tiers but has limited usefulness at the lowest levels (Prahalad and Hart, 2002).

Goods and service availability refers to the prevalence of the product required by the consumer on demand. The higher the immediacy levels of products to the end user the better the ability to create brand or product loyalty. In most cities, particularly in the developing world, the BOPs reside in informal settlements or slums. The nature of these neighborhoods makes it difficult for them to have goods and services on demand, if the conventional market systems remain standardized (Hart and Christensen, 2002).

Evidence shows that consumers at the BOP care about branded products, because leading brands are a guarantee of product quality, which is particularly important to this segment because “the financial loss from an underperforming product is greater for people with limited incomes” However, emerging consumers are not very loyal to specific brand names, although they do not experiment with unknown brands. In practice, they switch among a few known brands (D’Andrea *et al.*, 2004).

The drive behind the Nano was to create a new product that is better than what customers currently use, compatible with consumer needs, and affordable. Throughout the development of the low price tag without compromising on safety and comfort, remained the ultimate goal. The market for products and services delivered to the poor people of the world is huge. Consumers at the very bottom of the economic pyramid those with per capita incomes of less than \$1,500 – number more than 4 billion. Product innovation provides the most obvious means for generating revenues. Process innovation, on the other hand, provides the means for safeguarding and improving quality and also for saving costs. Improved and radically changed products are regarded as particularly important for long-term business growth (Hart, 1996). The power of product innovation in helping companies retain and grow competitive position is indisputable. Products have to be updated and completely renewed for retaining strong market presence (Prahalad and Hart, 2002).

### **2.5.2 Pricing of product and Services**

Pricing for the bottom of the pyramid is, of course, also very critical. The challenge here is twofold. On the one hand, there is the issue of affordability: prices need to be affordable to BOP consumers. As Jobber (2001) indicated that the price is a key element of marketing mix because it represents on a unit basis what the company receives for the product or service, which is being marketed. In other words, price represents revenue while the other elements are cost. Often an organization is willing to spend several hundred thousand dollars on researching its new product concepts, but it is loathed to spend one per cent of that on researching the different customer perceptions to various price levels (Fifield, 1998).

Ramaswamy and Schiphorst (2000) demonstrate the challenges in companies trying to serve the poor. In order to achieve affordability, they must reduce the costs of production and simplify the products. On the other hand, flexibility in payments is also very important. Providing options of how and when low-income consumers can pay for their products and services constitutes both a challenge and a source of competitive advantage to private companies. To do this, private companies may need the assistance of commercial banks and NGOs as key partners.

Some marketing theorists (Karnani, 2007) view the BOP as a collection of producers rather than consumers. Therefore, innovative payment models, which allow BOP consumers to pay using a marketing exchange model, would increase their ability to pay for the things they consume. The most successful social enterprises have built operational efficiency into their business model to keep costs down. Johar(2008) an organization that provides low-cost, quality education to slum dwellers.

### **2.5.3 Distribution Strategies**

A distribution channel is conventionally envisioned as a series of intermediaries, who pass the product down the chain to the next entity until it finally reaches the consumer or end user. Each element of the chain has its own specific needs, stimulus, and ability to deliver in a unique operating environment, which the producer must take into account, along with those needs of the end user (Lardy, 2006).

Marketers also need to revisit distribution channels also to attend the BOP market effectively. Vachani and Smith's (2008) recent work dealing with inclusive distribution



has merit as a model for success. In essence, their examples infused a social action philosophy into a business model. One of their focal companies, ITC, demonstrated the vision necessary to discern profits in the future and the determination to invest in a new distribution channel as a win-win proposition. Undoubtedly, the high cost of distribution makes the poor poorer. Today, with escalating global fuel costs adding to the cost of transportation, the poor face an increasingly rigorous future. The lack of infrastructure serving rural areas also increases prices. For example, in Chile, consumer goods prices in the remote North and South of the country are 20-25 percent higher than the more highly populated central zone of Santiago and Valparaiso (Emmons, 2007).

The idea of closeness in distribution channels for consumers at the BOP is very important. This means, for example, having stores that are both geographically close and affectively close. In other words, emotional proximity is also very important. A good example is Banco Estado, a state-owned commercial bank, which consumers consider the “closest” to the BOP segment. The reasons are its extensive distribution, its perception of being adaptive to people’s needs, its flexibility, and its position as affectively close. In the context of retailing, D’Andrea *et al.* (2004) show that the development of personal relationships with the stores’ personnel has a positive effect on consumers’ self-esteem and well-being.

The principle of accessibility addresses the key area of goods and service distribution. It is a critical principle for it not only addresses the issue of availing products but also the possibility of partnership between mainstream distribution channels blending with informal channels to create a seamless network for the flow of goods and services to the

BOP markets. While many firms are willing to move into this market by modifying their products and services, so that they are accessible to the poor, these firms have faced the challenge of a suitable supply chain system that meets the needs of the urban poor without having an adverse effect on the cost of operation and active participation of the poor in the process of product and service delivery (Lardy, 2006).

In low- and middle-income countries, the company needs to reach a large, dispersed, mainly rural population. This requires a more extended and more expansive distribution network than reaching the small, concentrated, mostly urban population in high-income countries. The most vexing challenge to building a sustainable social enterprise, according to Johar, is finding the right distribution channels. One of the biggest challenges of serving BOP markets is to ensure availability of products and services. Unlike in the developed world, distribution channels in these markets can be fragmented or non-existent and the task of simply getting products to people can be a major hurdle to overcome (Martinez and Carbonell, 2007).

#### **2.5.4 Promotion Strategies**

Earlier adopters influence potential customers. The closer low income people live to each other, the more potential customers will find out about the innovation from an earlier adopter. Building social relationships with the people at the bottom of the pyramid and gaining their trust are important for multinationals to have loyal customers. As consumers at the bottom of the pyramid often balk at paying for the services many social enterprises offer, Martinez and Carbonell (2007) considers promotion integral to the process. Organizations are increasingly using promotional activities to increase awareness of the

product and service to Bottom of the Pyramid market (LeHew and Fairhurst, 2000). This is occurring in a progressively more competitive environment characterized by over capacity and declining customer visits (LeHew and Fairhurst, 2000). The marketing manager sets the goals and objectives of the firm's promotion strategy in accordance with overall organizational objectives and the goals of the marketing organization.

## **2.6 Market Growth Strategies**

### **2.6.1 Diversification**

Diversification is a form of corporate strategy for a company. It seeks to increase profitability through greater sales volume obtained from new products and new markets. Diversification can occur either at the business unit level or at the corporate level. At the business unit level, it is most likely to expand into a new segment of an industry that the business is already in. At the corporate level, it is generally very interesting entering a promising business outside of the scope of the existing business unit.

The strategies of diversification can include internal development of new products or markets, acquisition of a firm, alliance with a complementary company, licensing of new technologies, and distributing or importing a products line manufactured by another firm. Generally, the final strategy involves a combination of these options. This combination is determined in function of available opportunities and consistency with the objectives and the resources of the company (Chakravarthy. and Coughlan, 2012).

## 2.6.2 Market penetration

Market penetration is the name given to a growth strategy where the business focuses on selling existing products into existing markets. Market penetration is one of the four growth strategies of the Product-Market Growth Matrix as defined by Ansoff. The large number of potential customers in emerging economies raises expectations of unprecedented demand for consumer goods, if only the right products could be delivered in the right places (Ali, 2001). Market penetration occurs when a company enters/penetrates a market in which current products already exist. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non-users of company's product or convincing current clients to use more of your product/service by advertising. Ansoff developed the Product-Market Growth Matrix to help firms recognize if there was any advantage of entering a market (Gardetti, 2005).

The main attraction of emerging economies is their high economic growth and the corresponding expectation of rapidly increasing demand for consumer goods. Thus, as Prahalad (2004) argues passionately, there is money to be made "at the bottom of the pyramid. The sheer number of people with a low income makes even the less developed parts of the world attractive to business (Prahalad, 2005). However, these markets pose unique challenges due to their less sophisticated institutional environment and the weak resource endowment of local firms. Businesses may have to develop different strategies and new business models to serve not only the few wealthy customers in these areas, but also the mass market (Kamfor, 2002).

### 2.6.3 Product Development

The appropriate positioning of the product portfolio is crucial to success in emerging economies. As Dawar and Chattopadhyay outline, emerging economies comprise very diverse groups of customers that may have to be targeted with different products, brands and even business models. Consequently, potential entrants face tradeoffs between developing a global brand for the premium segment, where substantive margins can be earned, and developing products with large-scale and cost-efficient production for the mass markets and earning profits through volume (Gardetti, 2005). International marketing scholars debate the trade-offs of global standardization<sup>6</sup> and local adaptation in emerging economies. In addition to global or local brand strategies, many MNEs combine them in a multi-tier strategy that aims to reach both the mass market and the premium segment (Reid and Block, 2008).

Market penetration starts with the entry strategy, which has to provide access to local resources, such as distribution networks and access to local businesses and authorities. In emerging economies, investors have to think beyond the conventional entry modes of Greenfield, acquisition and joint venture (JV).

Market penetration seeks to achieve four main objectives which are to maintain or increase the market share of current products through combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling, secure dominance of growth markets and through restructuring a mature market by driving out competitors (Gardetti, 2005).

#### **2.6.4 Market development**

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets (Santoro, 2000). Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets (Farris, Paul, Neil Bendle and Phillip, 2010).

There are many possible ways of approaching this market development strategy, including new geographical markets for example exporting the product to a new country , new product dimensions or packaging acquisition of new distribution channels and developing different pricing policies to attract different customers or create new market segments (Samia, 2007).

#### **2.6.5 Market Expansions**

In the marketing discipline, it is a widely accepted truth that if a company responds appropriately to the preferences and requests of customers and if these responses are equal to or exceed the performance of the company's competitors then success is guaranteed. Comparative research of emerging market potential is a costly exercise for marketers confronted with a multitude of diverse markets for which there is dearth of available research. Nonetheless, innovative energy companies are willing to shoulder the burden of looking at Bottom of Pyramid markets (EM) that are commonly ignored because they offer growth potential through investment and sourcing opportunities. The

company often has to be able and willing to cope with issues such as risk of turbulent change, poorly developed communication and distribution systems, limited managerial resources and cultural differences (Dawson, 2000).

To create a market selection framework that does justice to Bottom of Pyramid and enhances traditional analysis Energy Company marketers have sought to integrate into the assessment process tools developed by a variety of energy products. Companies develop market expansion strategies to ensure that their products are available in proper quantities at the right time and place. Distribution decisions involve modes of transportation, warehousing, inventory control, order processing and selecting of marketing channel.

Accessibility to the target market within the specific customer needs to exist. Since each market structure is different, tools (media, channels of distribution) available to marketers will vary across market. As economic integration drives countries closer together, accessibility to similar cross-national target markets may become easier. Marketing practices in developing economies have dealt with macro issues and emphasized the management of company's structure and strategies, conduct and performance of marketing activities as they relate to performance indices such as market share, growth, efficiency and well-being of consumers and clients (Hart and Christensen, 2002).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was used to conduct the study. It covers the research design, the target population, data collection instruments and procedures and data analysis.

#### **3.2 Research Design**

The study used a descriptive cross-section survey decision (Kothari, 2004). Descriptive cross section survey research portrays an accurate profile of persons, events, or account of the characteristics, for example behaviour, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group (Cooper and Schindler, 2008). Descriptive study is concerned with finding out the what, when, where and how of a phenomenon. Descriptive design method provided quantitative data from cross section of the chosen population in order to answer questions concerning the current status of the subject under study.

#### **3.3 Target Population**

The target population of this study was all the 49 members of staff working in Marketing Department at in Kenya Power & Lighting Company ([www, kplc.co.ke](http://www.kplc.co.ke)). According to Mugenda (2008) a population is a well-defined set of people, services, elements, and events or group of things that are being investigated. The study covered all the staff working in Marketing Department in Kenya Power & Lighting Company.



### **3.4 Data Collection**

The study collected primary and secondary data. A questionnaire was used as primary data collection instruments as questionnaire are easier to administer and save time. The questionnaire included closed and open ended questions which sought views, opinions, and attitudes from the respondents which could not have been captured by the closed ended questions on marketing strategies adopted in serving bottom of pyramid customers of Kenya Power & Lighting Company. The questionnaires were administered through drop and pick method to the 49 marketing officers in the Kenya Power & Lighting Company. The questions were designed to collect qualitative and quantitative data. Secondary data was collected from the Kenya Power & Lighting Company publications, strategic plan and periodicals.

### **3.5 Data Analysis**

The collected data was examined and checked for completeness and comprehensibility. The data was then edited, coded and tabulated. Descriptive statistics such as mean score, standard deviation and frequency distribution were computed for quantitative data. Data presentation was done by the use of frequency distribution tables. Content analysis was used to analyze qualitative responses and presented in prose form.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

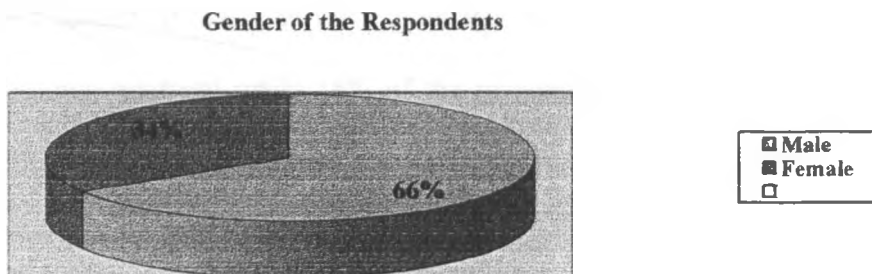
This chapter discusses the interpretations and presentations of the findings based on the general objective of this study which was to determine the marketing strategies adopted in serving Bottom of the Pyramid customers of Kenya Power & Lighting Company. This chapter focussed on data analysis, interpretation and presentations.

From the study population of 49, 44 respondents who were the staff working in Marketing Department in Kenya Power & Lighting Company filled and returned the questionnaires. This constituted 89.79% response rate. Mugenda and Mugenda (2003) indicated a respondent rate of 50%, 60% or 70% as sufficient for a study and therefore a respondent rate of 89.79% for this study was good.

#### 4.2 General Information

##### Respondent's gender

Figure 4.1: Respondent's gender



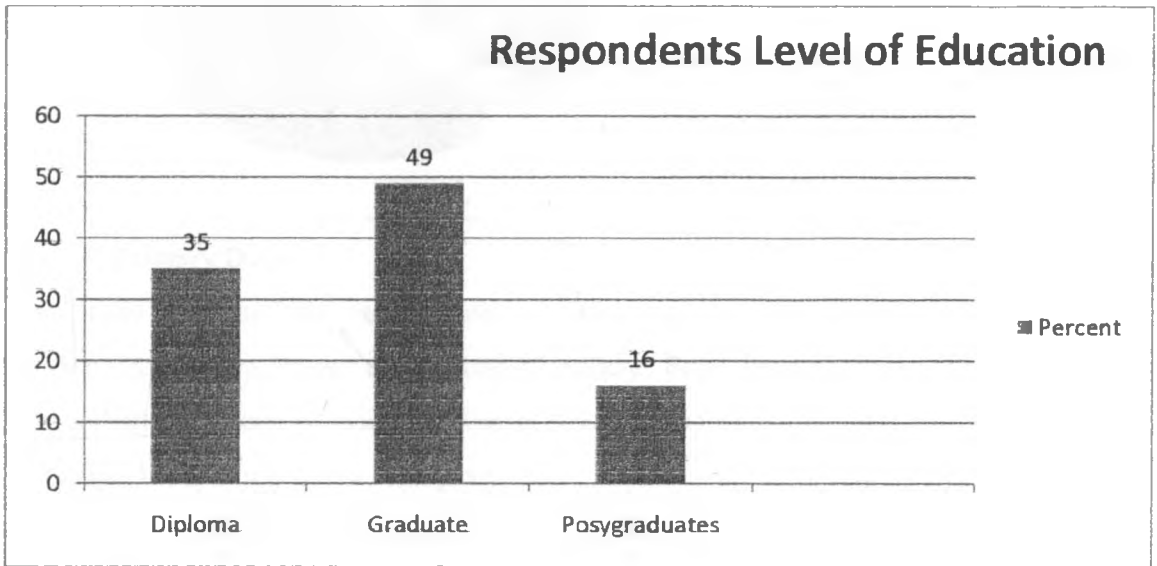
Source: Primary Data

The study sought to know the gender of the respondents. From the findings, majority 66% of the respondents were male while 34% of the respondents were female. This implies

that Kenya Power & Lighting Company was gender sensitive thus the information was collected from both men and women.

### Respondent's level of education

Figure 4.2: Respondent's level of education

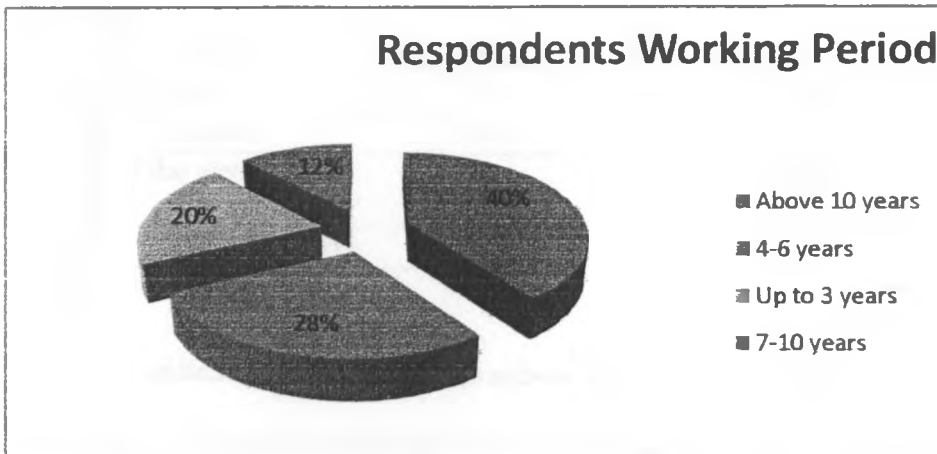


Source: Primary Data

The study sought to know the respondent's level of education. From the findings, 49% of the respondents indicated that they were graduates hence had degree level of education. 35% were diploma graduate while 16% of the respondents had post graduate level of education. The results clearly indicate the information was collected from people who were knowledgeable making data reliable.

### Respondents working period

Figure 4.3: Respondents working period



Source: Primary Data

The study requested the respondents to indicate the period of time they have been working for Kenya Power & Lighting Company. From the findings, most 40% of the respondents had been working for Kenya Power & Lighting Company for over 10 years, 28% had been working for 4-6 years, 20% indicated up to 3 years while 12% of the respondents indicated that they had been working for 7-10 years. This implied that respondents had worked in the company for more than 4 years and had experience on marketing strategies that had been adopted in marketing to the bottom of the pyramid customers.

### 4.3 Main Issues on marketing Strategies to the Customers at the Bottom of the Pyramid.

Marketing practices adopted in marketing to the Bottom of the Pyramid are presented in table 4.1

Table 4.1: Marketing practices adopted in marketing to the Bottom of the Pyramid

| Factors                          | Frequency |     | Total |
|----------------------------------|-----------|-----|-------|
|                                  | N         | Yes |       |
| Nature of the products developed | 44        | 78  | 100   |

|                                      |    |    |    |     |
|--------------------------------------|----|----|----|-----|
| Culture of electricity service usage | 44 | 82 | 18 | 100 |
| Availability of market channels      | 44 | 67 | 33 | 100 |
| Cost of marketing                    | 44 | 58 | 42 | 100 |
| Customer setting                     | 44 | 76 | 24 | 100 |
| Customer lifestyle                   | 44 | 64 | 36 | 100 |
| Design of the electricity services   | 44 | 57 | 43 | 100 |
| Overall                              | 44 | 67 | 33 | 100 |

Source: Primary Data

Table 4.1 indicates the Marketing practices to be adopted in marketing to the Bottom of the Pyramid. The study sought to know whether the given factors greatly determine marketing practices to be adopted in marketing to the bottom of the pyramid market by Kenya Power & Lighting Company. From the findings, majority 82%, 78%, 76% and 67% of the respondents indicated that culture of electricity service usage, nature of the products developed, customer setting and availability of market channels greatly determined the marketing practices to be adopted in marketing to the bottom of the pyramid market by Kenya Power & Lighting Company. Majority 64%, 58% and 57% of the respondents indicated that customer lifestyle, cost of marketing and design of the electricity services greatly determine marketing practice to be adopted in marketing to the bottom of the pyramid market by Kenya Power & Lighting Company.

#### 4.3.1 Promotion Strategy

The extent to which Kenya Power & Lighting Company uses promotion strategy in marketing to the people in urban slums and rural market is summarized in table 4.2

**Table 4.2 Extent to which Kenya Power & Lighting Company uses promotion strategy**

|  | N | Very great extent | Great extent | Average extent | Less extent | No extent | Mean | Standard Error |
|--|---|-------------------|--------------|----------------|-------------|-----------|------|----------------|
|  |   |                   |              |                |             |           |      |                |

|                          |    |    |    |    |    |   |      |      |
|--------------------------|----|----|----|----|----|---|------|------|
| Role                     | 44 | 81 | 11 | 8  | 0  | 0 | 4.86 | 0.87 |
| Posters                  | 44 | 65 | 32 | 3  | 0  | 0 | 4.31 | 0.37 |
| Branding                 | 44 | 72 | 17 | 11 | 0  | 0 | 4.64 | 0.53 |
| Billboard                | 44 | 90 | 6  | 4  | 0  | 0 | 4.91 | 0.89 |
| Improve public relations | 44 | 83 | 09 | 8  | 0  | 0 | 4.84 | 0.74 |
| Through radio (radio FM) | 44 | 80 | 14 | 6  | 0  | 0 | 4.81 | 0.68 |
| Personal                 | 44 | 74 | 21 | 5  | 0  | 0 | 4.49 | 0.45 |
| Billboards along         | 44 | 21 | 57 | 32 | 0  | 0 | 3.52 | 0.27 |
| Newspapers and magazine  | 44 | 12 | 40 | 39 | 9  | 0 | 3.01 | 0.16 |
| Exhibitions              | 44 | 60 | 21 | 9  | 10 | 0 | 4.64 | 0.53 |
| Road shows               | 44 | 80 | 13 | 7  | 0  | 0 | 4.82 | 0.63 |
| Fliers                   | 44 | 70 | 23 | 7  | 0  | 0 | 4.77 | 0.79 |
| Door to door             | 44 | 56 | 29 | 15 | 0  | 0 | 4.43 | 0.44 |
| Customer open            | 44 | 29 | 11 | 4  | 0  | 0 | 4.75 | 0.75 |
| Overall                  | 44 | 61 | 23 | 11 | 3  | 0 | 4.52 | 0.51 |

Source: Primary Data

Table 4.2 indicates the extent to which Kenya Power & Lighting Company uses the given promotion strategy medium in marketing its products to the rural and urban slum market. A likert scale was used where 1 was awarded to a no extent at all while a very great extent was awarded 5. From the finding, majority 90% of the respondents indicated that the Kenya Power & Lighting Company uses promotion strategies for marketing to the bottom of the pyramid such as branding, through billboards, and on benches at bus stops. 83% indicated improved public relations, 81% indicated that posters were used and Billboard advertising. The study found majority 80% of the respondents indicated that the company was using FM radio. The study found that majority 61% of the respondents indicated Kenya Power & Lighting Company adopted promotion strategies in selling to the bottom of the pyramid market to a great extent as indicated by overall mean of 4.52 with a standard error of 0.51.

### 4.3.2 Product Strategy

The extent to which Kenya Power & Lighting Company uses product strategies in marketing to the people in urban slums and rural market is depicted in table 4.3

**Table 4.3 Extent to which Kenya Power & Lighting Company uses product strategies**

| Strategy  | N  | Very great extent | Great extent | Average extent | Less extent | No extent | Mean | Std Error |
|---|----|-------------------|--------------|----------------|-------------|-----------|------|-----------|
| Products that match the economic status of the target market            | 44 | 52                | 31           | 17             | 0           | 0         | 4.52 | 0.53      |
| Providing immediate power supply to enhance product loyalty             | 44 | 17                | 67           | 16             | 0           | 0         | 4.34 | 0.29      |
| Innovation  | 44 | 53                | 34           | 13             | 0           | 0         | 4.46 | 0.37      |
| Increasing branding   | 44 | 21                | 69           | 10             | 0           | 3         | 4.21 | 0.23      |
| Increasing number of small distribution                                 | 44 | 88                | 10           | 1              | 0           | 0         | 4.71 | 0.62      |
| Design and implement medium voltages backbone for rural electrification | 44 | 80                | 13           | 8              | 0           | 0         | 4.61 | 0.47      |
| SMS and email customer bill query                                       | 44 | 70                | 21           | 3              | 6           | 0         | 4.68 | 0.54      |
| Power scheme sharing for customer                                       | 44 | 66                | 23           | 11             | 0           | 0         | 4.56 | 0.45      |
| Increase number of mall transformers                                    | 44 | 19                | 17           | 23             | 0           | 0         | 4.17 | 0.19      |
| Overall   | 44 | 75                | 12           | 13             | 0           | 0         | 4.41 | 0.38      |

Source: Primary Data

Table 4.3 indicates the extent to which Kenya Power & Lighting Company adopts product strategies in marketing. On the extent to which Kenya Power & Lighting Company uses product strategies in marketing to the urban slums and rural customers, majority 88% of the respondents indicated that increasing number of small distribution transformers to shorten long while 80% of the respondents indicated design and implement medium voltages backbone for rural electrification were used. The study found that majority of the respondents indicated that Kenya Power & Lighting Company adopts products strategies to a very great extent as indicated by a mean of 4.75, with a standard error of 0.38. This implied that through Innovation, the company providing immediate

power supply to enhance product loyalty, increasing branding and increasing number of small transformers, market product strategies were adopted in marketing to the urban slums and rural customers.

### 4.3.3 Market Penetration

The extent to which different market penetration strategies were adopted in marketing to the people in urban slums and rural market is summarized in table 4.4

**Table 4.4 Extent to which the given market penetration strategies were adopted**

|   | N  | Very great extent | Great extent | Average extent | Less extent | No extent | Mean | Std Error |
|---|----|-------------------|--------------|----------------|-------------|-----------|------|-----------|
| Attracting new customer through lowering company products prices      | 44 | 86%               | 4%           | 10%            | 0%          | 0%        | 4.43 | 0.45      |
| Design and implement MV backbone for customer in rural and urban slum | 44 | 59%               | 25%          | 16%            | 0%          | 0%        | 4.27 | 0.41      |
| Extending the MV network to   | 44 | 69%               | 17%          | 24%            | 2%          | 0%        | 3.97 | 0.33      |
| Increase distribution channel   | 44 | 52%               | 28%          | 5%             | 13%         | 0%        | 4.13 | 0.27      |
| Increase promotion through local                                      | 44 | 40%               | 35%          | 26%            | 0%          | 0%        | 4.72 | 0.69      |
| Acquiring new market  | 44 | 54%               | 25%          | 21%            | 0%          | 0%        | 4.57 | 0.60      |
| Increase distribution   | 44 | 60%               | 18%          | 22%            | 0%          | 0%        | 4.50 | 0.58      |
| Developed communication   | 44 | 53%               | 19%          | 2%             | 0%          | 0%        | 4.73 | 0.53      |
| Market entry to new market  | 44 | 50%               | 20%          | 8%             | 22%         | 3%        | 4.64 | 0.56      |
| Increase accessibility  | 44 | 36%               | 48%          | 21%            | 2%          | 3%        | 4.63 | 0.55      |

Source: Primary Data

Table 4.4 indicates respondents responses on extent to which the given market penetration strategies were adopted. The study sought the extent to which the given market penetration strategies were adopted in marketing to the urban slums and rural area market by the Kenya Power & Lighting Company. From the findings, majority 86% of the respondents indicated that attracting new customer through lowering company products prices influence marketing to the bottom of the pyramid customers to a great



extent. From the findings, the company adopts market penetration to a great extent as indicated by a mean of 4.63 with a standard error of 0.55. This implied attracting new customers through lowering company products prices, designing and implementing MV backbone for customers, increasing distribution channel and number of transformers was adopted by the Kenya Power & Lighting Company to a great extent. The study further found that most of the respondents indicated that extending the MV network to shorten LV lines and use of media like Pamoja FM was adopted to a moderate extent.

#### 4.3.4 Market Development

The level of adoption of market development strategies in marketing to the people in urban slums and rural market is contained in table 4.5

**Table 4.5 Level of adoption of market development strategies in marketing**

|   | N  | Very great | Great extent | Average | Less extent | No extent | Mean | Std Error |
|---|----|------------|--------------|---------|-------------|-----------|------|-----------|
| Developing new products   | 44 | 87         | 11           | 2       | 0           | 0         | 4.80 | 0.66      |
| Modification of company products                                      | 44 | 58         | 34           | 8       | 0           | 0         | 4.61 | 0.42      |
| Roll out pre paid metering system                                     | 44 | 71         | 10           | 17      | 0           | 0         | 4.63 | 0.73      |
| Developing schemes for customers                                      | 44 | 49         | 38           | 13      | 0           | 0         | 4.43 | 0.39      |
| Launching of pre-paid metering for small customers                    | 44 | 49         | 51           | 0       | 0           | 0         | 4.18 | 0.19      |
| Creating new connectivity   | 44 | 57         | 25           | 18      | 0           | 0         | 4.06 | 0.21      |
| Increasing transmission projects to enhance voltage transfer capacity | 44 | 51         | 32           | 17      | 0           | 0         | 4.14 | 0.38      |
| Increase number of small distribution                                 | 44 | 78         | 12           | 10      | 0           | 0         | 4.72 | 0.53      |
| Use of ready board technology   | 44 | 63         | 27           | 10      | 0           | 0         | 4.69 | 0.65      |
| Use of modern technology  | 44 | 67         | 20           | 13      | 0           | 0         | 4.54 | 0.55      |
| Use of media like Pamoja FM   | 44 | 70         | 24           | 6       | 0           | 0         | 4.32 | 0.41      |
| Overall   | 44 | 63         | 25           | 12      | 0           | 0         | 4.53 | 0.71      |

Source: Primary Data

Table 4.5 indicates the respondent's responses on adoption of market development strategies in marketing. From the findings, majority 87% and 78% of the respondents

indicated that developing new products and increase number of small distribution were the strategies adopted in marketing to a very great extent. The study further found that the Kenya Power & Lighting Company adoption of market development strategies in marketing was to a very great extent as indicated by an overall mean of 4.53 with a standard error of 0.71. This implied that development of schemes for customers, use of media like pamoja fm, launching of pre-paid metering for small customers and increasing transmission projects to enhance voltage transfer capacity as well as creating new connectivity was adopted in marketing to the urban slums and rural area to a great extent.

### 4.3.5 Pricing Strategy

The level of Adoption of pricing strategies in marketing to the people in urban slums and rural market is presented in table 4.6

**Table 4.6 Level of Adoption of pricing strategies in marketing to the people in urban slums and rural area**

|  | N  | Very great extent | Great extent | Average extent | Less extent | No extent | Mean | Std Error |
|--|----|-------------------|--------------|----------------|-------------|-----------|------|-----------|
| Lower charges  | 44 | 40                | 51           | 9              | 0           | 0         | 4.43 | 0.55      |
| Provides credit to customers   | 44 | 26                | 54           | 10             | 0           | 0         | 4.20 | 0.35      |
| Pricing of the power supply  | 44 | 23                | 69           | 8              | 0           | 0         | 4.29 | 0.34      |
| Pre-paid metering project  | 44 | 13                | 77           | 10             | 0           | 0         | 4.13 | 0.43      |
| Accessible bill payment place such banks                                   | 44 | 24                | 70           | 6              | 0           | 0         | 4.35 | 0.41      |
| The company establishes a specific price image for electricity meter boxes | 44 | 64                | 23           | 13             | 0           | 0         | 4.75 | 0.79      |
| The company lowering prices for electricity services                       | 44 | 85                | 21           | 4              | 0           | 0         | 4.77 | 0.61      |
| Plausibility of a price reduction influences consumer perceptions of       | 44 | 76                | 25           | 9              | 0           | 0         | 4.44 | 0.58      |

|  |    |    |    |    |   |   |      |      |
|--|----|----|----|----|---|---|------|------|
| the advertised offer   |    |    |    |    |   |   |      |      |
| Ads featuring percentage price reduction to promote electricity energy and lighting to people in slums and rural areas | 44 | 57 | 32 | 11 | 0 | 0 | 4.51 | 0.53 |
| Kenya Power & Lighting Company has a unique pricing structure for rural and slum market                                | 44 | 89 | 18 | 3  | 0 | 0 | 4.87 | 0.76 |
| Kenya Power & Lighting Company has a flexible pricing policy for rural and slum market                                 | 44 | 80 | 19 | 1  | 0 | 0 | 4.70 | 0.75 |
| Overall  | 44 | 79 | 13 | 7  | 0 | 0 | 4.45 | 0.37 |

Source: Primary Data

Table 4.6 indicates respondent's responses on the extent to which Adoption of pricing strategies in marketing to the people in urban slums and rural areas. The study found that majority 89% and 80% of the respondents strongly agreed that Kenya Power & Lighting Company has a unique pricing structure and flexible pricing policy for rural and slum market, it establishes a specific price image for electricity meter boxes and Ads featuring percentage price reduction to promote electricity energy and lighting to people in slums and rural areas. The study further found that the respondents strongly agreed that adoption of pricing strategies influence marketing to the customers at the bottom of the pyramid to a great extent as indicated by a mean of 4.45 with a standard error of 0.37. This implied that the plausibility of a price reduction influences consumer perceptions of the advertised offer, company lowering prices and charges for electricity services, accessible bill payment place such banks, pricing of the power supply, provides credit to customers and pre-paid metering enhance marketing to the Kenya Power & Lighting Company bottom of the pyramid customers.

### 4.3.6 Personnel Strategies

The degree to which the company uses personnel strategies in marketing is depicted in table 4.7

**Table 4.7 Extent to which KPLC uses personnel strategies in marketing to the urban slums and rural market.**

|  | N  | Very great extent | Great extent | Average extent | Less extent | No extent | Mean | Std Error |
|--|----|-------------------|--------------|----------------|-------------|-----------|------|-----------|
| Marketing Staff are efficient, warm, friendly and honest                       | 44 | 86                | 8            | 5              | 0           | 0         | 4.85 | 0.83      |
| Contact personnel are courteous and professional                               | 44 | 10                | 59           | 31             | 0           | 0         | 4.35 | 0.37      |
| Kenya Power & Lighting Company has strict recruitment procedures for marketers | 44 | 84                | 12           | 4              | 0           | 0         | 4.92 | 0.87      |
| Contact personnel have sufficient product knowledge                            | 44 | 19                | 57           | 24             | 0           | 0         | 4.12 | 0.28      |
| The staff have uniforms  | 44 | 75                | 20           | 5              | 0           | 0         | 4.79 | 0.72      |
| Use of slum personnel for door to door campaigns                               | 44 | 7                 | 89           | 4              | 0           | 0         | 4.49 | 0.55      |

Source: Primary Data

Table 4.7 indicates the responses on extent to which Kenya Power & Lighting Company use personnel strategies in marketing. From the findings, majority 86% and 84% of the respondents indicated that Kenya Power & Lighting Company marketing staff being efficient, warm, friendly and honest and Kenya Power & Lighting Company has strict recruitment procedures for marketers influence marketing to Kenya Power & Lighting Company customers at the bottom of the pyramid. The study also found that the company use personnels to a great extent in marketing to the customers. This implied that Kenya Power & Lighting Company used personnel for door to door campaigns, who were courteous and professional and had sufficient product knowledge in marketing to the urban slums and rural customers.

### 4.3.7 Factors which explain why KPLC markets to the Bottom of the Pyramid

The factors that explain why KPLC markets to bottom of the Pyramid are shown in table 4.8

**Table 4.8 Reasons why KPLC markets to the bottom of the Pyramid**

|   | N  | Very great extent | Great extent | Average extent | Less extent | No extent | Mean | Std Errors |
|---|----|-------------------|--------------|----------------|-------------|-----------|------|------------|
| Increase power connection                       | 44 | 81                | 16           | 0              | 0           | 0         | 4.81 | 0.79       |
| Increase revenues                               | 44 | 56                | 36           | 8              | 0           | 0         | 3.98 | 0.44       |
| Reduce loss through illegal connection          | 44 | 72                | 25           | 3              | 0           | 0         | 4.33 | 0.41       |
| Increase market for company product and service | 44 | 68                | 31           | 11             | 0           | 0         | 4.63 | 0.41       |
| Increase company customers                      | 44 | 70                | 23           | 7              | 0           | 0         | 4.65 | 0.59       |
| Raising economic status of customer             | 44 | 79                | 11           | 10             | 0           | 0         | 4.78 | 0.64       |
| Attract and retain customer                     | 44 | 60                | 31           | 9              | 0           | 0         | 4.56 | 0.55       |
| Improve customer services                       | 44 | 82                | 10           |                | 0           | 0         | 4.72 | 0.69       |
| Enhancing company profitability                 | 44 | 78                | 10           | 12             | 0           | 0         | 4.68 | 0.64       |
|   | 44 | 75                | 16           | 9              | 0           | 0         | 4.57 | 0.29       |

Source: Primary Data

Table 4.8 indicates respondent's responses on the extent to which Kenya Power & Lighting Company has been influenced to market to the urban slum and rural market. From the findings, majority 82% and 81% of the respondents indicated that Improve customer services and Increase power connection, influenced the Kenya Power & Lighting Company to market to the urban slum and rural market. The study found that the company markets to the bottom of the pyramid customers to a very great extent as indicated by a mean of 4.57 with a standard error of 0.29. This clearly indicated that the company greatly markets its products and services to the markets to attracting and retaining customer, reducing loss through illegal connection and increased revenues.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter provided the summary of the findings from chapter four, conclusions and recommendations of the study based on the objectives of the study. The general objective of this study was to determine the marketing strategies adopted in serving Bottom of the Pyramid customers of Kenya Power & Lighting Company.

#### 5.2 Summary of the findings

The study established that culture of electricity service usage, nature of the products developed, customer setting and availability of market channels greatly determined the marketing practice to be adopted in marketing to the bottom of the pyramid market by Kenya Power & Lighting Company and lighting company as indicated by majority 82% and 78% of the respondents respectively. Customer lifestyle, cost of marketing and design of the electricity services greatly determine marketing practice to be adopted in marketing to the bottom of the pyramid market by Kenya Power & Lighting Company.

The study revealed that Kenya Power & Lighting Company promotion strategies was greatly employed as indicated by 61% of the respondents where branding, newspapers and magazine as well as billboards along the train stations, on benches at bus stops were used. Billboard advertising, roles, road shows and improving public relations were the promotion strategy medium in marketing its products to the rural and urban slum. Through radio like pamoja fm radio, fliers, customer open days and the Kenya Power & Lighting Company did marketing of its products to the rural and urban slum. The

company was found to use Personal or residents marketing strategies as indicated by 89% of the respondent where the personnel carry out door to door marketing and posters towards marketing its products to the rural and urban slum market.

From the findings, the study revealed that increasing number of small distribution transformers to shorten long, SMS and email customer bill query, design and implement medium voltages backbone for rural electrification, power scheme sharing for customer and products that match the economic status of the target market product strategies were adopted in marketing to the in urban slums and rural customers to a very great extent. From the findings, the study also established that Innovation, providing immediate power supply to enhance product loyalty, increasing branding and number of mall transformers market product strategies were adopted in marketing to the in urban slums and rural customers.

The study also established that developed communication, increase promotion through local people, market entry to new market, increased accessibility and acquiring new market were the market penetration strategies adopted by Kenya Power & Lighting Company to a very great extent. The study further found that attracting new customer through lowering company products prices, designing and implementing MV backbone for customer, increasing distribution channel and number of transformers was adopted by the Kenya Power& Lighting Company.

From the findings, the study also established that the company develop new products, increase number of small distribution, use of ready board technology and roll out pre paid metering system and modification of company products and use of modern technology

were the strategies adopted in marketing to the bottom of the pyramid as indicated by 75% of the respondents. The developing schemes for customers, use of media like pamoja FM, launching of pre-paid metering for small customers and increasing transmission projects to enhance voltage transfer capacity as well as creating new connectivity was adopted in marketing to the urban slums and rural area.

The study established that Kenya Power & Lighting Company has a unique pricing structure and flexible pricing policy for rural and slum market as indicated by majority 63% of the respondents it establishes a specific price image for electricity meter boxes and Ads featuring percentage price reduction to promote electricity energy and lighting to people in slums and rural areas. Plausibility of a price reduction influences consumer perceptions of the advertised offer, company lowering prices and charges for electricity services, accessible bill payment place such banks, pricing of the power supply, provides credit to customers and pre-paid metering project.

From the findings, the study established that Kenya Power & Lighting Company has strict recruitment procedures for marketers, marketing staff being efficient, warm, friendly and honest, and having uniforms are the personnel strategies used in marketing to the urban slums and rural customers. Kenya Power & Lighting Company used slum personnel for door to door campaigns, who were courteous and professional and had sufficient product knowledge in marketing to the urban slums and rural customers greatly.

From the findings, the study established that increase power connection, raising economic status of customer, enhancing company profitability, increasing company



customers and market for company product and service influenced the Kenya Power & Lighting Company to market to the urban slum and rural market. Attracting and retaining customer, reducing loss through illegal connection and increased revenues influenced Kenya Power & Lighting Company to market to the urban slum and rural market.

### **5.3 Conclusion**

The study concludes that Kenya Power & Lighting Company adopt product development marketing strategies in marketing to customers at bottom of the pyramid customers as indicated by 88% of the respondents. This has been through developing new products, increase number of small distribution, use of ready board technology and roll out pre paid metering system and modification of company products and use of modern technology were the strategies adopted in marketing. The study conclude that Kenya Power & Lighting Company has developing schemes for customers, use of media like pamoja FM, launching of pre-paid metering for small customers and increasing transmission projects to enhance voltage transfer capacity as well as creating new connectivity was adopted in marketing to the urban slums and rural area.

The study concluded that Kenya Power & Lighting Company is use unique distribution strategies to delivers its products and services to the customers at the bottom of the pyramid consumers.

The company increasing number of small distribution transformers to shorten long, SMS and email customer bill query, design and implement medium voltages backbone for rural electrification, power scheme sharing for customer and products that match the economic status of the target market product strategies were adopted in marketing to the

in urban slums and rural customers to a very great extent. From the findings, the study also established that innovation, providing immediate power supply to enhance product loyalty, increasing branding and number of mall transformers market product strategies were adopted in marketing to the in urban slums and rural customers.

The study concluded that Kenya Power & Lighting Company adopt effective pricing strategies. The company adopts a unique pricing structure and flexible pricing policy for rural and slum market as indicated by 85% of the respondents, it establishes a specific price image for electricity meter boxes and Ads featuring percentage price reduction to promote electricity energy and lighting to people in slums and rural areas. The acceptance of a price reduction influences consumer perceptions of the advertised offer, company lowering prices and charges for electricity services, accessible bill payment place such banks, pricing of the power supply, provides credit to customers and pre-paid metering project.

Competition and profitability pressures mean that firms must be increasingly responsive to market considerations in terms of their positions, management and market strategies their internal and external infrastructure, their use of information technology, and their ability to innovate and differentiate.

From the findings, the study concludes that Kenya Power & Lighting Company should establish and adopt promotion strategies as indicated by 90% of the respondents through local people, product strategies, market penetration and development strategies, pricing and personnel strategies in order to occupy a position as a large firm, a global firm, a niche firm and an efficient firm to serve bottom of the pyramid customers.

#### **5.4 Recommendation of the study**

The study recommends that for Kenya Power & Lighting Company to serve Bottom of the Pyramid customers, a competitive marketplace, promotion, product, market penetration and development, pricing and personnel strategies must be adopted and implemented effectively. This would enable the firm to reflect how consumers perceive the product's/service's and organization's performance on specific attributes relative to that of the competitors.

The study recommends that Kenya Power & Lighting Company have to reinforce and modify customers' perception on its image. Marketing strategies play a pivotal role in marketing, since it links market analysis, segment analysis and competitive analysis to internal corporate analysis.

#### **5.5 Recommendation for further study**

The study determined the marketing strategies adopted in serving Bottom of the Pyramid customers of Kenya Power & Lighting Company. The study recommends that further studies should be done on the other factors that affect the adoption of in serving Bottom of the Pyramid.

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## APPENDICES

### Appendix I: Questionnaire

#### Section A: General Information

1. What is your title in the company? \_\_\_\_\_

2. Kindly indicate your gender

- i. Male [ ]
- ii. Female [ ]

3. What is your level of education?

- i. Diploma [ ]
- ii. Graduate [ ]
- iii. Post Graduate [ ]

4. Indicate the period of time you have been working for Kenya Power & Lighting Company

- Up to 3year [ ]    4-6 years [ ]  
7—10 years [ ]    Above 10 years [ ]

#### SECTION B: MAIN ISSUES

5. Which of the following factors greatly determine marketing practice to be adopted in marketing to the Bottom of the Pyramid market by Kenya Power & Lighting Company ?

| Factors                              | Yes | No |
|--------------------------------------|-----|----|
| Nature of the products developed     |     |    |
| Culture of electricity service usage |     |    |
| Availability of market channels      |     |    |
| Cost of marketing                    |     |    |
| Customer setting                     |     |    |
| Customer lifestyle                   |     |    |
| Design of the electricity services   |     |    |



Any other, kindly specify.....

**Promotion Strategy**

6. Kindly indicate the extent to which Kenya Power & Lighting Company uses the following promotion strategymedium in marketing its products to the rural and urban slum market? Use a scale of 1-5 where 1= to no extent at all. 5= very great extent

| Role   | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Posters  |   |   |   |   |   |
| Branding   |   |   |   |   |   |
| Billboard advertising  |   |   |   |   |   |
| Improve public relations                                     |   |   |   |   |   |
| Through radio (pamoja FM radio)                              |   |   |   |   |   |
| Personal (residents) Marketing                               |   |   |   |   |   |
| Billboards along the train stations, on benches at bus stops |   |   |   |   |   |
| Newspapers and magazine                                      |   |   |   |   |   |
| Exhibitions  |   |   |   |   |   |
| Road shows   |   |   |   |   |   |
| Fliers   |   |   |   |   |   |
| Door to door marketing                                       |   |   |   |   |   |
| Customer open days   |   |   |   |   |   |

## Product Strategy

7. To what extent has Kenya Power & Lighting Company product strategies in marketing to the in urban slums and rural customers?

| Strategy  | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|---|-------------------|--------------|-----------------|---------------|------------|
| Products that match the economic status of the target market                      |                   |              |                 |               |            |
| Providing immediate power supply to enhance product loyalty                       |                   |              |                 |               |            |
| Innovation  |                   |              |                 |               |            |
| Increasing branding   |                   |              |                 |               |            |
| Increasing number of small distribution transformers to shorten long voltage line |                   |              |                 |               |            |
| Design and implement medium voltages backbone for rural electrification           |                   |              |                 |               |            |
| SMS and email customer bill query   |                   |              |                 |               |            |
| Power scheme sharing for customer   |                   |              |                 |               |            |
| Increase number of mall transformers  |                   |              |                 |               |            |

## Market Penetration

8. To what extent are following Market penetration strategies adopted in marketing to the urban slums and rural area market by the Kenya Power & Lighting Company?

|   | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|---|-------------------|--------------|-----------------|---------------|------------|
| Attracting new customer through lowering company products prices      |                   |              |                 |               |            |
| Design and implement MV backbone for customer in rural and urban slum |                   |              |                 |               |            |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| Extending the MV network to shorten LV lines |  |  |  |  |  |
| Increase distribution channel                |  |  |  |  |  |
| Increase promotion through local people      |  |  |  |  |  |
| Acquiring new market                         |  |  |  |  |  |
| Increase distribution                        |  |  |  |  |  |
| Developed communication                      |  |  |  |  |  |
| Market entry to new market                   |  |  |  |  |  |
| Increase accessibility                       |  |  |  |  |  |
| Use of media like Pamoja FM                  |  |  |  |  |  |
| Increase number of transformers              |  |  |  |  |  |

**Market Development**

|   | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|---|-------------------|--------------|-----------------|---------------|------------|
| Developing new products   |                   |              |                 |               |            |
| Modification of company products                                      |                   |              |                 |               |            |
| Roll out pre paid metering system                                     |                   |              |                 |               |            |
| Developing schemes for customers                                      |                   |              |                 |               |            |
| Launching of pre-paid metering for small customers                    |                   |              |                 |               |            |
| Creating new connectivity   |                   |              |                 |               |            |
| Increasing transmission projects to enhance voltage transfer capacity |                   |              |                 |               |            |
| Increase number of small distribution                                 |                   |              |                 |               |            |
| Use of ready board technology   |                   |              |                 |               |            |
| Use of modern technology  |                   |              |                 |               |            |
| Use of media like Pamoja FM   |                   |              |                 |               |            |
|   |                   |              |                 |               |            |

**Pricing**

9. To what extent do you agree with the following statements that relate to adoption of pricing strategies in marketing the people in urban slums and rural area?

|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Lower charges  |   |   |   |   |   |
| Provides credit to customers   |   |   |   |   |   |
| Pricing of the power supply  |   |   |   |   |   |
| Pre-paid metering project  |   |   |   |   |   |
| Accessible bill payment place such banks   |   |   |   |   |   |
| The company establishes a specific price image for electricity meter boxes and   |   |   |   |   |   |
| The company lowering prices for electricity services   |   |   |   |   |   |
| Plausibility of a price reduction influences consumer perceptions of the advertised offer                              |   |   |   |   |   |
| Ads featuring percentage price reduction to promote electricity energy and lighting to people in slums and rural areas |   |   |   |   |   |
| Kenya Power & Lighting Company has a unique pricing structure for rural and slum market                                |   |   |   |   |   |
| Kenya Power & Lighting Company has a flexible pricing policy for rural and slum market                                 |   |   |   |   |   |

**Personnel**

10. To what extent does Kenya Power & Lighting Company use personnel strategies in marketing to the urban slums and rural customers?

|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Marketing Staff are efficient, warm, friendly and honest                       |   |   |   |   |   |
| Contact personnel are courteous and professional                               |   |   |   |   |   |
| Kenya Power & Lighting Company has strict recruitment procedures for marketers |   |   |   |   |   |
| Contact personnel have sufficient product knowledge                            |   |   |   |   |   |
| The staff have uniforms  |   |   |   |   |   |
| Use of slum personnels for door to door campaigns                              |   |   |   |   |   |

11. Kindly indicated the extent to which Kenya Power & Lighting Company has been influence to market to the urbanslum and rural market? Use a scale of 1-5 where 1= to No extent, 2=Less extent, 3=Moderate Extent, 4=Great Extent and 5= very great extent

|   | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Increase power connection                       |   |   |   |   |   |
| Increase revenues                               |   |   |   |   |   |
| Reduce loss through illegal connection          |   |   |   |   |   |
| Increase market for company product and service |   |   |   |   |   |
| Increase company customers                      |   |   |   |   |   |
| Raising economic status of customer             |   |   |   |   |   |
| Attract and retain customer                     |   |   |   |   |   |
| Improve customer services                       |   |   |   |   |   |
| Enhancing company profitability                 |   |   |   |   |   |