THE INFLUENCE OF STRATEGIC MARKETING PRACTICES ON THE PERFORMANCE OF MOTOR COMPANIES IN KENYA

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DECLARATION

I hereby certify this research project as my original work and have not been presented for examination in any other institution of higher learning.

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

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DEDICATION

I dedicate this work to family for the sacrifice they made for me to complete this project. Their love, care, concern, support, encouragement and enthusiasm inspired me to achieve this goal.

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I take this opportunity to thank God for good health and for bringing me this far. I also want to extend special gratitude to my supervisor, for the great partnership we made. His guidance, encouragement and patience in reading, correcting, re-reading and refining this work is commendable.

ABSTRACT

This study sought to establish the influence of strategic marketing practices on the performance of motor companies in Kenya. The objectives of this study were to establish influence of strategic marketing practices on the performance of motor industry in Kenya and to determine the challenges experienced by motor companies in implementing strategic marketing practices in Kenya. The study adopted a cross sectional research methodology to examine the influence of strategic marketing practices on performance of Kenya automotive companies in an attempt to attain their desired level of performance. The study focused on the registered motor companies in Kenya Motor Industry Association.

The respondents were either the sales and marketing managers or the general managers of the motor companies. The study administered one questionnaire to each company. The data was collected using a self administered questionnaire. Data was then be summarized, coded and entered in a computer aided tool for analysis that is; Statistical Package for Social Sciences (SPSS) which generated descriptive statistics such as means, standard deviation and frequency distribution which was used to analyze the data. SPSS was used to perform the analysis as it aids in organizing and summarizing the data by the use of descriptive statistics. ANOVA and multiple regression analysis were used to establish the relationship between variables on the dependent variable.

The study found that employee turnover was hindering strategic marketing practices in their companies to a moderate extent. This study therefore recommends that motor vehicle companies should ensure that the satisfaction of their employees. The study also found that most companies were experiencing difficulty in establishing clear priorities and making sure that what is important is what gets done. This study therefore recommends that motor vehicle companies should set their goals and make them known to all the employees.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Kenya's Motor Sector has undergone major transformations since the advent of Structural Adjustment Programmes (SAPs) in the 1990s that advocated for liberalization, which replaced policies pursued earlier on, such as "Import Substitution". The opening up of the Kenyan economy caught some players in the Motor Sector unprepared to face competition. In addition, the Kenyan economy has been performing dismally, registering negative 0.2 growth rate in 2000. This performance of the economy coupled with high interest rates and depreciation of the Kenya shilling, has reduced the purchasing power of the average Kenyan making the vehicles, and particularly new vehicles less affordable (IEA, 2002).

The role of marketing in business organizations has not remained stable through time (Gardner and Thomas, 1985; McGee and Spiro, 1988; Webster, 1988, 1992; Grönroos, 1994; Thomas, 1994; Brown, 1997); rather, it has evolved quite markedly, passing from a concentration on very specific aspects of business management to the use of decision-making models of great complexity (Day and Wensley, 1988; Mckenna, 1991; Hunt, 1994; Saunders et al., 1996). This process of change has taken place in parallel with an extension of the ambit in which marketing is studied and as a consequence of its interaction with other disciplines, such as planning or strategic management.

Several authors (Lambin, 1993; Kotler, 1994) have reflected on this evolution in the adoption of the concept of marketing by firms. In fact, there is a clear parallelism in the approaches developed by these authors and one can note how the development of marketing activities has taken place in parallel with the needs of the firm. These needs have emerged simultaneously with the degree of rivalry that exists in the market and with the progressively more sophisticated tools employed in business management. In summary, these approaches illustrate the marked evolution experienced by the concept of marketing and its application in the business organizations, with ever greater importance being given to the strategic aspects and to the integrated character of marketing activities.

1.1.1 The Concept of Strategy

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2007). The days when firms could simply wait for clients to beat a path to their door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Kotler, 2001).

Strategy refers to the machinery of the resources and activities of an organization to the environment in which it operates (Johnson and Scholes 2002). According to Ansoff and McDonnell (1990), it is through Strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness, and secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategic implementation.

According to Strickland et al (2007), a company's strategy is managements' action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance. (Johnson and Scholes, 2008), define strategy as the search for strategic fit with the business environment. This could require major resource changes for an organization in the future. According to Mintzberg et al (2006), the word strategy has long been used implicitly in different ways even if it has traditionally been defined in only one. Explicit recognition of multiple definitions can help people to maneuver through this difficult field. Accordingly, strategy can be seen as a plan, play, pattern, position and perspective.

A strategy of a corporation forms a comprehensive modern plan that states how the organization will achieve its mission and objectives, it maximizes competitive advantage and minimizes competitive disadvantage (Wheelen and Hunger, 2008). Grundy (1995) proposes that strategy is about getting from where you are now to a place where it is worthwhile being. Strategy is also about getting there through competitive advantage, with least difficulty and in least time. According to Bateman and Zeithmal (1993), a strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. Some organizations may implement strategies that change or influence the external environment. The strategy an organization implements should be directed toward building strengths in areas that satisfy the wants and needs of consumers and other key actors in the organizations' external environment.

Within an organization, there are different types of strategy (Johnson and Scholes, 2008). Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts (business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units, and how resources are to be allocated between different parts of the organizations.

The second level can be thought of as business level strategy which is about how to compete successfully in particular markets or how to provide best value services in the public services. This concerns which products or services should be developed in which markets and how advantage over competitors can be achieved in order to achieve the objectives of the organization. Perhaps long term profitability or market share growth (Johnson and Scholes, 2008).

The third level of strategy is at the operating end of the organization. These strategies are called operational strategies, which are concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people (Johnson and Scholes, 2008).

1.1.2 Strategic Marketing

The concept of strategic marketing is used in various ways and different definitions have been established. For instance, StratMark project has defined strategic marketing as deeply customer-oriented concept focusing on the top management's long-term vision for competitive advantage through product innovation, other functions being fully subservient to this process. While customers are at the core of all thinking, innovation orientation must stem from the Organization

(Vassinen, 2006). From the StratMark perspective, therefore, both inside-out and outside-in orientations are of great importance in strategic marketing.

Marketing strategy provides the avenue for utilizing the resources of an organization in order to achieve its set goals and objectives. Generally, marketing strategy deals with the adapting of marketing mix-elements to environmental forces. It evolves from the interplay of the marketing mix elements and the environmental factors (Li *et. al.*, 2000). Therefore, the function of marketing strategy is to determine the nature, strength, direction, and interaction between the marketing mix- elements and the environmental factors in a particular situation.

Marketing practice, however, has not waited for consistent explanations of consumer behaviour to emerge. Through trial and error, practice is always seeking ways of eliciting consumer response – even if, and in case of some marketers and advertisers, especially if – the consumer's behaviour is inexplicable. For example, the application software industry is in a continual turmoil as new companies and new programs try to destablilize and upstage popular application packages. This is also the case in popular culture industries such as music videos where genres and groups try continuously to upstage each other, making the extremization of everything a useful competitive strategy appealing to the changeable consumer (Li *et. al.*, 2000).

1.1.3 Organization Performance

Organizational performance, as proposed in the model, consists of three dimensions: market, customer, and financial performances. Previous research has underlined the effectiveness of measuring all aspects of performance relevant to organization's existence and success (Kaplan and Norton, 1996; Hillman and Keim, 2001; Hooley et al., 2003; O'Regan and Ghobadian, 2004). Neill and Rose (2006) suggest that strategically complex organizations may engage in more improvisation and consideration of multiple perspectives than strategically simple organizations and may therefore be expected to achieve higher levels of performance. They tested these propositions using data from a sample of wholesale distributors in three industries providing a range of product types, technical complexity and customer type. Their findings confirm that strategically complex organizations consider multiple perspectives in formulating strategy and produce superior customer-based performance.

Organizations face an increasingly dynamic, complex and unpredictable environment, where technology, globalization, knowledge and changing competitive approaches impact on overall performance (Asch and Salaman, 2002; Hitt et al., 2001; Scott, 2000). The degree and complexity of the current changing environment is driving firms, both large and small, to seek new ways of conducting business to create wealth (Stopford, 2001). More and more firms are turning to a strategic approach as the way forward.

1.1.4 The Automotive Industry in Kenya

Kenya's automobile market is dominated by Toyota (East Africa), Cooper Motors Corporation (CMC), General Motors (GM), Simba Colt and DT Dobie, among others. At present, Japanese automaker Toyota makes up about 65 per cent of the market, primarily through second-hand dealerships. General motors East Africa Ltd is the largest motor vehicle assembler of Isuzu and Chevrolet brands in East and Central Africa and one of the leading Motor Vehicle distributors in Kenya. CMC Holdings, a publicly-listed Kenyan car manufacturer, has a large East African presence and exclusive distribution agreements for a range of heavy duty and high-end vehicles, including Land Rover, Volkswagen and the Nissan Diesel range of trucks (PWC, 2012).

The Kenya Motor Industry Association (KMI), the representative body of the corporate participants in the motor industry, has been lobbying hard to reverse this trend. Some of these measures have helped the industry recover from its lowest point in 2000, when only 5,869 units were sold. On their part, the companies themselves have become more innovative in responding to customer needs (PWC, 2012).

In Kenya the established dealers face intense competition from imported second-hand vehicles, mainly from Japan and United Arab Emirates. These imports now account for about 70% of the market (PWC, 2012). The last decade witnessed a significant decline in the number of new vehicles sold in the country. There has been a steady recovery in the last four years, but the numbers achieved still fall far short of the numbers recorded a decade ago.

1.2 Research Problem

Within marketing, there has been great interest in market orientation as an intangible factor that has an effect on organizational performance (Homburg *et al.*, 2003). Market orientation is the business culture that produces performance by creating superior value to customers (Slater and

Narver, 2000). Organizations must constantly innovate in every aspect of their business operations in order to compete and survive in the competitive market place. Customers today are highly informed and more demanding than before. Responsiveness to customer needs and changing market conditions become important for the success of firms and calls for the introduction of new products and services together with innovation capacity for a firm. Firms should therefore know that strategic marketing is a crucial in the management of competition and fulfilling the need of their customers.

Previous studies done both locally and internationally on strategic marketing have not focused on the influence of strategic marketing practices on the performance of motor companies in Kenya. A study by Abdallah (2001) focused on an empirical investigation of the strategic marketing practices of the soft drink industry in Kenya; Kimani (2002) researched on product strategy in the marketing of financial services was a survey in the commercial banking sector in Kenya. On the other hand, Nzili (2003) evaluated the strategic marketing and performance of NGOs in Kenya. Anyika (2007) studied on the marketing strategies applied by the major motorcycle marketing firms in Kenya; and in the same year, Emily (2007) conducted a research on the use of internet marketing by firms in the motor industry in Kenya. The overall results suggested that strategic marketing is a driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets.

Though the past studies have focused on different factors that may influence the performance an organization, it is important to evaluate also the influence strategic marketing in the performance of an organization. In order to formulate and implement effective and efficient goal actualization and inter-industry marketing commitment in product distribution, motor companies should have a thorough and continuous understanding of the relevant environment that impacts on their marketing strategies. The researcher was motivated by the knowledge gap that exists to carry out a research on the influence of strategic marketing practices on the performance of motor companies in Kenya.

1.4 Objectives of the Study

The research was guided by the following objectives,

i) To establish influence of strategic marketing practices on the performance of motor industry in Kenya.

ii) To determine the challenges experienced by motor companies in implementing strategic marketing practices in Kenya.

1.5 Value of the Study

The study was based on the motor companies in Kenya. The outcome of the study would enlighten the managers on marketing strategies that would enhance the performance of their Organization both in external and internal environments.

The study would enlighten the public on the marketing strategies used by the motor vehicle companies. This information was of high value to the potential vehicle buyers as it will help them make informed choices.

The study findings would provide important information on the challenges which affect the implementation of the marketing strategies by the Motor vehicle companies in Kenya. This was helpful to the managers as they used the information to come with better strategies to deal with the challenges.

The study findings added value to the existing body of information and literature. This acted as a future reference for the scholars and academicians who were doing other studies related to the strategic marketing practices in motor vehicle industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter brings out the literature review related to the objectives of the study .Literature from related studies has also been reviewed. It also has conceptual framework on the study.

2.2 Strategic Orientation

Strategies may differ depending on the unique situation of the individual business. However there are a number of ways of categorizing some generic strategies. Strategies based on market dominance - In this scheme, firms are classified based on their market share or dominance of an industry as either: Leader, Challenger, Follower or Nicher Porter generic strategies - strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm’s sustainable competitive advantage. The generic strategy framework (Porter 1984) comprises two alternatives each with two alternative scopes. These are Differentiation and low-cost leadership each with a dimension of Focus-broad or narrow.

Market segmentation innovation strategies; deal with the firm's rate of the new product development and business model innovation. It asks whether the Organization is on the cutting edge of technology and business innovation. There are three types: Pioneers, Close followers and late followers. On the other hand, growth strategies scheme pose the question on; “How should the firm grow?” There are a number of different ways in which a firm can grow, but the most common are: Horizontal integration , Vertical integration and Diversification.

Strategic orientations have been discussed in both marketing and strategic management. Strategic orientations are the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business (Gatignon and Xuereb, 1997). They often reflect the beliefs and mental models of the senior executives (Hitt *et al.*, 1997). Previous research has suggested various typologies of strategic orientations. Two well-known typologies are Miles and Snow's (1978) (e.g. prospectors vs defenders) and Porter's (1980) (e.g. a differentiation strategy vs a low-cost one). Others include, for example, an external orientation vs. an internal one, and an opportunity seeking orientation vs a problem avoiding one (Noble *et al.*, 2002). In the context of MO a number of central strategic orientations that contribute to firms' competitive advantage and performance beyond MO. These include innovation, learning, entrepreneurial, and employee orientations.

Innovation orientation (often labeled technological or product orientation) is present when organizations implement new ideas, products or processes (Lukas and Ferrell, 2000). It is associated with investments in technological leadership and with high quality products. Innovation positively affects firms' long-term success as it enhances organizational flexibility, willingness to change, and the introduction of new products while decreasing organizational inertia (Hult *et al.*, 2004).

Learning orientation has to do with the development of knowledge in the organization. It is an organizational characteristic that affects a firm's propensity to value learning that leads to a change in basic organizational norms and values, and is the result of a proactive organizational behavior (Hult *et al.*, 2004). The adoption of a learning orientation is associated with better organizational performance as it leads firms to constantly question long-held assumptions about fundamental operating philosophies, examining firms' “mental model” and “dominant logic”. This, in turn, enables firms to create knowledge and competencies, and better respond to their environment (Liu *et al.*, 2002).

Entrepreneurial orientation reflects the firm's degree of risk taking, proactiveness and aggressiveness with respect to innovation (Bhuian *et al.*, 2005). Entrepreneurial values enhance organizational transformation and renewal, can help build new competencies, and create new businesses within the existing business. They allow firms to capitalize on emerging opportunities, and therefore are an important driver of new products and organizational growth (Luo *et al.*, 2005).

Employee orientation relates to firms' internal focus on human resources, putting employees' well-being and satisfaction before other stakeholders (Harris and Ogbonna, 2001). Employee-oriented firms are characterized by de-centralized decision-making processes, investments in employees' development, and delegation of responsibility. These are likely to increase organizational members' satisfaction, motivation, and organizational commitment. Previous research has demonstrated the positive effect of employee orientation on performance, suggesting that satisfied, motivated and committed employees create satisfied and loyal customers, which, in turn, are likely to increase the firm's stream of revenues (Harris and Ogbonna, 2001).

2.2.1 Market orientation, strategic pro-activeness and Business Performance

The relationship between market orientation and business performance has received particular attention in recent research with interesting variation in findings, especially with regards to the magnitude and direction of the relationship (Kirca *et al.*, 2005). The predominant view is that market orientation is positively related to business performance (Slater and Narver, 1994). Studies have indeed concluded that market orientation provides a firm with market sensing and customer linking capabilities that lead to superior organizational performance (Hult and Ketchen, 2001). In terms of the customer related benefits, market orientation has been found to enhance customer satisfaction and loyalty because market-oriented firms are well positioned to anticipate customer needs and to offer goods and services to satisfy those needs. Innovativeness and product performance benefits have also been associated with market orientation.

Despite the predominant view regarding market orientation, some research points to non significant or even negative effects for the relationship with business performance (Sandvik and Sandvik, 2003). The negative effects of market orientation are evident in companies which listen too much to their customers, invest aggressively in technology and provide more products according to stated customer needs. This proposition is in line with results from Glazer and Weiss (1993) who report that intensive, formal intelligence related activities are negatively related to performance in a fast moving environment.

Research has also resulted in conflicting results with regards to how moderators affect the relationship in question (Grewal and Tansuhaj, 2001). Aiming to provide further insight into the relationship, Atuahene-Gima *et al.* (2005) studied the sub-constructs (dimensions) of market orientation and their relationship to new product program performance. A meta-analytic study of market orientation research by Kirca *et al.* (2005) supports the predominantly positive relationship between market orientation and performance (both direct and mediated) but points to context specificities such as the target sample characteristics. The sample characteristics appear to affect the strength of the relationship with manufacturing firms exhibiting higher market orientation – performance associations than service firms, possibly because of the higher levels of customization that service firms require.

Beyond market orientation performance benefits, strategic proactiveness is also considered as a performance contributor. These orientations and their relationship with business performance have been extensively researched in the past, albeit in separate contexts. For this study, strategic proactiveness is an action orientation toward taking risks and relates to a forward looking outlook where firms actively seek out and exploit opportunities to introduce new products, anticipate change and generate first-mover advantages that shape market direction (Matsuno et al., 2002). The strategic proactiveness approach considers the possibility that individuals and organizations shape their environments through their own actions (Krueger, 1993). It enables a firm to seize initiatives, take some risks and act on recognized opportunities attempting to influence trends and, perhaps, even create demand (Lumpkin and Dess, 1996). Proactiveness has been indicated as a contributor to superior firm performance (Hult and Ketchen, 2001). A firm engaged in strategic proactiveness will be predisposed towards identifying new market opportunities and assume action on those opportunities resulting in an increased level of both intelligence generation and responsiveness (Kohli and Jaworski, 1990).

2.3 Strategic Marketing Models

Today marketing personas are used to understand customers and communicate that understanding to employees and other stakeholders. A marketing persona is a story written about each customer segment that your organization serves. The persona in the story is given a person's name, and the story describes the customer type's attitudes, likes, dislikes and needs. Creating and sharing marketing personas makes it easier for everyone to understand, empathize with, and make better decisions about the customers you serve.

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is well known and easy to understand. The SWOT analysis incorporates action items with the analysis, making the tool more action-oriented. It tells exactly where the Organization is and what it is doing to move forward.

To develop a plan or find a solution that takes into consideration many different internal and external factors, and maximizes the potential of the strengths and opportunities while minimizing the impact of the weaknesses and threats. While developing a strategic plan or planning a solution to a problem, after you have analyzed the external environment (for example, the culture, economy, competition, technical ability, sources of funding, demographics, etc.). SWOTs can be performed by managers, designers or by the entire project team. Group techniques are particularly effective in providing structure, objectivity, clarity and tend to focus discussions about strategy that might otherwise tend to wander (Bartol *et al.,* 1991).

A Balanced Scorecard initiative begins with identifying strategies derived from the organization's vision and mission. Strategic themes are then developed by viewing the vision and mission statements from four distinct perspectives: Financial, Internal Processes, Customers, and Learning and Growth (Kaplan & Norton, 2004).

While private sector companies emphasize measuring success through financial measures, nonprofits also need to monitor budgets and expenses. The first perspective, the financial perspective, defines financial strategic objectives and financial performance measures that provide evidence of whether or not the company's financial strategy is yielding increased profitability and decreased costs. This view also captures how the organization must look to customers in order to succeed and achieve the organization's mission. In the private sector, achieving financial strategic objectives is the primary means to realize the company's mission.
However, financial performance is complemented and impacted by three other perspectives: Internal Processes, Customers, and Learning and Growth.
The second perspective, Internal Processes, represents the impact of product and service quality and helps identify which internal business processes must operate with excellence in order to satisfy customers. Internal process metrics are then developed, which communicate the level of product quality through the monitoring of in-process metrics, as well as measuring productivity associated with the number of units produced or services provided (Brown, 1996). Metrics defined for the Internal Process perspective are those that can be associated with satisfying

customers and delivering value. As a result, delivering value to the customer with excellence yields a stronger financial performance for private sector organizations. However, for nonprofits, realizing excellence in internal operations correlates to increased constituent or congregant satisfaction, not financials (Niven, 2003).

The third perspective, Customers, represents another view of internal operations that has a cause-and-effect relationship with the financial perspective and addresses how the organization must appear to customers in order to fulfill the organization's mission. For the profit-driven private sector, the Customer perspective supports the critical financial perspective. However, for nonprofits, it is appropriate that the Customer perspective assumes primacy over the financial perspective due to the critical need for constituent satisfaction. The fourth perspective, Learning and Growth, enables the other three perspectives and defines what type of staff and automation the organization must have in order to achieve the mission, support the internal processes, and satisfy the customers. In some organizations, this perspective may actually be labeled *Enablers*. Strategic objectives and metrics of the Learning and Growth perspective help to identify gaps between current employee skill levels, culture, and supporting information systems and discover the optimum level of operation at which these components become high performing internal processes (Niven, 2003).

2.4 Positioning Strategic Marketing

Vassinen (2006) performed an extensive bibliometric study to examine which concepts have influenced most on strategic marketing discourse. He found those to be (i) the competitive environment, (ii) operational marketing performance and international growth, (iii) the resource-based view of a firm, and (iv) market orientation and performance. The concept of competitive environment culminates in Porter's famous generic competitive strategies (1980) whereas Kotler's marketing concept (e.g. 1999; 2003) is used as a reference in operational marketing. Although terms "strategic marketing" and "marketing strategy" are very close to each considerably different phenomenon; marketing strategy is more about how to conduct operational marketing in long term (Kotler, 2003).

Intuitively, since the concept is not named as "operational marketing" but strategic marketing, suggestion is made that more importance should be put on doing the right things than on doing things right (Drucker, 1966). Nevertheless, at least sufficiently high levels in both efficiency and effectiveness are naturally needed for a business to become successful. It therefore is natural that strategic marketing builds on both “operational” marketing and strategic perspectives, adopting perhaps the best parts out of both of them. Inside-out capabilities could be attributed to either cost leadership or differentiation strategy, perhaps more to cost leadership. Narver and Slater (1990) have supported this view by stating that differentiation strategy, being an external emphasis, is more likely to be pursued by a Organization with a strong market orientation than a low cost strategy.

Focus strategy can be considered as linked with market orientation and outside-in capabilities since those, by increasing Organization’s knowledge on competitive environment and actors in it, may especially lead to successfully taking advantage of lucrative market niches .In fact, Porter’s differentiation strategy is not very far from marketing concept. Kotler (2003) namely describes marketing as a customer-centered concept where the job is not to find right customers for the product but right product for the customer. Further, the key to achieving its organizational goals is Organization being more effective than competitors in creating, delivering and communicating superior customer value to its chosen target markets.

The marketing concept therefore takes an outside-in perspective: it starts with a well-defined market, focuses on customer needs, co-ordinates all the activities that will affect customers, and produces profits by satisfying customers (Kotler, 2003).“Being more effective” and “choosing target markets” in the definition also argues that low cost and focus strategies relate to the marketing concept. Marketing management can be seen as consisting of five steps: (1) research, (2) segmentation, targeting and positioning, (3) marketing mix, (4) implementation, and (5) control (Kotler, 1999). Since the second phase of these is essentially overlapping with the differentiation strategy, we concentrate here on other phases. Research (e.g. market research) relates closely with market orientation and somewhat with outside-in capabilities. Marketing mix (product, price, place and promotion) and implementation, in turn, have heavily to do with inside-out capabilities; good operational performance, for example. In implementation phase information is required to flow freely between Organization functions so also market orientation (more specially, inter-functional coordination) is linked with it. In control phase feedback needs to be collected from the marketplace and corrective actions to be taken based on the information gathered so, all the categories of strategic marketing are involved, especially market orientation and inside-out capabilities.

2.5 Organizational Performance

Performance outcomes result from success or market position achieved (Hooley et al., 2001). Performance can be determined in various ways. It might stand for financial performance, market performance, customer performance or overall performance, the term business performance is mainly used as a general performance measure. Financial performance literally refers to financial measures, such as profit margin and return on investment (ROI). Market performance includes e.g. measures of market share and sales volume. Additionally, superior performance in this study refers to performance that exceeds that of its closest competitors (Hunt and Morgan, 2001). Specially, superior market performance probably, but not necessarily, results in superior financial performance (Hooley et al., 2001).

There are several points of departure that can be used to assess performance of a business. These include, among others, accounting perspective (assessment of financial measures of performance), marketing perspective (assessment of marketing inputs, too) and operations perspective (assessment of effectiveness and efficiency) (Neely, 2002).Apart from purely accounting-based assessment, all the assessment systems are increasingly using non-financial indicators as to help analyses. Especially concept of Balanced Scorecard (BS), introduced by Kaplan and Norton (1992) has been lately applied (situation-sensitively) more than ever.

Examination with a standard BS includes four dimensions: financial, customer, internal business process, and learning and growth. In a way, BS integrates all the distinct points of departure discussed above. In general, performance assessment systems can be viewed as processes with four basic steps: setting a desired performance standard, collecting and communicating information relating to actual performance, comparing this information with the performance standard, and taking corrective action where necessary (Morgan, Clark and Gooner, 2002).Austin and Gittell (2002) further argue that performance should be clearly defined and accurately measured. They however report examples where business performance is high even though these principles are not fulfilled, leading to a conclusion that the theory they provide does not apply to all companies and business environments. Again, luck sometimes creates success.

Although the concept of business performance is easily thought to be simple and unequivocal, this view is not supported by several researchers (e.g. Lebas and Euske, 2002; Clark, 2000). On the contrary, business performance is not just something one observes and measures. It is a relative concept defined in terms of some referent employing a complex set of time-based and causality-based indicators bearing on future realizations.

Above all, performance is about the capability to generate future results. (Lebas and Euske, 2002) Always this has not been considered adequately, however. In these occasions, results typically assume that history repeats itself and for example changing business environment and needs to modify the performance assessment protocol are ignored.

Assessing marketing performance is an increasingly important but unfortunately difficult task for managers and other corporate stakeholders. The difficulty is apparent since marketing performance depends on external, largely uncontrollable actors, such as customer and competitors, as well as on internal measures of performance (Clark, 2002). To ease the complex situation at hand, several simplifications can be made. Sevin (1965) this approach perhaps further than anyone else to propose simple profit-to marketing- expense-ratio measure of efficiency. In this measure, marketing expenses are assumed to turn into profit in a “black box”.

To understand the actual reasons behind success, the “model” clearly is not sufficiently accurate. Some other problems related to Seven’s (1965) marketing performance measure include difficulties in appointing certain costs to marketing, ignorance of time lag between marketing input and its effect upon output and impact of cumulative effects. Due to fact that relationships in marketing are not as straightforward as Sevin (1965) proposes, many later assessment procedures have extended the seminal work of Sevin (Morgan, Clark and Gooner, 2002).What complicates the interpretation and comparison of companies’ marketing performance is that companies face a need to come up with good marketing performance. This influences the selection of marketing metrics and, consequently, “what you measure is what you get” (Ambler, Kokkinaki and Puntoni, 2004). It is, however, crucial to measure the performance since, as they say, “if you don’t measure it, you can’t improve it”.

Other needs are brought up in relation to marketing performance measurement: according to Lehmann (2004), it is a prerequisite in getting marketing function involved to important business decisions. As a consequence of assessment-related difficulties, both academics and managers currently lack a comprehensive understanding of the marketing performance process and factors that affect the design and use of assessment systems within companies (Morgan, Clark and Gooner, 2002). Literature has, using one division, focused on three dimensions of marketing performance: 1) effectiveness, the extent to which organizational goals and objectives are achieved (e.g. marketing productivity analysis); 2) efficiency, the relationship between performance outcomes and the inputs required to achieve them (e.g. marketing audits); and 3) adaptiveness, the ability of the organization to respond to environmental changes (Walker and Ruekert, 1987; Bonoma and Clark, 1988).

Clark (2000) argues that managers have a multidimensional view of marketing performance and they judge performance drawing on all the above-mentioned dimensions, to different degrees. Generally, effectiveness matters most and several measures are often used; sales being the most important. In regard to effectiveness, correct expectations are very important. If those heavily base on previous performance, assumption of future relatively similarly following the past is made; this kind of reactive control approaches can become dangerous especially in markets experiencing fast structural changes (Clark, 2000).

Using another categorizing, literature in strategic marketing has highlighted three measurement orientations relevant to performance assessment: customer-focused indicators, (e.g. customer satisfaction and customer retention); competitor-centered indicators (e.g. relative sales growth and relative market share); and internally oriented indicators (e.g. profitability and ROI) (Morgan, Clark and Gooner, 2002).

Eccles (1991) suggests that companies are better off using current competitor referents than internally oriented past Organization performance. We do not, however, have any empirical knowledge to suggest that the use of any particular performance referent is inherently superior to any other. Vagueness of market metrics selection has led Marketing Science Institute to appoint marketing metrics research as one of its top research priorities in recent years (e.g. Marketing Science Institute, 2004). Ambler, Kokkinaki and Puntoni (2004) performed an empirical study to list marketing metrics most frequently used. The results, with several accounting-based measures at the top of the list, are traditional performance measures, such as profitability, sales volume and gross margin, followed closely by awareness and market share, are used most. Consequently, these results and Proctor’s (2000) proposition that most companies use sales and profitability targets as key elements of their objectives are in line.

Following from the problems in marketing performance assessment analyses, Morgan, Clark and Gooner (2002) came up with two marketing performance assessment (MPA) systems, namely normative and contextual MPAs. The general structural model used in this study closely imitates the normative MPA system and stages of marketing performance process. These four stages are: (1) sources of advantage, or the resources and capabilities of the firm; (2) positional advantages, or the realized strategy of the firm concerning the value delivered to customers and the costs incurred by the firm relative to its competitors; (3) market performance outcomes, or customer and competitor responses to the firms’ realized positional advantages; and (4) financial performance outcomes, that is, the costs and benefits to the firm of the achieved level of market performance (Morgan, Clark and Gooner, 2002).

Stoelhorst and Raiij (2004) studied different schools of thought in marketing and strategic management and their explanations for sources of performance differentials and ended up with rather similar model. They propose the framework for performance differentials between firms to be: Innovation à Resources à Business process efficiencies à Positional advantages à Performance outcomes. Morgan, Clark and Gooner (2002) suggest that effective MPA systems could be important in generating future marketing performance and monitoring current marketing performance. Despite several positive sides attached to MPA systems, it is possible that managers create such systems that support their strategies and time span of objectives. Further, Ambler, Kokkinaki and Puntoni (2004) argue that when it is more difficult to evaluate marketing results, more reliance is probably placed on marketing expenditure controls. Specialist marketers would therefore be likely to propose metrics that justify budgets and past activities.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that will be followed in completing the research. It involves a blueprint for the collection, measurement and analysis of data. Specifically the following subsections were included; research design, target population, data collection, and finally data analysis.

3.2 Research Design

This study adopted a cross sectional research methodology to examine the influence of strategic marketing practices on performance of Kenya automotive companies in an attempt to attain their desired level of performance. This was ideal for the study since it gave the current status of the strategic marketing practices.

3.3 Target Population

The study focused on motor companies registered by the Kenya Motor Industry Association. As at March 2012 there were twenty eight (28) motor companies registered as members in KMI (see Appendix I). All the companies listed were considered as participants in the study. The respondents involved either the sales and marketing managers or the general managers of the motor companies. The study administered one questionnaire to each company.

3.4 Data Collection

Data was collected using a self administered questionnaire. The questionnaire consisted of one part that gathered demographic information of the respondents and the other parts gathered information to answer the research questions of the study. The questionnaires included structured (close-ended) and few unstructured (open-ended) questions to gather opinions from the respondents on open questions. The questionnaires were distributed to the respondents by drop and pick method which was convenient in saving time and it is easier to know when the respondent had completed filling the questionnaire for collection.

3.5 Data Analysis

The collected data was examined and checked for completeness and comprehensibility. The data was then be summarized, coded and entered in a computer aided tool for analysis that is; Statistical Package for Social Sciences (SPSS) which generated descriptive statistics such as means, standard deviation and frequency distribution which was used to analyze the data. SPSS was used to perform the analysis as it aids in organizing and summarizing the data by the use of descriptive statistics.

ANOVA and multiple regression analysis were used to establish the relationship between variables on the dependent variable. The proposed regression model was as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots + e$$

Where Y=performance of the motor vehicle companies

a=constant

$a_{i's}$=coefficients of the variables

$X_{i's}$= variables

e=error term

Data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables. This ensured that the gathered information is clearly understood.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter comprises the analysis of data and discussion of the research findings. The chapter outlines the findings based on the research objectives. This research study sought to establish the influence of strategic marketing practices on the performance of motor companies in Kenya. The objectives of this study were to establish influence of strategic marketing practices on the performance of motor industry in Kenya and to determine the challenges experienced by motor companies in implementing strategic marketing practices in Kenya. Tabulation helped to summarize the data whereas charts were used to present the study results.

The target population was twenty eight (28) motor companies registered as members in Kenya Motor Industry. Out of the 28 respondents, 24 filled and returned their questionnaires representing a 86% response rate. This conforms to Mugenda and Mugenda (2003) argument that a response rate of 50% is adequate for analysis and reporting and a response rate of 70% and over is excellent.

4.2 General information

In the general information the respondents were requested to indicate the ownership of their companies, number of branches/dealership in Kenya, number of employees and duration of existence.

From the findings, 66.7% of the respondents indicated that their companies were locally owned while 33.3% indicated that their companies were foreign owned. From these findings we can deduce that most of the motor companies in Kenya are locally owned.

The respondents were also requested tom indicate the duration of time their companies had been in existence. The results are shown in figure 4.2

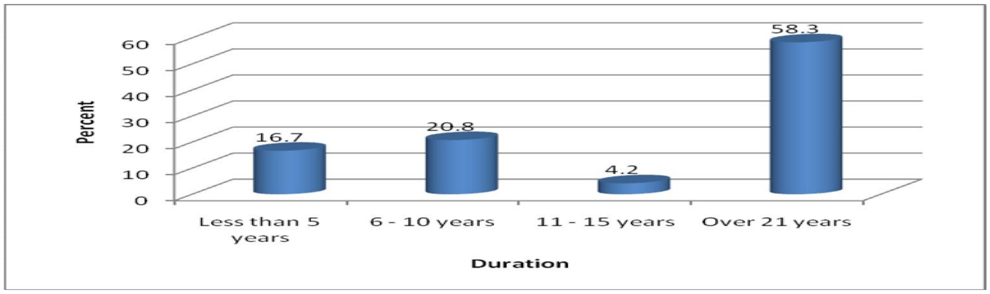

Figure 4. 1 Duration of existence

According to the findings, 58.3% of the respondents indicated that their companies had been in existence for over 21 years, 20.8% had been n existence for between 6 and 10 years, 16.7% indicated that their companies had been in existence for less than 5 years and 4.2% indicated that their companies had been in existence for between 11 and 15 years. These findings clearly show that most of the motor vehicle companies had been in existence for over 21 years.

The respondents were requested to indicate the number of branches/dealership of their companies in Kenya. The results are shown in figure 4.3 below.

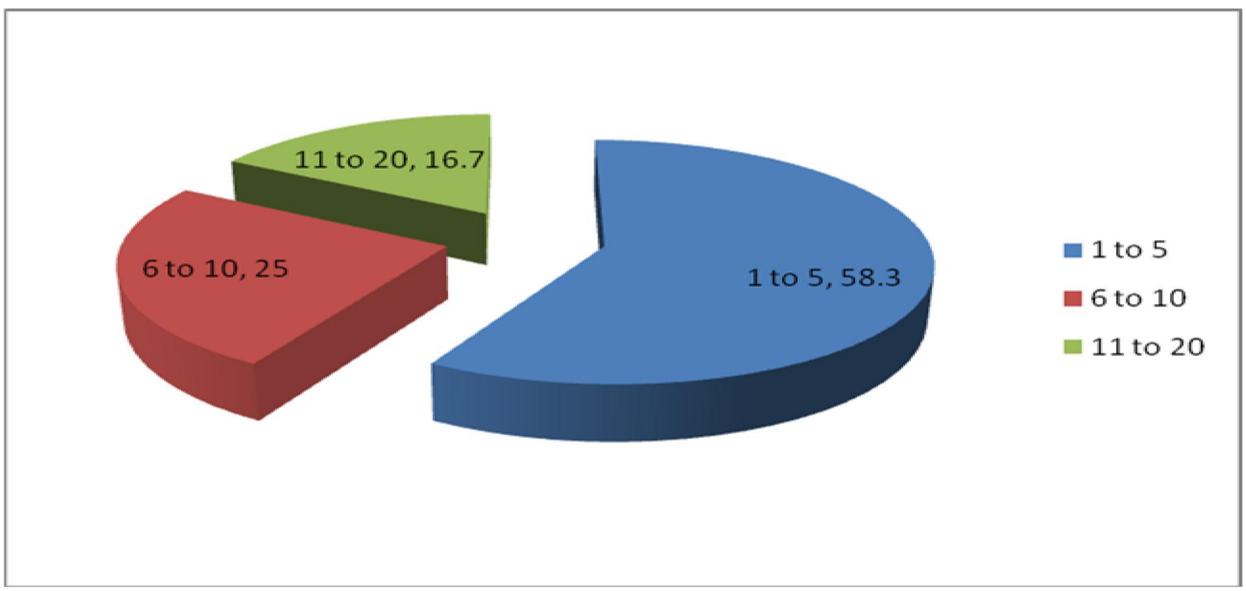

Figure 4. 2 Number of branches/dealership in Kenya

In figure 4.2, 58.3% of the respondents indicated that their companies had between 1 and 5 branches, 25% had between 6 and 10 branches and 16.7% had between 11 and 20 branches.

From these findings we can deduce that most of the motor companies in this study had between 1 and 5 branches.

The respondents were requested to indicate the number of employees in their organization. The results are shown in figure 4.3.

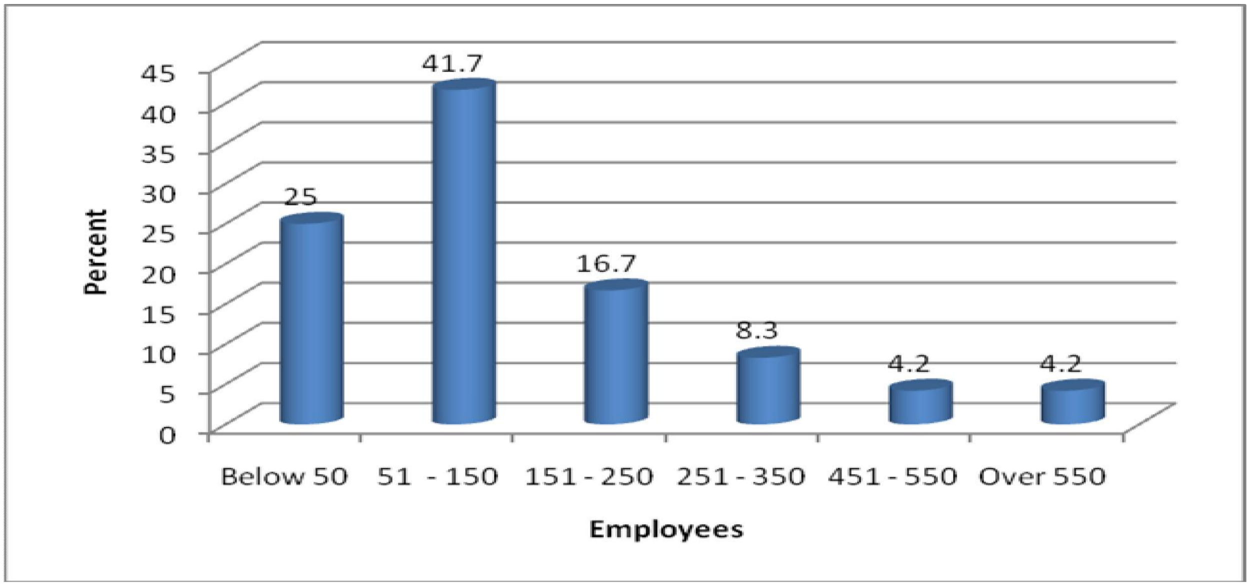

Figure 4. 3 Number of employees

According to the findings in figure 4.3, 41.7% of the respondents indicated that their companies had between 51 and 150 employees, 25% indicated that their companies had below 50 employees, 16.7% indicated that their companies had between 151 and 250 employees, 8.3% indicated that their companies had between 251 and 350 employees, 4.2 % indicated that their companies had between 451 and 550 employees and the same percentage indicated that their companies had over 550 employees. From these findings we can deduce that most of the motor vehicle companies had between 51 and 150 employees.

4.3 Influence of strategic marketing practices on motor industry performance

The study sought to find out the influence of strategic marketing practices on the performance of motor industry in Kenya. A five point Likert scale was used to interpret the respondent's responses. According to the scale, those strategies which were not considered at all were awarded 1 while those which were considered to a very great extent were awarded 5. Within the continuum are 2 for low extent, 3 for moderate extent and 4 for great extent. Mean (weighted average) and standard deviation were used to analyze the data. According to the researcher those strategies with a mean of above 2.5 were rated as to a great extent while those with a mean less than 2.5 were rated to a low extent or even not considered at all. On the same note the higher the standard deviation the higher the level of dispersion among the respondents. The results are shown in table 4.1

Table 4. 1: Influence of the strategic practices

	Mean	**Std. Deviation**
(Product design)The company sells designs to fetch and retain customers	4.3333	.76139
(Pricing)The company prices her products/services optimally	4.1667	.76139
(Promotion)The company promotes her products intensively to expand her market share	3.8333	1.04950
(Placement)The company has distributed her products and services largely in Kenya to acquire many customers	3.8333	1.09014
(Process)The processes and procedures for purchasing products have been made easy for customers	3.7083	1.12208
(People)The company has focused on the needs of customers in Kenya	4.0000	1.02151

As indicated in table 4.1, the respondents indicated with a mean of 4.3333 and a standard deviation of 0.76139 that their companies recognized the influence of product design to a great extent since their companies used designs to fetch and retain customers. The respondents also indicated with a mean of 4.1667 and a standard deviation of 0.76139 that their companies recognized the influence of pricing to a great extent since their companies priced their products/services optimally. In addition, the respondents indicated with a mean of 4.0000 and a standard deviation of 1.02151 that their companies recognized the influence of people to a great extent since their companies had focused on the needs of customers in Kenya. Further, the respondents indicated with a mean of 3.8333 and a standard deviation of 1.04950 that their companies recognized the influence of promotion to a great extent since their companies promoted their products intensively to expand her market share. The respondents also indicated with a mean of 3.8333 and a standard deviation of 1.09014 that their companies recognized the influence of placement to a great extent since their companies distributed their products and services largely in Kenya to acquire many customers. Lastly, the respondents indicated with a mean of 3.7083 and a standard deviation of 1.12208 that their companies recognized the influence of process since processes and procedures for purchasing products have been made easy for customers

The study sought to find out the Marketing forces and the performance of the strategic marketing practices of motor industry in Kenya. The results are shown in table 4.2

Table 4. 2: Marketing forces and the performance of the strategic marketing practices

	Mean	Std. Deviation
Markets product diversity	4.1250	.79741
Markets geographic diversity	3.7083	1.08264
Markets level of product information	3.9167	1.01795
Markets diversity of promotional media	3.5833	.97431
Competition: Intensity of rivalry	4.0000	.93250
Competition: Inability to influence market conditions	3.5417	.65801
Competition: Average profitability of the principal market	3.4583	.77903
Competition: Entry barriers to the principal market	2.9167	.71728
Competition: With major distributors	3.2917	1.12208

Table 4.2 shows the extent to which the stated marketing forces had determined the level of performance of the strategic marketing practices adopted in their company. From the findings, the respondents indicated with a mean of 4.1250 and a standard deviation of 0.79741 that markets product diversity determined the level of performance of the strategic marketing practices adopted in their company to a great extent. In addition, the respondents indicated with a mean of 3.9167 and a standard deviation of 1.01795 that markets level of product information determined the level of performance of the strategic marketing practices adopted in their company to a great extent. Further, the respondents indicated with a mean of 3.7083 and a

standard deviation of 1.08264 that markets geographic diversity determined the level of performance of the strategic marketing practices adopted in their company to a great extent. The respondents also indicated with a mean of 3.5833 and a standard deviation of 0.97431 markets diversity of promotional media determined the level of performance of the strategic marketing practices adopted in their company to a great extent.

In relation to competition, the respondents indicated with a mean of 4.0000 and a standard deviation of 0.93250 that intensity of rivalry determined the level of performance of the strategic marketing practices adopted in their company to a great extent. In addition, the respondents indicated with a mean of 3.5417 and a standard deviation of 0.65801 that inability to influence market conditions determined the level of performance of the strategic marketing practices adopted in their company to a great extent. The respondents also indicated with a mean of 3.4583 and a standard deviation of 0.77903 that average profitability of the principal market determined the level of performance of the strategic marketing practices adopted in their company to a moderate extent. Further, the respondents indicated with a mean of 3.2917 and a standard deviation of 1.12208 that with major distributors determined the level of performance of the strategic marketing practices adopted in their company to a great extent. Finally, the respondents indicated with a mean of 2.9167 and a standard deviation of 0.71728 that entry barriers to the principal market determined the level of performance of the strategic marketing practices adopted in their company to a moderate extent.

The study sought to find out the extent to which companies succeeded in implementing the sated aspects of strategic marketing practices of motor industry in Kenya. The results are shown in table 4.3

Table 4. 3: Implementing of aspects of strategic marketing practices

	Mean	Std. Deviation
Developing strategies that offset threat of new entrants into the motor industry	3.3333	.76139
Formulation of strategies that improve the pricing power of the company	3.7917	.72106

Developing customer-focused strategies that lead to provision of quality services	4.0833	.88055
Enhancing both corporate a and brand image through effective strategic plans	3.8333	.96309
Investing in human resource through appropriate strategic planning measures	3.8333	.81650
Inclusion of quantifiable performance measurements in the strategic marketing	3.8333	.96309
Formulation of clear guidelines on monitoring and evaluation to ensure that effective strategic marketing plans are fully implemented	3.6667	.76139

Table 4.3 shows the extent to which companies succeeded in implementing the sated aspects of strategic marketing practices. From the findings, the respondents indicated with a mean of 4.0833 and a standard deviation of 0.88055 that their companies had succeeded in developing customer-focused strategies that lead to provision of quality services to a great extent. The respondents also indicated with a mean of 3.8333 and a standard deviation of 0.96309 that their companies had succeeded in enhancing both corporate and brand image through effective strategic plans to a great extent. Further, the respondents indicated with a mean of 3.8333 and a standard deviation of 0.81650 that their companies had succeeded in investing in human resource through appropriate strategic planning measures to a great extent. The respondents also indicated with a mean of 3.8333 and a standard deviation of 0.96309 that their companies had succeeded in the inclusion of quantifiable performance measurements in the strategic marketing to a great extent. The respondents also indicated with a mean of 3.7917 and a standard deviation of 0.72106 that their companies had succeeded in the formulation of strategies that improve the pricing power of the company. The respondents also indicated with a mean of 3.6667 and a standard deviation of 0.76139 that their companies had seceded in the formulation of clear guidelines on monitoring and evaluation to ensure that effective strategic marketing plans are fully implemented to a great extent. Lastly, the respondents indicated with a mean of 3.3333 and a standard deviation of 0.76139 that their companies had succeeded in developing strategies that offset threat of new entrants into the motor industry to a moderate extent.

4.4 Challenges experienced in implementing strategic marketing practices

The study sought to determine the challenges experienced by motor companies in implementing strategic marketing practices in Kenya. The results are shown in table 4.4

Table 4. 4: Factors hindering strategic marketing practices in the motor industry

	Mean	Std. Deviation
Competition in the industry	4.0833	.58359
Political influence	3.3750	.92372
Legal forces	2.7083	.90790
Technological changes	3.5000	1.14208
Financial constrains	2.6667	1.09014
Lack of skilled employees	2.4583	.83297
Employee turn over	2.6667	.96309
Difficulty establishing clear priorities and making sure that what is important is what gets done	2.6667	.91683
Inability to keep focus on what truly important as crisis after crisis is dealt with	2.4583	.83297
Difficulty keeping the market strategy alive and in front of management and staff on a day to day basis	2.5000	.83406
Trouble keeping track of exactly what's been done ,what's yet to be done ,what's going to get done and what's not going to get done	2.2083	.77903

Table 4.4 shows the extent to which the stated factors hinder strategic marketing practices motor industry. According to the findings, the respondents indicated with a mean of 4.0833 and a standard deviation of 0.58359 that competition in the industry was hindering strategic marketing practices in their companies to ma great extent. The respondents also indicated with a mean of 3.5000 and a standard deviation of 1.14208 that technological changes were hindering strategic marketing practices in their companies to ma great extent. Further, the respondents indicated

with a mean of 3.375and a standard deviation of 0.92372 that political influence was hindering strategic marketing practices in their companies to a moderate extent.

The respondents also indicated with a mean of 2.7083 and a standard deviation of 0.90790 legal forces were hindering strategic marketing practices in their companies to a moderate extent. The respondents further indicated with a mean of 2.6667 and a standard deviation of 0.96309 employee turnover was hindering strategic marketing practices in their companies to a moderate extent. The respondent also indicated with a mean of 2.6667 and a standard deviation of 0.91683 that their companies were experiencing difficulty in establishing clear priorities and making sure that what is important is what gets done. The respondents also indicated with a mean of 2.6667 and a standard deviation of 1.09014 that financial constraints were hindering strategic marketing practices in their companies to a moderate extent.

In addition, the respondents indicated with a mean of 2.5000 and a standard deviation of 0.83406 that their companies were experiencing difficulty in keeping the market strategy alive and in front of management and staff on a day to day basis to a moderate extent. Further, the respondents indicated with a mean of 2.4583 and standard deviation of 0.83297 that lack of skilled employees was hindering strategic marketing practices in their companies to a moderate extent. The respondents also indicated with a mean of 2.4583 and a standard deviation of 0.83297 that their companies were experiencing inability to keep focus on what truly important as crisis after crisis is dealt with. Lastly, the respondents indicated with a mean of 2.2083 and a standard deviation of 0.77903 that their companies were experiencing trouble in keeping track of exactly what's been done, what's yet to be done, what's going to get done and what's not going to get done

4.4.1 Strategic marketing practices and competitive advantage

The respondents were also requested to indicate whether strategic marketing practices in their companies had been successful in enhancing competitive advantage of their companies.

According to the findings, 87.5% of the respondents indicated that strategic marketing practices in their companies had been successful in enhancing competitive advantage while 12.5% indicated that strategic marketing practices in their companies had not been successful in enhancing competitive advantage. From these findings, we can deduce that strategic marketing practices in motor vehicle companies had been successful in enhancing competitive advantage.

4.5 Regression Analysis

The researcher conducted a multiple linear regression analysis so as to determine the relationship between the performance of the motor vehicle companies and the six independent variables; product design, product pricing, product promotion, product placement, product process and people. The regression equation was ($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6}$) was:

Whereby Y = performance of the motor vehicle companies

X1 = product design

X2 = product pricing

X3 = product promotion

X4 = product placement

X5 = product process

X6 = people

Table 4. 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.863	0. 773	0.724	0.4238

As indicated in table 4.6, the six independent variables that were studied, explain 77.3% of the performance of the motor vehicle companies as represented by the R^2. This therefore means that other factors not studied in this research contribute 24.7% of the performance of the motor vehicle companies.

ANOVA was used to test the significance of the model in predicting how product design, product pricing, product promotion, product placement, product process and people influence of motor vehicle companies. The results of the study are shown in table 4.7

Table 4. 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.431	5	1.247	2.353	.0241
	Residual	8.312	19	2.316		
	Total	3.532	24			

The significance value is 0.0241 which is less that 0.05 thus the model is statistically significance in predicting how product design, product pricing, product promotion, product placement, product process and people influence performance of the motor vehicle companies. The F critical at 5% level of significance was 2.353. Since F calculated is greater than the F critical (value = 2.2141), this shows that the overall model was significant.

Table 4. 7: Coefficient of determination

		Unstandardized Coefficients		**Standardized Coefficients**		
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	1.234	1.335		1.615	0.029
	Product design	0.309	0.128	0.265	3.982	0.021
	Product pricing	0.564	0.241	0.076	3.643	0.023
	Product promotion	0.783	0.222	0.186	3.782	0.022
	Product placement	0.654	0.134	0.199	3.472	0.021
	Product process	0.453	0.217	0.167	4.726	0.022
	People	0.305	0.219	0.178	3.231	0.021

The regression equation will be;

$$Y=1.234+0.265X_1 +0.076X_2 + 0.186X_3 + 0.199X_4+0.167\ X_5+0.178X_6$$

The regression equation above has established that taking all factors into account (product design, product pricing, product promotion, product placement, product process and people) constant at zero, the performance of the motor vehicle companies will be 1.234. The findings presented also shows that taking all other independent variables at zero, a unit increase in product design will lead to a 0.265 increase in the scores of performance of the motor vehicle companies; a unit increase in product pricing will lead to a 0.076 increase in the scores of performance of the motor vehicle companies; a unit increase in product promotion will lead to a 0.783 increase in the scores of performance of the motor vehicle companies, a unit increase in product placement will lead to a 0.186 increase in the scores of performance of the motor vehicle companies and a unit increase in product process will lead to a 0.199 increase in the scores of performance of the motor vehicle companies, a unit increase in product placement will lead to a 0.167 increase in the scores of performance of the motor vehicle companies and a unit increase in people will lead to a 0.178 increase in the scores of performance of the motor vehicle companies. This infers that product promotion contribute most to the performance of the motor vehicle companies followed by product placement then product pricing, product process and product pricing while people contributed the least to performance of the motor vehicle companies.

4.6 Discussion of the findings

According to Hult and Ketchen, (2001) market orientation provides a firm with market sensing and customer linking capabilities that lead to superior organizational performance. This aspect of market orientation affects firms in different ways.From the findings of the study, the companies recognize the influence of product design (M=4.333) and pricing products/services optimally (M=4.1667) to a great extent. The respondents also cited that companies focus on the needs of the customers to a great extent (M=4.000). Also the study found that the promotion of products to expand market share is done to a great extent (M=3.8333). The distribution of products and services affect the performance of the companies to a great extent (M=3.8333) also the companies have made processes and procedures for purchasing products easy for customers (M=3.7).

Several strategies and market forces affect companies' performance. From the findings, use of markets product diversity (M=4.125), markets geographic diversity (M=3.7083), markets level of product information (M=3.9167), intensifying competition on rivals (M=4.000) and diversifying through promotional media (M=3.5833) affect the performance of motor industry in Kenya to a great extent. These findings are similar to those of Vassinen (2006), who found that (i) the competitive environment, (ii) operational marketing performance and international growth, (iii) the resource-based view of a firm, and (iv) market orientation as the most likely influencing factors of performance.

Adoption of marketing strategies by the motor industry companies was a guarantee of success, Lebas and Euske, (2002) contend that performance is about the capability to generate future results. Thus strategies are only successful when they produce results. Similarly, some of the strategies adopted by the motor industry companies were very successful and others were not. According to the findings, formulation of strategies aimed at improving the pricing power was successful greatly (M=3.7917), developing customer-focused strategies (M=4.0833), enhancing both corporate and brand image through effective strategic plans (M=3.8333) and investing in human resource through appropriate strategic planning (M=3.8333) were greatly successful in enhancing the performance of the motor industry in Kenya. Also including quantifiable performance measurement in strategic marketing was greatly successful in enhancing the performance of the motor industry companies in Kenya. The difference in level of success depends on external factors, largely uncontrollable actors, such as customer and competitors, as well as on internal measures of performance (Clark, 2002).

According to Brown, (1997) and Thomas, (1994) marketing in business organizations has not remained stable through time. This is because there exists a variety of challenges and forces which derail the progress of the marketing strategies.This study established several challenges which work against the efforts of strategic marketing practices in motor industry. Firstly there is high competition among the companies (M=4.0833) to great extent, there is new technologies which render the old technologies obsolete to a great extent (M=3.5). Politics (M=3.3750), legal forces (M=2.7), financial strains (M=2.6667), employee turnover (M=2.66), sustaining market strategies (M=2.5) to a moderate extent.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a discussion, conclusions and recommendations for practice and further research on the problem. This research study sought to establish the influence of strategic marketing practices on the performance of motor companies in Kenya. The objectives of this study were to establish influence of strategic marketing practices on the performance of motor industry in Kenya and to determine the challenges experienced by motor companies in implementing strategic marketing practices in Kenya.

5.2 Summary of findings

This study found that most of the motor companies in Kenya are locally owned and had been in existence for over 21 years. The study also found that most of the motor companies in this study had between 1 and 5 branches. In addition, most of the motor vehicle companies had between 51 and 150 employees.

The study established that most companies recognized the influence of product design to a great extent since their companies used designs to fetch and retain customers. In addition, most companies recognized the influence of pricing to a great extent since their companies priced their products/services optimally. Further, most companies recognized the influence of people to a great extent since their companies had focused on the needs of customers in Kenya. The study also found that most companies recognized the influence of promotion to a great extent since their companies promoted their products intensively to expand her market share. The study further established that most companies recognized the influence of placement to a great extent since their companies distributed their products and services largely in Kenya to acquire many customers. The study found that most companies recognized the influence of process since processes and procedures for purchasing products have been made easy for customers. According to Kotler (2003) marketing mix (product, price, place and promotion) and implementation, in turn, have heavily to do with inside-out capabilities; good operational performance.

The study found that marketing forces, markets product diversity, markets level of product information, geographic diversity and markets diversity of promotional media determined the level of performance of the strategic marketing practices adopted in their company to a great extent. Vassinen (2006) had earlier performed an extensive bibliometric study to examine which concepts have influenced most on strategic marketing discourse. He found those to be (i) the competitive environment, (ii) operational marketing performance and international growth, (iii) the resource-based view of a firm, and (iv) market orientation and performance.

In addition, the study found that intensity of rivalry, inability to influence market conditions, average profitability of the principal market, major distributors and entry barriers to the principal market determined the level of performance of the strategic marketing practices adopted in their company to a great extent.

The study found that most companies had succeeded in developing customer-focused strategies that lead to provision of quality services to a great extent. In addition, the companies had succeeded in enhancing both corporate and brand image through effective strategic plans to a great extent. Further, the study found motor vehicle companies had succeeded in investing in human resource through appropriate strategic planning measures to a great extent. The study further revealed that companies had succeeded in the inclusion of quantifiable performance measurements in the strategic marketing to a great extent. The study established that most companies had succeeded in the formulation of strategies that improve the pricing power of the company. The study found that most companies had succeeded in the formulation of clear guidelines on monitoring and evaluation to ensure that effective strategic marketing plans are fully implemented to a great extent. The study established that most companies had succeeded in developing strategies that offset threat of new entrants into the motor industry to a moderate extent.

The study found that competition in the industry, technological changes, political influence, legal forces and employee turnover were hindering strategic marketing practices in their companies to a moderate extent. The study found that most companies were experiencing difficulty in establishing clear priorities and making sure that what is important is what gets done. The study revealed that financial constraints were hindering strategic marketing practices in their companies to a moderate extent. In addition, most companies were experiencing difficulty in keeping the market strategy alive and in front of management and staff on a day to day basis to a moderate extent. Further, the study revealed that most companies were experiencing inability to keep focus on what truly important as crisis after crisis is dealt with. The study established that most companies were experiencing trouble in keeping track of exactly what's been done, what's yet to be done, what's going to get done and what's not going to get done. The study revealed that strategic marketing practices in motor vehicle companies had been successful in enhancing competitive advantage.

5.3 Conclusion

This study concludes that product promotion contribute most to the performance of the motor vehicle companies followed by product placement then product pricingproduct process while people contributed the least to performance of the motor vehicle companies. The study established that marketing forces, markets product diversity, markets level of product information, geographic diversity and markets diversity of promotional media determined the level of performance of the strategic marketing practices adopted in their company to a great extent. In addition, the study found that intensity of rivalry, inability to influence market conditions, average profitability of the principal market, major distributors and entry barriers to the principal market determined the level of performance of the strategic marketing practices adopted in their company to a great extent.

The study concludes that competition in the industry; technological changes, political influence, legal forces and employee turnover were hindering strategic marketing practices in their companies to a moderate extent. Most companies were experiencing difficulty in establishing clear priorities and making sure that what is important is what gets done. In addition, most companies were experiencing difficulty in keeping the market strategy alive and in front of management and staff on a day to day basis to a moderate extent. Further, the study revealed that most companies were experiencing inability to keep focus on what truly important as crisis after crisis is dealt with.

5.4 Recommendations

The study recommends the following from its findings,

5.4.1 Recommendation with policy implications and practical applications

Foremost, the study found that employee turnover was hindering strategic marketing practices in their companies to a moderate extent. This study therefore recommends that motor vehicle companies should ensure retention and talent management through effective motivation to the satisfaction of their employees. Also the study found that most companies were experiencing difficulty in establishing clear priorities and making sure that what is important is what gets done. This study therefore recommends that motor vehicle companies should set their goals and make them known, communicate and cascade to all the employees.

Secondly, the study found that most of the companies were experiencing difficulty in keeping the market strategy alive and in front of management and staff on a day to day basis to a moderate extent. This study therefore recommends that motor vehicle companies should establish a marketing department that will keep their marketing strategies running throughout the year.

Finally, the study also established that most companies were experiencing trouble in keeping track of exactly what's been done, what's yet to be done, what's going to get done and what's not going to get done. This study therefore recommends that motor vehicle companies should adopt information technology so as to be able to keep track of their activities.

5.4.2 Recommendations for further Research

This study focused on strategic marketing practices and the researcher recommends further research in the area of the determinants of marketing strategies used by motor vehicle companies in Kenya. The study also recommends further studies in the area of factors affecting the performance of motor vehicle companies in Kenya.

5.4.3 Limitation of the study

The study was motivated to establish influence of strategic marketing practices on the performance of motor industry in Kenya and to determine the challenges experienced by motor companies in implementing strategic marketing practices in Kenya. The study was limited to motor vehicle industry; however this could be as well extended other consumer goods and service industries. The researcher advocates for a longitudinal research to determine the influence of strategic marketing practices on the performance of motor industry in Kenya that would embrace GDP of country in a five to ten strategic plan.

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APPENDICES

Appendix I: Questionnaire

1. Please provide responses to the questions below.

	Company Name:	
	Ownership of the motor company	Locally owned [ ] Foreign owned [ ]
	Duration of existence	
	Number of Branches	

2. What is the extent of influence are the following strategic practices recognized at your company? Tick appropriately using a likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Low extent and 1= No extent at all.

Practice (6 P's)	**Very great extent**	**Great extent**	**Moderate extent**	**Low extent**	**No extent at all**
The company sells quality designs to fetch and retain customers (product design)					
The company prices her products/services optimally (pricing)					
The company promotes her products intensively to expand her market share(promotion)					
The company has distributed her products and services largely in the Kenya to acquire many					

customers(placement)					
The processes and procedures for purchasing products have been made easy for the customers (process)					
The company has focused on the needs of the customers in Kenya(people)					

3. To what extent do you think the following marketing forces have determined the level of performance of the strategic marketing practices adopted in your company? Tick appropriately using a likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Low extent and 1= No extent at all.

Practice	**Very great extent**	**Great extent**	**Moderate extent**	**Low extent**	**No extent at all**
Markets					
Product diversity					
Geographical diversity					
Level of product information					
Diversity of promotional media					
Competition					
Intensity of rivalry					
Inability to influence market conditions					

Average profitability of the principal market					
Entry barriers to the principal market					
With major distributors and customers					

4. To what extent has the company succeeded in implementing the following aspects of strategic marketing practices? Tick appropriately using a likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

	Very great extent	**Great extent**	**Moderate extent**	**Less extent**	**No extent**
Developing strategies that offset threat of new entrants into the motor industry					
Formulation of strategies that improves the pricing power of the company					
Developing customer-focused strategies that lead to provision of quality products					
Enhancing both corporate and brand image through effective strategic plans					
Investing in human resource through appropriate strategic planning measures.					

Inclusion of quantifiable performance measurements in the strategic marketing					
Formulation of clear guideline on monitoring and evaluation to ensure that effective strategic marketing plans are fully implemented					

5. To what extent do the following factors hinder strategic marketing practices in your company and the motor industry in general? Tick appropriately using a likert scale of 5 where 5= Very great extent, 4= Great extent 3= Moderate extent and 2= Less extent and 1= No extent at all.

	Very great extent	**Great extent**	**Moderate extent**	**Less extent**	**No extent**
Competition in the industry					
Political influence					
Legal forces					
Technological changes					
Financial constraints					
Lack of skilled employees					
Employee turnover					
Difficulty establishing clear priorities and making sure that what is important is what gets done.					

An inability to keep focus on what's truly important as crises after crises is dealt with.					
Difficulty keeping the marketing strategy alive and in front of management and staff on a day-to-day basis.					
Trouble keeping track of exactly what's been done, what has yet to be done, what is going to get done and what isn't going to get done.					

6. Overall, has strategic marketing practices in your company been successful in enhancing competitive advantage of the company?

Yes [ ] No [ ]

Thank you for completing the questions!

Appendix II: List of Motor Companies in Kenya

1. Abson Motors
2. Alfa Motors ltd
3. Ashok Leyland ltd
4. Association of vehicle Assemblers (AVA Ltd)
5. Associated Motors Ltd
6. Auto-Sueco Kenya, Ltd
7. Bavaria Auto Ltd
8. Car & General (K) Ltd
9. Cica Motors Ltd
10. Cmc Motors Group Ltd
11. D. T. Dobie & Co (Kenya) Ltd
12. Farm engineering Ltd
13. Foton E.A Ltd
14. General Motors East Africa Ltd
15. Heavy vehicle & Plant Equipment Ltd
16. Hyundai E.A. Holdings Ltd
17. Kenya Grange Vehicle Industries Ltd
18. Kia Motors Ltd
19. Urysia Ltd

20. Ryce East Africa Ltd
21. Stantech Motors Ltd
22. Simba Corporation Ltd
23. Subaru Kenya Ltd
24. Tata Africa Holdings
25. Transafrica Motors Ltd
26. Total Kenya Ltd
27. Yansam Motors Ltd
28. Xylon(Mahindra) Ltd

Source: Kenya Motor Industry Association (KMI).