INFLUENCE OF MARKETNG PRACTICES AND BUSINESS ENVIROMENT ON PERFORMANCE OF ALCOHOLIC BEVERAGE COMPANIES IN NAIROBI

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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D61/64203/2013

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

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DEDICATION

This piece of work is dedicated to all the people in my life who were just there, people who let their light shine in me in my darkest point.

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The process of this master's project writing has been a wonderful learning experience in my academic life. It was filled with challenges and rewards. The completion of my present study leads to a new beginning and a step forward in my endeavours. First and foremast I am grateful to God almighty the one above all, who has always being there in my endeavours in life including this study. My profound gratitude to my supervisor Prof. J.M .Munyoki for your insightful guidance; it's through it that I was able to complete this great task. Am thankful for the corrections they made on my error friendly drafts, their continuous encouragement, support and guidance in writing this project.

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ABSTRACT

This study sort to determine the influence of marketing practices and business environment on performance of the alcohol beverage companies in Nairobi. Marketing practices and business environment play a great role on performance of alcohol beverage companies. These companies have provided more than 40,000 jobs directly in East Africa while indirect jobs created are well over 200,000.This study is carried out to examine the impact of this fast changing business environment of the alcohol which the companies has developed strategies to cope up with. Browne, (1997) observed that learning is the heart of a company's ability to adapt to rapidly changing environment. Theoretical framework is based on; the Porters 5 forces and the Porters Value Chain.The target population is based on 50 companies targeting 50 employees. Census method will be used in the study. Data was collected using qualitative and quantitative technique and presented by tables and charts.

Alcohol beverage companies in Kenya must continue to predict their future through continuous scanning of the environment. This scanning should involve studying and interpreting social, political, economic, ecological, legal, cultural and technological factors. Environmental scanning raises a manager's awareness of potential developments that could have an impact on industry posing opportunities and threats. Performance has roles in defining business mission analysing the environment competition and business situations. Business environment according to this study is about setting the right climate (the will to respond), competitiveness (the ability to respond) and capacity (the volume of response).This study recounts that alcohol beverage companies have to continuously scan the environment, and must continuously utilize the management information system to build long term customer value. They must monitor competitors and the impact of substitute products.

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CHAPTER ONE

INTRODUCTION

1.1Background of the Study

The modern business manager operates in a more dynamic environment. The change in the environment has been rapid and unpredictable. Economic variables have been complex both in form and impact on the practice of business in Kenya. Consumers and clients having been showing complex behaviours both in local and international markets. The most dramatic change has been that exhibited by competitive pressures. Competitors have been applying one strategy or the other to adapt to the dynamic and unpredictable nature of the business environment. 2000). Furthermore, it is argued that the alignment of strategies of organisations with the requirements of their environment outperform organisations that fails to achieve such alignment (Chaganti et al., 1989, Venkatraman & Prescott, 1990; Beal, 2000).

The competitive conditions facing alcohol beverage companies are similar to those identified by Porter (2000). According to Porter these competitive forces facing an organization can be classified into 5 major categories. These are; threat of new entrants, rivalry among industry players, bargaining power of suppliers and buyers and threat of substitute products. These forces, termed as the micro environment by Porter, influence how a company serves its target market and whether it is able to turn a profit. Any change in one of the forces might mean that a company has to re-evaluate its environment and realign its business practices and strategies. The value chain analysis focuses on the systems and activities with customers as the central principle rather than on departments and accounting expense categories. This system links systems and activities to each other and demonstrates what effect this has on performance. Consequently, this theory makes clear where the sources of value and loss amounts can be found in the organization.

The alcohol industry in Kenya is on the rise .This has been propelled by economic growth, technology advancement, high per capita alcohol consumption, improved quality and globalisation of markets that has provided better market opportunities. In other regions, the industry has either declined or is stagnant as a result of economic recession, health and social concern, negative influence on globalisation of markets, lack of donor funding support, and industrial brewing technology as in the case of some African countries. Demand of alcohol in the developed world will continue to be restrained by health and social concerns, high taxes

and competition from alternative beverages, although favourable demographic patterns. The alcohol industry like any other environment continues to transform with changes such as new taxation laws, innovative products and services, political shifts, stabilities and instabilities among others. The need to retain the largest market share in the midst of much competition has driven much of the strategic thinking adopted by these companies. Morgan (1988) equates this type of business management to surfing in a turbulent sea and asserts that like surfers, managers and their organizations have to ride on a sea of change that can twist and turn with all the power of the ocean. Alcohol consumption is propelled by economic recovery, expanding population, rising disposable income, improvement in quality, efficient distribution systems, high per capita consumption levels, and rising popularity of alcohol, especially among women, youth and more affluent consumers. Consequently, there is need for the alcohol firms to understand and align their businesses environment and marketing practices to enhance performance.

1.1.1 Marketing Practices

Today's market place is described as the "age of diversity" in which consumers demand and get tremendous variety in the products and services they buy. Alcoholic beverage companies can view the total consumer market as being made up of a collection of segments, each one representing a distinct and separate set of customer needs, wants and expectations. Market segmentation is the process of dividing the heterogeneous market into segments. The goal is to facilitate the development of unique and effective marketing programs that will be most effective for these specific segments, Davidson, (2000)

It has been argued that the possible benefits of segmentation are by specialization, companies could stimulate greater consumption and thereby market expansion. If there are few competitors within a given segment, promotional costs might be reduced. For the alcoholic beverages, it is essential that a decision to use a market segmentation strategy should rest on consideration of four important criteria that affect its profitability. The market must be; identifiable, measurable, accessible, substantial, and responsive. The bases for segmentation have been classified in the following; demographic, geographic, psychographic and behavioural segmentation. In retail operations approach, the alcoholic beverages examine factors that might enhance or limit operations. Several factors influence directly the alcoholic beverages' chances to operate successfully namely distribution, competition, promotion and legal considerations.

The product can be argued to be the most important element of the marketing mix, as only with reasonable products will the effort put into such things as pricing and promotions reap any rewards Rose &Watkins, (2007). Product is the principal item offered by a company to satisfy the needs of their consumers. It is important to win over the consumer by product excellence. Some of the strategies adopted in the domain of products are: Perceived quality or Image, as the market faces competition, quality and reliability of the product offerings gain importance. Quality in this case is viewed as customer's perception of the product. Perceived quality or image has to be created. Features with many products in the market, what distinguishes them is the features. The 'first with the new feature' has an advantage similar to the 'first product' in the market. In the consumer non-durables, brand extensions have taken the line of added features. New products face difficulties of acceptability in the market. The first product of its kind has an edge over others and sets the standards for subsequent ones, Ramanuj, (2002). Successful product management relies on a well planned and executed product strategy and product range strategy. Product strategy is mostly influenced by competition and customer needs.

The total product concept is the sum of the product's functional, aesthetic, and service features plus the psychological benefits the customer expects from buying and using the product. Alcoholic beverages companies respond to the changes taking place in the market place by employing the either the shotgun or a rifle approach to merchandising. The shotgun, the merchandiser appeals to a combination of market segments by broadening its product lines through either product-item addition or product line combination. The Rifle merchandiser appeals to a target market segment by using either a market positioning strategy or multiplex distribution system, (Lewinson & Deloizer, 1992).

Consumers are becoming more increasingly price sensitive, (Kotler, 2000). Pricing is a major competitive tool. The economics of production only sets the bottom line limit and the company then has a wide range of strategies to set the price. The commonly used price strategies are: 'Image' pricing, the price here follows the image of the brand. Adidas shoes or Nike are priced high because of the premium value attached to the brand name. Price undercutting, some companies have used this strategy very successfully. For undercutting to succeed, the company has to offer the minimum performance standard (Ramanuj, 2000). Aggressive or Penetration pricing, firms in this sector wishing to offer a high level of benefits at an average price. Alcoholic beverage companies view prices in terms of their ability to generate profits, sales, and consumer traffic, as well as how they affect the stores image. In

setting retail prices, the alcoholic beverage company is guided by the value chains set by the company, profits, sales or competitive objectives. Alcoholic beverage firms use price adjustments as adaptive mechanisms to accommodate changing market conditions and operating requirements. Both upward and downward adjustments are needed from time to time to adapt to the dynamic retailing environment, (Lewinson and Delozier, 1992).

Distribution of products usually involves some form of vertical system where transaction and logistics responsibilities are transferred through a number of levels. Davidson, (2000) argued that distribution is part of merchandising and must be considered in any merchandising system. Distribution management involves; merchandise replenishment, transportation management and distribution center facilities management. The type of distribution system an alcoholic beverage firm needs is influenced by the buying system the alcoholic beverages uses, the number of stores the alcoholic beverages has, the geographic dispersion of the stores, and the characteristics of the merchandise carried.

Promotion involves both providing the consumer information regarding the alcoholic beverages' store and its product or service offering as well as influencing the consumer perceptions, attitudes, and behavior towards the store and what it has to offer. It is both an informative and persuasive communication process. Companies use newspaper ads, posters, TV, internet that stress its good prices (persuasive communication) and but instead of just listing the merchandise, the ads tell exactly why the manufacturer closed out the goods. That way, customers would not suspect that the products are irregular, damaged or counterfeit (informative communication). Promotional mix comprise of a number of different elements; Personal selling, advertising, sales promotion, public relation, direct marketing, corporate image, sponsorship, guerrilla marketing and product placement. Each element exhibits certain strengths and weaknesses.

1.1.2 Business Environment

In Kenya, government policies have affected pricing strategies in the alcoholic beverages industry for example; alcoholic beverages producers cannot control the price for which their alcoholic beverages are sold at retail outlets. Alcoholic Control Act 2010, popularly known as Mututho law further regulates the specific areas where bars should operate and the specific time when bars should be opened. Taxation and uncertainty in the retention of the current taxation level affects the future profitability of this industry. Manufacturers, wholesalers of alcoholic beverages have taken control of setting of alcoholic beverages prices paid by the

consumer at the same time as maintaining their standard margins, for example standard industry mark-up is 25 per cent, and 12 per cent at the wholesale, and 33.3 per cent at the retail. In addition, Government also has had an influence on the pricing of alcoholic beverages though monetary policy. This leads to uncertainty in value of the shilling in relation to other currencies in term of export market.

The political environment affects sale and distribution of alcoholic beverages. The effects of post-election violence in Kenya had great impact in this industry. The integration of the East African Community especially the joining of the economic block by Rwanda and the emerging market in the Southern Sudan gives these industry potential opportunities to be tapped. The alcoholic beverages industry has set a target to be the worlds most influential and profitable industry by the Year 2025 if it is supported by government in terms of providing a positive investment climate and facilitating infrastructure (Alegunde, 2012).

Although a decline in the value of the shilling against the dollar inhibits profitability and the ability of alcoholic beverage makers to hit key price points, it helps to stimulate the other countries to import alcoholic beverages because of lower price. Increase in demand for alcoholic beverages may be attributed to the following economic factors: changing living standard, changes in the relative price of alcoholic beverages to other goods and services, the introduction of fringe benefits tax and the modification of sales tax to alcoholic beverages and other beverages.

The image of a man drinking alcoholic beverage bottles to bottles until one gets drunk is no longer seen. People do not drink alcoholic beverages in quantity but prefer quality alcohol. Sales in cask alcoholic beverage have declined whereas profits in bottled semi-premium or premium alcoholic beverage have increased. The reason for this can be explained by Quality table alcoholic beverage has its own image and status, engenders high consumer involvement, provides variety, and has a range of flavour complexity. It is therefore a stronger alternative to other non-alcoholic beverages (soft drinks, bottled water, fruit drinks and coffee) than is spirits. Quality alcoholic beverages have acknowledged health attributes. Recent research showed its effects in reducing cardio vascular disease. People look for more spiritual meaning in their lives, they favour healthy products, healthy lifestyle and show environmental concerns.

 Due to peer pressure there are more young people drinking at their early years. The cultural shift from rural based to urban living families in the recent years has also exposed young

generation to alcohol. Media influence has had an effect on increasing young drinking population. Alcoholic manufacturers have invested heavily on superior technology. This guarantees high volume of products for sale. Through technology consumers are able to access information about products and services. Products reach consumers faster and conveniently. Technology influences how decisions are made in firms. Its helps increase efficiency and require technically qualified manpower (Alegunde, 2012).

1.1.3 Organization Performance

The idea of Organisational performance is hanged on the position or premise that it is a combination of productive assets made up of human, physical, and capital resources, for the major reason of fulfilling a dream, vision or accomplishing a shared purpose (Barney, 2002; Carton & Hofer, 2006). OP is also viewed as the measure of how a manager utilises the resources of the organisation efficiently and effectively to accomplish the goals of the organisation as well as satisfying all the stakeholders (Jones & George, 2009). In their own contribution, Richard et al, (2009) described OP as the real output measured against the intended or expected output. They viewed OP as a term that is made up of three major areas of firm outcomes and these three areas are: Financial Performance that is made up of profits, return on assets (ROA), return on investment (ROI) etc, Product Market Performance such as sales, market share, etc and Shareholders return such as total shareholder return (TSR), economic value added (EVA). Selden & Sowa, (2004) looked at OP as what is designed to assume that organisations are to accomplish certain goals that are both specified intrinsically and implicitly. Pearce and Robinson, (2005) distinguishes between two kinds of organisational goals, official goals which are the general purposes of the organisation's founders and leaders, while the operative goals designates the end sought through the actual operating policies, the modifications and subversions of these ends by personnel in decision making positions and by the forces of pressure from the external environment. Kast & Rosenzwig, (1985) argued that performance is a function of ability, effort and opportunity.

Ability is dependent upon knowledge and skills and technological capabilities that provide an indication of range of possible performance. Effort is a function of needs, goal- expectation and rewards and it depends on the degree to which individuals and/or groups are motivated to aspirant effort. Opportunity must be provided by the managers for individual's ability and effort to be used in ways that will result in the achievement of goals. OP can be summarised to be an approach used in assessing the progress made toward goals, identifying and adjusting factors that has limit the progress of the organisation in a competitive environment.

1.1.4 Alcohol Industry in Kenya

Kenya is Africa's third largest alcohol consumer after Nigeria and South Africa, an analysis by Deutsch Bank Market Research has showed. The research, which is based on international beer maker Diageo's sales on the continent, put Kenya's alcohol market share at 17 per cent of the continent's total behind Nigeria with 36 per cent and South Africa with 18 per cent. Deutsch Bank says the other African countries have small fragmented markets, each no bigger than six per cent of the total (Business daily July 16, 2015).

Rising disposable income levels among middle-income consumers promoted growth in spirits volume and value sales in 2014. Additionally, the rising drinking culture among the young working middle-income class and the popularity of spirits among these consumers also drove sales in the category. East African Breweries Ltd continued to lead spirits in Kenya with a volume share of 27%, followed by UDV Kenya Ltd with a volume share in share of 14%. London Distillers Kenya Ltd and Kenya Wine Agencies Ltd followed with total volume shares of 11% and 8% respectively. However, the alcoholic drinks market in Kenya experienced a volume sales decline in 2014 due to the sharp decrease recorded in volume sales of economy beer. Beer is the biggest category in alcoholic drinks in Kenya and the tax imposed on economy beer in October 2013 saw a decline in volume sales as economy beer prices rose. Leading economy brand Senator Lager experienced a substantial volume sales decline (Statistical abstract, 2003).

To cushion the lower income consumers from the high taxation imposed on the Senator Keg brand, East African Breweries Limited (EABL) launched Senator Dark Extra beer. The company also launched the Jebel brand in spirits, targeting lower LSM groups. For high-income and middle-income consumers, EABL launched premium spirits and provided an online platform for consumers to place orders, with products carrying retail prices, providing an opportunity for higher sales and enabling it to maintain its leadership in the market. The growing middle-income consumer segment with high spending power and growing nightlife saw Heineken NV and East African Breweries Ltd launch Desperados and Smirnoff Ice Guarana in 2014, with both products using appealing packaging to reach this specific target audience. View period, affecting overall volume sales (EABL corporate citizenship report, 2004).

1.2 Research Problem

Future managers need a systematized body of knowledge about how it works and how changing environmental factors will affect their present and future strategies. Presenting such knowledge is a challenge considering the complexity of human behavior, the highly competitive nature of the retail business and the large number of environmental factors such as weather, government regulation, supply availability, economic conditions, technological change, and the vagaries of fashion, changing consumer habits and expectations, social change and the squeeze on space. Companies have therefore been forced to build organizations that consistently deliver the best customer offers. This has been made possible by adopting the best retail strategies which identifies the needs and wants of a market place and customizing marketing efforts at the store and the individual level allowing the alcoholic beverages capitalize on differences in the consumer and competition (Hasty and Reardon, 1997).

Alcoholic beverage companies have played a role in the country's economic growth. They generate revenue to the government through taxes; create employment to the locals in the product manufacturing, packaging and distribution to the retail outlets. The alcoholic beverages companies have significantly grown in Kenya. There are now over 100 alcoholic beverages companies in Kenya to date according to report from KEBS and NACADA. The effect of this has been a reduction in market share, declining profitability, stiff competition and sometimes loss of jobs by companies staff. As a result companies have been forced to craft strategies in order to sustain or grow their market share, expand to new territories or markets, acquire new technologies, develop brand or line extensions, reduce costs and risks (Oliver, 1995). Alcoholic beverage companies in Kenya need to adopt distribution strategies that ensure they reach their markets efficiently.

This aspect of marketing practices has led many authors to believe that marketing capabilities are also positively related with business performance. Vorhies et al. (2009) have taken this as one of the main hypotheses of their research and had concluded that there is a significant direct relationship between firm's marketing practices and performance assessed in both subjective and objective ways. Thompson and Strickland,(2003) further argues that no matter how good formulated strategies are, superior performance can only be attained and sustained if the strategies are rightly matched with the organisation's external environment and internal circumstances. Dess and Keats,(1987) claims that contend that existing literature on strategic management allude to the fact that successful organisations' strategy and structure must be

auspiciously aligned with the external environment to guarantee optimal performance needed for their survival. Construction organisations operate in environments that are so active and quick changing, making it very difficult for any modern business enterprise to function.

Balatbat, Lin and Carmichael, 2011 argues that the construction environment is often regarded as uncertain and generally assumed to be more risk prone than any other Owing to these difficulties, threats and restraints, construction business organisations are under intense pressure to find ways and means for their healthy survival. Balatbat et al. (2011) undertook a study and conclude that abysmal business performance and failure of construction businesses are the result of poor business strategies. Under these circumstances, the only fall-back is to make the most and effective use of strategic management tools that could help construction organisations' business management to explore their potential opportunities. They very often would simultaneously work around the threats either to avoid them or turn them into organisational advantages to achieve an optimum level of efficiency.

This study therefore seeks to determine the influence of business environment and marketing practices on company performance. The proposed research therefore intends to close the information gap by seeking responses to the following:

1.3 Research Objectives

i. To investigate the influence of marketing practices on performance of alcohol beverage companies in Kenya.

ii. To determine the extent to which business environment and marketing practices have influenced performance.

1.4 Value of the study

It is anticipated that the study will be of benefit to the alcoholic beverages companies, its managers will be able to articulate the retail marketing strategies aimed at winning and retaining retail customers. The study will help customers or alcoholic beverages understand the interventions companies should implement in addressing the challenges that affect them in the external environment. Other companies would benefit from the findings of the study especially when benchmarking themselves with other players in the same industry line or different industry dealing with alcoholic beverages in their distribution chain or in the area of strategic responses.

Other organizations can also find use in developing their unique strategic competitive responses that shall not be easily be imitable and thus create their own individual firm competitive advantages. The government and regulators of the industry will also find invaluable information in how competitive responses can be adopted and as a result put in place policies that will guide and encourage other organizations within and without the industry in implementing their strategies in an ethical manner.

The findings of this study are expected to contribute to research and practice, by elaborating the strategies that are pursued by the companies in order to respond to competition in the industry. The study may also add to the existing body of knowledge by stimulating new areas for further research through the findings and subsequent recommendations. The policy makers could use the results of the study to identify and bridge up gaps in the existing marketing strategies. Additionally, the study also helps researchers in provision of information as secondary data for future use in the academic arena.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the theoretical framework and how business environment and marketing practices influence company performance. It is comprised of the theoretical framework, influences of business environment on performance and the influence of marketing practices on performance.

2.2 Theoretical Foundation

Theoretical foundation of the study helps in identifying a core set of connectors within a topic and showing how they fit together. This study will be guided by Porters value chain analysis, Porters five forces theory and The Mckinsey 7-S Model.

2.2.1 Porters Value Chain Analysis

Porter's value chain analysis will help the study in examining Primary activities support activities and if they drive margin, the value consumer is willing to pay over the cost of firm obtaining inputs and providing value activities. The term 'Value Chain' was used by Michael Porter in his book "Competitive Advantage: Creating and Sustaining superior Performance" (2000). The value chain analysis describes the activities the organization performs and links them to the organizations competitive position. Value chain analysis describes the activities within and around an organization, and relates them to an analysis of the competitive strength of the organization. Therefore, it evaluates which value each particular activity adds to the organizations products or services. An organization is more than a random compilation of machinery, equipment, people and money. Only if these things are arranged into systems and systematic activates it will become possible to produce something for which customers are willing to pay a price.

Porter continues to argue that the ability to perform particular activities and to manage the linkages between these activities is a source of competitive advantage. Porter distinguishes between primary activities and support activities. Primary activities are directly concerned with the creation or delivery of a product or service. They can be grouped into five main areas: inbound logistics, operations, outbound logistics, marketing and sales, and service. Each of these primary activities is linked to support activities which help to improve their effectiveness or efficiency. There are four main areas of support activities: procurement,

technology development (including R&D), human resource management, and infrastructure (systems for planning, finance, quality, information management etc.)

2.2.2 Porters Five Forces Theory

Porters five forces examines threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitutes and rivalry among industry players. Using these model the researcher will examine how these five forces have influenced performance of the alcohol beverage companies. From each of the theories mentioned, a number of influencing factors can be extracted these include market size and characteristics, factors costs, transport costs, and policy variables. It has been observed that changes in the external environment including competitors have an impact on an organization. Chandler, (1994) and Porter, (2000) variously point out that firms are environment dependant and changes in the environment shape the opportunities and challenges facing the organization.

This understanding is important in defining the firm objectives and developing competitive strategy and hence the firms are able to get and maintain a competitive advantage in the market. This is essential if the organization is to be effective enough to be successful. Porter, (2000) describes the competitive forces that determine the state of competition in an industry. He classifies these forces into fine basic components; the bargaining power of suppliers and buyers, threat of entrants and substitutes and finally rivalry among industry players. He further observed that importation affects the customer's substitute products which give customers a choice. This may erode profitability and market share of the existing organizations. Alcohol beverage companies experience competitive pressure from force that are similar to those described by Michael Porter. These forces include direct imported products, substitute products such as non-alcoholic beverages ,potential entrants bargaining power from suppliers and customers who have options to shift to other choices.

2.2.3 The McKinsey 7-S Model

The McKinsey 7-S model involves seven interdependent factors which are categorized as either "hard" or "soft" elements: "Hard" elements are easier to define or identify and management can directly influence them: These are strategy statements; organization charts and reporting lines; and formal processes and IT systems. "Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture.

However, these soft elements are as important as the hard elements if the organization is going to be successful. They include skills, style, shared values and staff.

The model is based on the theory that, for an organization to perform well, these seven elements need to be aligned and mutually reinforcing. So, the model can be used to help identify what needs to be realigned to improve performance, or to maintain alignment (and performance) during other types of change in the alcohol beverage companies. Whatever the type of change; restructuring, new processes, organizational merger, new systems, change of leadership, and so on the model can be used to understand how the organizational elements are interrelated, and so ensure that the wider impact of changes made in one area is taken into consideration.

7-S model can be used to help analyse the current situation (Point A), a proposed future situation (Point B) and to identify gaps and inconsistencies between them. It's then a question of adjusting and tuning the elements of the 7-S model to ensure that the organization works effectively and well once you reach the desired endpoint. Changing alcohol organization probably will not be simple at all, whole books and methodologies are dedicated to analysing organizational strategy, improving performance and managing change. The 7-S model is a good framework to help you ask the right questions, but it won't give you all the answers. For that you'll need to bring together the right knowledge, skills and experience. When it comes to asking the right questions, the organisation needs to develop a Mind Tools checklist and a matrix to keep track of how the seven elements align with each other. Supplement these with your own questions, based on your organization's specific circumstances and accumulated wisdom.

2.3 Influences of Business Environment on Organisational Performance

There has been a divergent view about the concept of environment through contributions of different authors and scholars. Okoth and Munene, (2006) posited two views of perceived environment. The first is inter-organisational view, which considers the environment as a collection of person, groups and other organisations that provides inputs to, or receives outputs from a local organisation. The second consideration is that environment is a set of general, social, economic and technological conditions. Obasan, (2001) says environment is the sum total of the physical and social forces and institutions that are relevant to the organisational goal setting and goal attainment which are taken directly into consideration by members of the organisation when making business decisions and plans. According to

Osuagwo, (2001) environment has been seen as the totality of the factors that affect, influence, or determine the operations or performance of a business. The environment determines what is possible for the organisation to achieve. According to Milliken, (1997), environmental uncertainty arises from the organisation's inability to predict its environment, or in other words, to predict the factors that characterise its environment. These factors are usually classified into two groups (Bourgeois, 1980) i.e. ''general'' and ''task'' external business environmental factors.

The general environment is a relatively remote environment and the elements that compose it have an indirect influence on the organisation. This environment is typically composed of factors such as social values, educational, political, economic, legal, behavioural, demographic, natural environment, natural resources, and technological (Asheghian & Ebrahimi, 1990; Grant, 1999).

Factors of the task Environment (Asheghian & Ebrahimi, 2003) and Grant, (1999) argued further that the task environment is the closest environment of the organisation and the elements that made it is influencing the organisation directly. This environment is made up of factors such as consumers, competitors, suppliers, labour market, industry and financial resources. Daft et al. (1998) and Auster & Choo (1993) opinioned that factors in the task environment usually create greater and perceived uncertainty to organisations than factors in the general environment. This is because it is believed that the task environment, which is connected with the short-run, is more volatile than the general environment that is connected with the long-run.

Duncan, (2000) viewed external business environment as the totality of factors outside an organisation that are taken into consideration by an organisation in its decision making. These factors depend largely on the complexity and dynamism of the environment (Duncan, 2000; Dess & Beard, 1994). Thus, external business environment has been classified as being stable when it does show any changes, unstable when it shows relative changes, and dynamic when it shows changes continuously (Aguilar, 1977).However, perceptions of the organisations about the type of the external business environment to a large extent depends on their size and industry in which it operates.

Ogundele, (2005) says that Economic environment is vital concern to an organisation. He further said that, the economic environment goes a long way to determine and define the opportunities for an organisation; this is because an expanding economy provides operational

scope for the organisational existence as well as for the establishment of new ones. However, a period of recession can bring about failures and probably liquidation of the organisation. It is of paramount importance that the management should be able to distinguish between short-run phenomena and more fundamental changes in its assessment of the overall economy.

2.4 Influences of Marketing Practices on Organisational Performance

Kotler & Armstrong, (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. They further define a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. Borden, (1984) sees a product as about quality, design, features, brand name and sizes. Past researchers have clearly suggested that product influences have a significant impact on business performance.

Kotler, (2007) defines price as a cost of producing, delivering and promoting the product charged by the organization. Zeithaml, (1988) is of the view that monetary cost is one of the factors that influence consumer's perception of a products value. Price can be stated as the actual or rated value of a valuable product which is up for exchange; some define it as amount of money paid for product (Kotler *et al,* 2005). In the studies of Colpan, (2006); established significant relationship between price and business performance. The price you set for your product or service plays a large role in its marketability. Pricing for products or services that are more commonly available in the market is more elastic, meaning that unit sales will go up or down more responsively in response to price changes (Jones, 2007).

Zeithaml *et al.* (1995) describe promotion as part of specific effort to encourage customers to tell others about their services. According to Duncan, (2005), promotion is the key to the market exchange process that communicates with present and potential stakeholders, and the general public. Alcohol beverage companies must cast themselves into the role of communicator and promoter. Hakansson, (2005) also reports that promotion appears as an issue of how to create a promotional mix of marketing communication tools in order to get a product's message and brand from the producer to the consumer. Borden, (1984) defines promotion as sales promotion, advertising, personal selling, public relations and direct marketing. Kotler, (2007) discovers that Promotions have become a critical factor in the product marketing mix which consists of the specific blend of advertising, personal selling, public relations and direct marketing tools that the alcohol beverage companies pursue their advertising and marketing objective. Previous researches

(Amine and Cavusgil, 2001; Francis and Collins-Dodd, 2004) have established significant relationship between promotion and business performance.

Jones, (2007) defines place as any way that the customer can obtain a product or receive a service. Bowersox and Closs, (1996) give distribution as another name for a place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. Kotler & Armstrong, (2006), also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers (Berman, 1996). Owomoyela et al, (2013) agree that place has significant effect on business performance.

Packaging is a crucial component of the "marketing mix" for a product. It is the "least expensive form of advertising" and is of particular importance at the point of sale, as the package is the manufacturer's last chance to convince the customer to purchase the product (Sajuyigbe *et al,* 2013). Packaging is a very important marketing strategy to glamorize product in order to attract the consumers' attention. Sometimes packaging is so important that it cost more than the product itself in order to lure the consumers to buy. Packaging is the protection of products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing information and sell. Sajuyigbe *et al,* (2013) point out that packaging is one of the inevitable communication tools that influence buying behaviour and enhance business performance.

The challenge for any business in seeking to remain competitive is to determine what its customers want, which in essence is the philosophy behind company marketing practices. The marketing concept suggests that the long-term purpose of a firm is to satisfy customer needs for the purpose of maximizing corporate profits (Kohli & Jaworski, 1990).The term market orientation refers to the degree to which a firm implements the marketing concepts (McCarthy and Perrault, 1984). Although different definitions of market orientation are available, this study is based on the definition used by Narver & Slater, (1990) as it outperforms all the other definitions.

Narver & Slater,(1990), have hypothesized market orientation as a one dimensional construct consisting of three behavioral components; customer orientation, competitor orientation and inter functional coordination and two decision criteria; a long term focus and profit objective. They define market orientation in term of culture and relate it to the fundamental

characteristics of the organization. In the past decade, a steady stream of research has focused on the impact of market orientation on firm performance. In this regard, there are two opposite views.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. The chapter describes the proposed research design, the target population, data collection instruments and the techniques for data analysis.

3.2 Research Design

Research design provides the conceptual framework within which research was conducted; it constituted the blueprint or roadmap for the collection, measurement and analysis of data (Kothari, 2007). Furthermore, a research design is structured, has investigative questions and part of formal studies. The research design adopted in the study was a descriptive cross sectional design.

Descriptive design method provides quantitative data from cross section of the chosen population. This design provides further insight into research problem by describing the variables of interest. A cross sectional study looks at data collected across a whole population to provide a snapshot of that population at a single point in time. This approach was used to determine the influence of business environment and marketing practice on the performance of the alcohol beverage companies in Nairobi

3.3 Target Population

Population refers to an entire group of individuals, events or objects having common characteristics that can be observed and measured (Yin, 2003). A research study's target population should be clearly defined and the unit of analysis should be identified, which is not easy sometimes. The target population consisted of all the units being studied. The unit of analysis is the entity or who is being analysed. The population of the studycomprised of 50 alcohol beverage companies in Nairobi, hence the study wasa census survey. The respondents were marketing managers in each organisation.

3.4 Data Collection

The studyused primary data which was collected through self-administered questionnaires containing both open ended and closed questions. A questionnaire, as the data collection instrument of choice is, easy to formulate and administer and also provides a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives (Robson, 2002).

The questionnaires were distributed through 'drop and pick' method. There was a follow-up to ensure that questionnaires are collected on time and assistance to the respondents having difficulty in completing the questionnaires was offered. Follow-up calls were made to ensure that the questionnaires were dully filled within a reasonable period of time. This ensured that the information gathered was valid, reliable and suitable for this study. To measure business performance, each respondent in this study was asked to evaluate his/her company's current business performance in local market relative to its major competitors.

3.5 Data Analysis

The data collected was analysed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The response was coded into numerical form to facilitate statistical analysis.

Data was analysed using statistical package for social sciences based on the questionnaires. In particular mean scores, standard deviations, percentages and frequency distribution was used to summarize the responses and to show the magnitude of similarities and differences. Results were presented in tables and charts. Data from Likert scale was used to analyze the mean score and standard deviation. Thereafter regression and correlation analyses were carried out.

The regression equation will be

$Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3$

Where Y=performance

a=Constant

$b_1 .... b_3$=Beta co-efficient

X_1=pricing

X_2=distribution

X_3=promotion

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to investigate the influence of marketing practices on performance of alcohol beverage companies in Nairobi. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations.

4.2 Response Rate

A total of 50 questionnaires were issued out and only 42 were returned. This represented a response rate of 84%. This response rate was adequate for data analysis and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 70% and over was adequate.

4.3 Demographic Profile

The demographic information considered in the study was respondents' highest level of education, length of service with the alcohol beverage company and the number of employees in the company.

4.3.1 Level of Education

The respondents were requested to indicate the highest level of education they have attained. The level of education was important in order for the respondents to give a description of the influence of marketing practices on the performance of the alcohol companies. The results are presented in Table 4.1.

Table 4.1: Highest level of Education

| Highest level of education	Percent	Cumulative Percent
Post graduate level	45.5	45.5
University	45.5	90.9
Tertiary	9.1	100.0
Total	100.0	

The results indicate that 45.5% of the respondents had attained university level, another 45.5% of the respondents said that post graduate level was their highest level of education while 9.1% of the respondents indicated that tertiary level was their highest level of

education. The results indicate that majority of the respondents have attained university level and above and therefore they would understand the influence of marketing practices on the performance of the companies. The level of education has been cited as a critical success factor in helping firms survive and manage in difficult conditions and to improve business profitability.

4.3.2 Length of service with the company

The respondents were requested to indicate the length of service with the alcohol beverage companies. Length of service with the company was important in order to determine the respondents' level of understanding of internal information pertinent to the company. The results are presented in Figure 4.1

Figure 4. 1: Length of service with the company
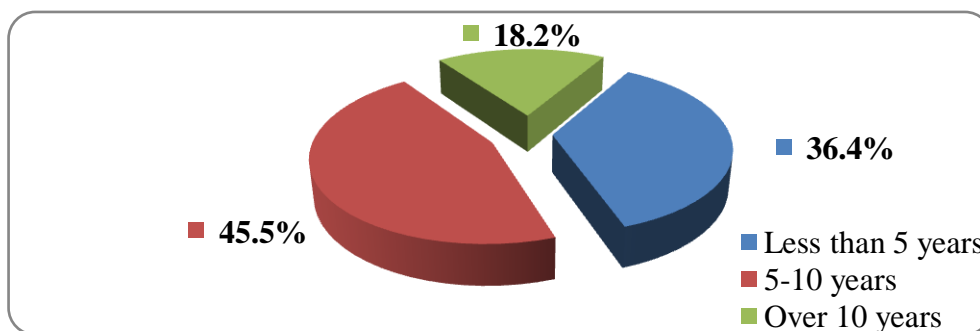
The results show that 45.5% of the respondents have worked in the alcohol beverage companies for a period of between 5 and 10 years, 36.4% of the respondents indicated that they have worked in their respective alcohol beverage companies for less than 5 years while another 18.2% of the respondents indicated that they have worked in the alcohol companies for over 10 years. The results indicate that majority of the respondents have worked in the alcohol companies for a long time and therefore they understand the influence of marketing practices on the performance of the companies and what needs to be done in order to get it right.

4.3.3 Number of Employees in the Companies

The respondents were asked to indicate the number of employees in the alcohol beverage companies. This was important for the study as the number of employees indicate the size of the company.

The results on the number of employees show that 54.5% of the companies have above 500 employees while 45.5% of the alcohol beverage companies have between 100 and 499 employees. The results indicate that the alcohol beverage companies have employed many employees and therefore in order to meet its operations costs, the companies need to undertake marketing practices in order to improve its performance.

4.4 Descriptive Statistics

The respondents were requested to indicate the extent to which business environment and marketing practices have influenced performance of alcohol beverage companies in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree and disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq$ S.E < 2.4). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq$ M.E. < 3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq$ L.E. < 5.0). A standard deviation of > 0.9 implies a significant difference on the impact of the variable among respondents.

4.4.1 Business Environment

Business environment is the sum total of all external and internal factors that influence a business. The respondents were requested to indicate the need of the alcohol beverage companies to understand business environment and its influence on performance of the company. The results are presented in table 4.2 below.

Table 4. 2: Business Environment

Business Environment	Mean	Std. Deviation
The company has invested in innovations to provide quality to its customers	3.8182	1.0787
Technology has contributed to the performance of the company	4.1818	.4045
The Government policies have affected the pricing strategies in your company	3.9091	.8312
The political environment has affected sales and distribution of your products	4.2727	.7862
Change of the social cultural trends has influenced the business positively	3.7273	.9045

The findings indicate that the political environment has affected sales and distribution of the company's products (mean 4.2727); technology contributing to performance with a mean score of 4.1818 and the government affecting the pricing strategies (mean 3.9091). The study further established that the companies have invested in innovations to provide quality to customers' needs with a mean score of 3.8182 and that change of the social cultural trends have influenced the business positively (mean 3.7273). The results indicate that the companies understand their business environment and have come up with ways to enhance their performance.

4.4.2 Marketing Practices

The respondents were requested to indicate the influence of marketing practices on the alcohol beverage companies..

Table 4. 3: Marketing practices

Marketing practices	Mean	Std. Deviation
The company offers quality products to the customers	3.5636	1.0269
The company uses price adjustments as an adaptive mechanism to accommodate changing market conditions	3.6364	.8090
The company has employed proper distribution systems	4.0909	.7006
The company has looked into the informative and persuasive communication to reach the customers	4.2727	.7862

The finding on marketing practices was that the company has looked into the informative and persuasive communication to reach the customers (mean 4.2727). The respondents further noted that the company has employed proper distribution systems (mean 4.0909);the company uses price adjustments as an adaptive mechanism to accommodate changing market conditions with a mean score of 3.6364 and thatthe company offers quality products to the customers with a mean score of 3.5636. From the results, marketing practices enables the company to offer quality products to customers, on price adjustments, distribution and promotion.

4.5 Performance Indicators

The respondents were requested to indicate the effect of marketing practices on performance of the companies. This was important for the study in order to determine whether marketing practice has an effect on the performance of the companies.

Table 4.4: Performance Indicators

Performance Indicators	Mean (Business environment)	Mean (Marketing practices)
Increase the profits of the company	4.1058	4.1058
Increase the company sales volume	3.5196	3.5196
It enhances the purchase of organizational products by the consumer	3.9091	3.9091
Helps in increasing the market share of the company	3.3727	3.3727
It enhances the organization relationship with its customers (customer retention)	3.4545	3.4545
Customer orientation enables the company to be innovative	3.5042	3.5042
Increased return on investment	3.8182	3.8182

The results indicate that marketing practice affects the performance of the companies as it increases the profits with a mean score of 4.1058. The respondents further noted that marketing practices enhances the purchase of organizational products by the consumer and that it increases return investment with a mean score of 3.9091 and 3.8182 respectively. The respondents further said that marketing practice increases company sales volume (mean 3.5196) and that it enables the company to be innovative (mean 3.5042). The respondents were neutral on whether marketing practice enhances the organization relationship with its customers with a mean score of 3.4545 and whether it increases market share (mean 3.3727). From the results, the performance of the alcohol beverage companies is affected by marketing practices as it increases profits, purchase of products, return investment, sales and innovativeness of the companies.

4.6 Regression Analysis

The relationship between the marketing practice strategies and alcohol beverage company performance was tested by using linear regression analysis, based on the regression model presented. When alcohol beverage company performance was regressed against the components of marketing practices, the ANOVA results shown in Table 4.6 indicated that the regression model was significant ($p < 0.05$).

Table 4.5: ANOVA Results for Regression Model

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	472.309	3	157.436	21.862	.000[b]
Residual	252.050	35	7.201		
Total	724.359	38			

a. Predictors: (Constant), *Price, Distribution and Promotion*

b. Dependent Variable: *Performance*

The regression model coefficient results for the independent variables (marketing practices strategies) were as shown in Table 4.6.

Table 4. 6: Regression Coefficients for Marketing practices Strategies

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.034	5.872		.176	.015
Pricing strategies	.539	.239	.244	2.256	.030
Distribution strategies	.603	.126	.594	4.787	.000
Promotion strategies	.171	.152	.140	1.124	.026

a. Dependent Variable: *Performance*

The multivariate correlation and regression analysis revealed that at $p<0.05$, MP strategies namely Pricing, Distribution and Promotion affected alcohol beverage companies performance. Thus, the resulting regression model would be:

Performance = 1.034 + 0.244(Pricing strategies) + 0.594(Distribution strategies) + 0.140(Promotion strategies).

The results in Table 4.5 reveal that pricing, Distribution and promotion jointly influence the firm performance. Table 4.6 show distribution had β value of .594 which was statistically significant (p-value=.011) while promotion had a β value of .140 which was not statistically

significant. The results of the study show that performance of alcohol beverage firms is highly influenced by pricing and distribution.

4.7 Discussion

To survive in the dynamic environment, organizational strategies need to focus on their customers and dealing with emerging environmental changes in its operating environment. A customer therefore is core to an organization and ought to be satisfied with the products of the organization for it to succeed in an ever changing environment. Choe (2013) noted that the external factors such as competition, uncertainty and needs are driving forces for strategic applications of market information. Collection and use of market information enabled by information systems is broadly considered to be a competitive weapon to cope with uncertain and volatile environments. This is consistent with the findings of the study in that Marketing practices enables the company to ensure that they set competitive pricing, put in place good distribution channels and also ensure customer satisfaction. The intensified competition for the alcohol markets has also led to the relevance of market practice as an important firm strategy for the success of alcohol firms as they market and grow their market share. The study established that the company sales people regularly share information within the organization concerning competitors' strategies, targeting customers when the company has opportunity, top management regularly discussing competitors' strength and weaknesses and that the company responds rapidly to competitive actions. These results were found to be consistent with Alhakimi and Baharun (2009) findings which established that for a company to gain sustained advantages over competitors it is not enough to collect market intelligence and share it throughout the company. What is needed is an organization's effective response capability based on intelligence and knowledge. Shin (2012) suggests that to understand current and potential competitors, a firm can assess its position, develop appropriate strategies, and respond quickly to competitors' actions with prompt precise actions in the short run and at the same time modify marketing programmes in the long run.

Given the complexities of the market place, increased competition, globalization, changing customer needs and wants, firms require a better understanding of the business environment and innovative marketing practices to remain competitive. They should therefore manage their target markets more efficiently and effectively than their competitors. Improvements in internal processes are visible during a short period. Employees can perceive changes very soon. Improvements internal and external environment need more time. This was found to be consistent with the findings of the study which established that information about customers

is freely communicated throughout the organization, all the departments are responsive to one another's needs and requests, managers understands how employees can contribute to the value of the organizational performance and that all the business functions are integrated in serving the needs of target markets.

Based on the findings of this study, the study concludes that the three components of market practices in the context of the alcohol sector are interdependent, and business environment has an impact on performance of the companies. The level of adoption of each of the three components of marketing practice positively influences the level of alcohol beverage companies' performance.

CHAPTER FIVE

SUMMARY, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and discusses the findings in relation to the research problem and research objectives. The chapter is thus outlined into summary of the findings, conclusions, recommendations, limitations of the study and suggestions for further research.

5.2 Summary of Findings

The study found out that both marketing practice and business environment has to a large extend influenced company profitability, sales volumes, market share, customerpurchase, customer retention, and return on investment. The companies were found to be utilizing customer orientation as it enabled the firms to ensure that its customers are satisfied, increasing customer value, understanding customer needs, closely monitoring and assessing company level of commitment in serving customer needs. Greater consumer satisfaction, eventual competitive advantage over competitors, and the resultant increase in profits are the likely results of an organization whose employees have been thoroughly trained in market practice. Customers are the primary stakeholders for marketing oriented businesses.

The competition in the alcohol industry has seen the companies adopt marketing practices in order to respond adequately to competition in the industry. The results found out that in the companies, the sales people regularly share information within the organization concerning competitors' strategies, target customers when the company has opportunity, top management regularly discussing competitors' strength and weaknesses and that the company responds rapidly to changes in the business environment. The business environment enables the companies to ensure that the whole organization work towards the achievement of the set objectives and this was achieved by the alcohol beverage companies through freely communication of customers' information, all the departments being responsive to one another's needs and requests, managers understanding how employees can contribute to the value of the organisation and that all the business functions are integrated in serving the needs of target markets.

The study established a positive and significant relationship between market practice and performance of the alcohol beverage companies in Nairobi. This suggested that for alcohol firms to achieve superior performance outcomes; they need to manage its business environment and marketing practices strategies.

5.3 Conclusion

Today's consumers are highly knowledgeable and demanding. For the alcohol beverage companies to succeed in the competitive environment, they have to be responsive to the environmental factors and marketing practice strategies. This call for companies to be more innovating, invest in technology, and handle well the challenges that come with government policies and economic blocks. The results suggest that marketing practice is an important strategy for the companies. The study found out that practices such as distribution and pricing strategies enables the company to ensure that its customers are satisfied, increasing customer value, understanding customer needs, closely monitoring and assessing company level of commitment in serving customer needs, hence enhancing company performance. The study concludes that marketing practice and business environment have a great influence on performance. The level of adoption of each of the three components of marketing practice positively influences the level of alcohol beverage company performance

5.4 Limitations of the Study

The limitations of the study was found in the selection of the study variables which as not exhaustive. Specifically, the conceptualization of marketing practice may be somewhat limited and it is arguable that marketing practice consists of more than pricing strategy, promotion and distribution. This means that other additional factors could provide further insight marketing practice and performance relationship.

The study used key informants from the alcohol beverage firms which put constraints on the generalizability of the results to other firms and other country contexts. The sample selection may also limit the generalization of results to the overall population. The narrow and specific focus of this study means the results are limited to alcohol beverage companies only which may not translate to other industry and national contexts.

5.5 Recommendations for Policy and Practice

The study found out that marketing practices enables the alcohol beverage companies to improve their performance, it is recommended that the companies should adapt and develop their marketing practices in line with the conditions in the business environment, and with their internal capabilities of market oriented innovation, as they are able to exploit the full potential of a marketing practice and achieve superior financial performance. The findings help the alcohol beverage companies to refine the order of the effects that ultimately results in corporate profitability, thereby providing a strong indication that it may be difficult to track the extent to which practices contributes to the profitability and that effects should be tracked and measured on other dimensions such as product, packaging and people.

The study found out that marketing practices influences company performance and it is recommended that it is important for the companies to develop and sustain a proper marketing practice. In addition to directly affecting firm performance, a strong marketing practice contributes to both incremental and radical innovation, helping to balance the firm's portfolio of offerings and achieve continuous success while reducing risk. A strong marketing practice may also influence the decisions of new product development teams and other organizational gatekeepers that are critical to the success of radical innovations.

The study established that business environment influence the performance of the companies. It is therefore recommended that firms would do well to pay close attention to the environment so as to be innovative and develop competitive products and come up with strategies that will enable the organisation to be competitive. Marketing practice and business environment will help the alcohol firms be truly effective in developing greater performance in a highly competitive market place. Therefore, management should develop structures and procedures to promote connections throughout the organization with an eye to innovation.

5.6 Suggestions for further Research

The study was undertaken on alcohol beverage companies and it is recommended that future studies on market practices on the firms or any type of firms or organizations should use both subjective and objective measures of performance so that the relationship between the two can be investigated as these was not tested in the context of the alcohol beverage firms in Nairobi.

The replication of this study in other sectors in the service industry, the manufacturing sector, non-profit making organizations, government ministries, departments and agencies or a combination of the industries and organizations can give a more detailed view of the nature of the relationship identified in the study. The replication of this study in other countries especially in the Sub-Saharan region would demonstrate the universality and significance of the marketing practice and performance relationship in general and on the performance of service firms in particular.

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Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions.

Section A: Demographic Characteristics of Respondents

1. Name of the alcohol company (Optional)………………………………….

2. What is your position in the company…………………………………….

3. What is your highest level of education qualification?

    a) Post graduate level   ( )

    b) University   ( )

    c) Tertiary College   ( )

    d) Secondary   ( )

4. Length of continuous service with the company?

    a) Less than five years   ( )

    b) 5-10 years   ( )

    c) Over 10 years   ( )

5. How many employees are there in your company?

    a) Less than 100   ( )

    b) 100 – 199   ( )

    c) Above 200   ( )

6. How long has the company being operating in Kenya…….

SECTION B: BUSINESS ENVIRONMENT

7. To what extent do you agree with the following regarding the alcohol business environment? Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

Business environment	5	4	3	2	1
The company has invested in innovations to provide quality to its customers					
Technology has contributed to the performance of the company					
The Government policies have affected the pricing strategies in your company					
The Economic blocks have given your firm a competitive advantage					
The political environment has affected sales and distribution of your products					
Change of the social cultural trends has influenced the business positively					
Marketing Practices					
The company offers quality products to the customers					
The company uses price adjustments as an adaptive mechanism to accommodate changing market conditions					
The company has employed proper distribution systems					
The company has looked into the informative and persuasive communication to reach the customers					

8. To what extent has Business environment and marketing practices influenced the following performance measures of your company? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

Influence of business environment	1	2	3	4	5
Increase the profits of the company					
Increase the company sales volume					
It enhances the purchase of organizational products by the consumer					
Helps in increasing the market share of the company					

It enhances the organization relationship with its customers (customer retention)					
Business environment enables the company to be innovative					
Increased return on investment					
Influence of Marketing practices					
Increase the profits of the company					
Increase the company sales volume					
It enhances the purchase of organizational products by the consumer					
Helps in increasing the market share of the company					
It enhances the organization relationship with its customers (customer retention)					
Marketing practices enables the company to be innovative					
Increased return on investment					