

**MARKETING PRACTICES AND FIRM COMPETITIVENESS OF
COMMERCIAL BANKS IN KENYA**

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DECLARATION

I declare that the work contained in this research project is my original work and has not been presented for a degree in any other university or institution.

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DEDICATION

This project is dedicated to my brother Samuel Kibiru who encouraged me to begin the Masters program and supported me both morally and financially throughout my period of study to attain a Master of Business Administration.

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ABSTRACT

The study was aimed in determining the influence of the marketing practices in the competitiveness of commercial Banks. The specific objectives were to identify the marketing practices adopted by commercial banks in Kenya, and to determine effectiveness of the marketing practices on the competitiveness of commercial banks in Kenya. The study adopted a descriptive cross sectional study as the research design in which relevant data related to marketing practices was collected. This design helped in getting information related to the current status of an issue and describes it in the “what exists” in relation to the variables in the study. The target population of the study consisted of all 43 operating commercial banks in Kenya, registered with the CBK. Because of the small number of banks and easy accessibility from their Nairobi offices, all of the banks were included in the study hence a census. The current study used primary data collected through a questionnaire. The questionnaire had both the open and closed ended questions in which the respondents had a chance to give their views on the issue under study. The questionnaires were administered to the marketing managers or the strategic manager in the 43 commercial banks in the country. Collected data was first edited, coded and then entered to the Statistical Package for the Social Sciences (SPSS) for the purpose of analysis. Qualitative data required content analysis and for the quantitative data, it was analyzed through descriptive statistics such as mean and standard deviation through SPSS. Descriptive analysis was necessary so as to understand the basic characteristics of the study. The study found that banks use pricing skills and systems to respond quickly to market changes. The study also found that developing new product had contributed greatly to the performance of the bank. The study concluded that bank undertakes media planning to identify the most effective way of reaching the customer. The study recommended that commercial banks should make use of technology to increase their competitiveness in terms of product innovation, customer satisfaction and market orientation. These intelligences ensure that internal strengths of the bank are utilized for the betterment of the firm which leads to profitability.

CHAPTER ONE : INTRODUCTION

1.1 Background of the study

Firms operate in a dynamic business environment that is created by technological changes, economic, social as well as shorter product life cycle that has resulted to high competition. The challenging and unstable business environment has necessitated a growing need to consider the customer as a major element that influence the marketing practices developed by firms (Kotler, 1999). This means that firms need to devote much of their resources to effective marketing practices in order to improve their level of competitiveness. Marketing practices have been associated with the P's (product, price, promotion and place) of marketing that drive competition (Kotler and Armstrong, 2008). It has been acknowledged that marketing practices in the competitive business environment influences customer satisfaction and hence the competitiveness of firms (Achrol and Kotler, 2011). Under the conditions of strategic uncertainty, marketing practices are major determinants in the long term competitiveness of firms.

Resource based theory and stakeholder theory were used as theoretical basis for this study. The resource based theory explains the competitiveness of firms. Based on this theory, competitive advantage of a firm lies majorly on the application of tangible and intangible resources a firm (Teece et al., 2010). These have an influence on how firms compete in an environment. Peteraf (2013) argues that the stakeholder theory of competitiveness provides an explanation on the activities and resources of a firm that influence the competitiveness. According to this theory, stakeholders are the resource providers who contribute towards firm specific assets. Therefore, the competitiveness of a firm is a contribution of a number of factors and needs understanding from different perspectives such as firm resources, firm activities and the structure of an industry and partnerships.

The banking industry in Kenya has been very competitive. This is because of several changes which have taken place in the industry over the last decade. For example, a number of commercial banks have come into the industry and that has increased competition. For instance, the United Bank of Africa (UBA) as well as EcoBank Kenya Ltd have come to the Kenyan market between the years 2006 and 2011. With a number of struggles in the commercial banks in terms of gaining competitive edge over the incoming competitors and the increased market share, there is increase on the level of competition in the industry.

1.1.1 Concept of Marketing

Marketing is defined as a function in an organization that have distinct processes that help in creating, communicating as well as making sure that they deliver value for customers (Akimova, 2010). This is achieved through effective management of the relationship of the organization and its stakeholders. The concept does not only include finding individuals who are willing to consume organizational products or services but also on the provision of products and services to the customers on the basis of their needs and wants (Aaker, 2012). Currently the buyers understand what they often want and the aim of marketing is to offer it to them. Marketing is changing fast and various products are being made available in the market.

Marketing concept includes a number of developments over the past. Initial concept was the production concept in which production was the key. In this stage, there was more focus on improved efficiency, low costs and mass distribution (Aaker, 2012). Then there was the production concept in which the consumers favored a product offering which was highly innovative. In addition, there was the selling concept period whereby organizations focused on product selling to the customers.

1.1.2 Marketing practices

Marketing practices include the activities or the processes which firms make use of prior to selling their goods and services. Marketing practices offer a clear and agreed upon process that is formed in order to improve the revenue for an organization as well as the market share. According to Amit and Schoemaker (2013) marketing practices provide a set of actions that are designed with a motive to meet the goals of a business. From the definition of marketing practices, it is clear that the focus is on the customer while specifying the need of relating operations of a business to competitiveness. Therefore, identification and satisfaction of the needs of the customer provide ground to understanding the marketing practices.

Firms have adopted the concept of marketing mix elements which consists of product, promotion, people, price, place, process and physical evidence. Product is something which is provided in order to satisfy the demand of the market. Product is defined in terms of its dimensions such as the width, length and height in the product mix (Aaker, 2012). Price is a measure of value through the value that is offered by the seller (Achrl and Kotler, 2011). Firms often do not come up with a single price but the pricing structure which indicates the variations in terms of geography, the demand and also costs, requirements in market segmentation, the time of purchasing, the order levels, frequency in delivery that guarantees the service contracts (Atavachi, 2013).

Distribution or place is a kind of market intermediaries that are used by a producer or the marketer in order to make the products and services available where and when the consumers require them. Physical evidence is defined as the physical appearance identified as a structural descriptor related to non design aspects of the physical environment. Process is considered as a procedure in the design, development and implementation of service management on the capability of a firm and its strategic assets. For people strategy the emphasis is on the people who have a major role to play on the organizational service, more so the service delivery process during customer interaction in an organization.

1.1.3 Firm Competitiveness

According to Porter et al., (2013) competitiveness of a firm can be described as the capability of an organization to provide goods as well as services meeting the local and world markets quality standards at prices that are competitive. The competitiveness of a firm is associated to its efforts in developing and maintaining an advantage over a longer period of time. Firm competitiveness is influenced by three factors that include: the size in the target market, increased access to the resources and customers as well as restrictions on competitor power (Kotler & Keller, 2009). In most instances, firms can improve their competitiveness when managers use strategy that is defined by the industry characteristics which is not easy to copy. For a firm to be competitive, it is essential for the customers to be able to differentiate the firm's goods and services from the competitors products.

Firm competitiveness has become common in recent years as a result of globalization. Competitiveness is a unique approach which firms make use of or intend to use to improve their performance in the market (Collis and Montgomery, 2011). Marketing practices require strategic thinking, increased creativity, critical thinking and positioning which are essential to firm competitiveness. Kaplan (2010) argues that competitiveness aims at establishing effectiveness in terms of cost and sustained competitive position against any kind of forces that influence competition in an industry.

1.1.4 Marketing Practices and Firm Competitiveness

scholars and practitioners recognizes market practices as the key pillars of contemporary marketing thought, as well as a key determinant of key firm performance and competitive advantage. The current marketing environment is envisaged by fast technological advances, changing customer tastes and preferences and thus for an organization to succeed and achieve sustainable competitive advantage, firms must come up with future strategies which will ensure continuity delivery of customer satisfaction, keep updated on the emerging market trends, undertake competitor analysis and keep on differentiating its products, resources as well as internal systems so as to counter its competitors. In order to remain competitive in the ever changing business environment, firms should adopt the marketing practices (Mejarshin, 2013).

The aim of organizations that implement quality management is to offer superior customer satisfaction, improve the processes efficiency in an organization, enhance firm productivity, quality enhancement, costs reduction, sales and market share increments, enhanced customer loyalty as well as improved organization image. Jose et al., (2009) opines that increase sales and reduce costs are possible with continuous provision of superior value to customers, improvement of processes and provision of quality products. Customer's satisfaction enhance sales revenues for it enables the firm to gain a market competitive edge. Oyedijo et al., (2012) did a study on how marketing practices improves firm performance of 160 small business enterprises in Lagos Nigeria and found a strong positive link between the marketing practices and competitiveness measured in terms of customer satisfaction and retention.

1.1.5 Commercial Banks in Kenya

The banking sector in Kenya is regulated by three major Acts, namely: The companies Act, Central Bank of Kenya Act and the Banking Act regulate (CBK, 2013). In total, the industry has 43 banks that are licensed by the Central Bank of Kenya. Camp (2010), postulates that in the past decade, there have been several changes in the banking industry with entry of new banks and improvement of the existing ones both locally and internationally. This is due to several factors such as adoption of the modern technologies for instance information communication technology (ICT) and also growth in infrastructure. High level of competition in the market has forced commercial banks to adopt strategic marketing practices in order to remain relevant in the industry. Importance of commercial banks in Kenya is influenced by the kind of products or services that they offer. Various products and services of banks can be classified into: retail, trade finance and treasury operations (CBK, 2013). The retail banking and also operations on trade finance are done at the branch level while for the wholesale operations, are covered by the treasury operations in the head office.

1.2 Research Problem

The present business environment is characterized by high level of competition and therefore marketing practices should be used effectively so as to enable a firm to be competitive. According to Achrol and Kotler (2011), firm performance is achieved through effective usage of marketing practices, they offer a firm with competitive advantage in terms of customer satisfaction. When a firm fails to effectively utilize proper marketing practices, it is likely to experience weakened performance in comparison to other firms. Firms spend heavily in terms of their time, effort and finances in order to build effective marketing practices such as customer relationship management and this is key towards improving performance in organizations.

marketing mix concepts have been adopted by Commercial banks in Kenya which consists of the product, price, promotion and place. According to Kotler (1999), product is a major element of the marketing practices and they have an impact on the price, promotion and the distribution strategies. Many financial services have been developed and they offer services such as lending and transfer facilities in an effective manner. The objective of this is to offer a product that caters for the customer needs. Quality of a product, the design characteristics, or branding impact on their ability to meet customer needs. Pricing produces revenue for commercial banks and helps them to react faster to the competitive behavior (Argandoña, 2011). The promotional tools which includes sales, advertising, promotions, personal selling, and public relations helps to create awareness and improve the institution's image. The manner in which commercial banks distribute their services is seen in terms of technology usage in service distribution and entering new markets.

Kirigia (2013) undertook a study on the effect of strategic marketing practices on performance of telecommunication companies and found out that strategic marketing enhances the performance of telecommunication firms. Njeru (2013) investigated market orientation, firm characteristics, marketing practices, external environment and firm performance and the findings showed that market orientation influences firm performance. A study carried out by Kimani et al (2010) on marketing strategies adopted

by MSME sector in Kenya clearly show that, effective marketing strategies result to customer satisfaction and retention. However, it is evident that the study did not focus on marketing strategies adopted by commercial banks. A study was done in Europe by Aremu and Bamidro (2012) on the relationship of marketing practices and entrepreneur performance, the findings indicated that marketing practices have an influence on performance in the market. Peter and Donnelly (2013) studied marketing management across the retail industries and the findings showed that when marketing has been managed in an effective way, it has an influence on competitiveness of a firm. A study was done by Kiptugen (2003) who focused on the marketing strategies adopted by Cooperative Societies and revealed that proactive rather are the core drive of any competitive organization operating in the dynamic marketing environment. However, it is evident that the study did not focus on marketing strategies adopted by commercial banks in Kenya hence the study was geared towards financial aspects and not product aspects. These studies did not focus on marketing practices and firm competitiveness and moreover in commercial banks in Kenya. As such, this study intends to plug that gap. The research seeks to answer the question: what is the influence of marketing practices on the competitiveness of commercial banks in Kenya?

1.3 Research objectives

The main objective of the study was to determine the influence of the marketing practices in the competitiveness of commercial Banks. In particular, it wishes to meet the following objectives:

- i. To discover the marketing practices adopted by commercial banks in Kenya.
- ii. To determine effect of marketing practices on the competitiveness of commercial banks in Kenya.

1.4 Value of the study

To the academicians, the study will be evaluated in future in light to its limitations. Limited empirical investigations on marketing practices and firm competitiveness are present and hence this offers a good foundation to evaluate the research gaps in this area. The findings will enable the researchers understand the necessary resources which may be required in future related studies. The researchers and intellectuals who would wish to debate or carry out more studies on marketing practices and firm competitiveness in commercial banks in Kenya will find this study useful.

To the management of commercial banks, so that they understand the link between marketing practices and firm competitiveness on an integrated framework. Therefore, this will help them in strategic decision making. The study will help various stakeholders to make strategic marketing decisions in order to survive in the competitive market. Commercial banks will gain an In-depth understand of the needs of different customers thus come up with innovative services that meet individual needs will be achieved. This study will be of great benefit to commercial banks in that it would inform them more about the reaction of their target market towards their services hence continual improvement of their services

To the policy makers, Central Bank of Kenya (CBK) and the Kenya Bankers Association (KBA), the study will equip them with knowledge on marketing practices and how they influence competitiveness in the banking industry. This will be important in regulation of the industry. This will enhance their productivity and competitiveness and eventually improve the livelihood of the target market. The development partners who are usually interested at helping the commercial banks to prosper will have an understanding of a wide variety of factors that hinder the banking industry thus sustainability. These partners will be in a position to understand the challenges faced by the commercial banks and most probably come up with the appropriate measures to address those challenges.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This segment offers the literature review and allied works by the other scholars. It covers the theoretical background, marketing practices and firm competitiveness.

2.2 Theoretical background

This study was grounded on resource based theory and stakeholder theory. From both of these views, there is a wider understanding of the marketing practices and firm competitiveness in an industry.

2.2.1 Resource based theory

The basis of this theory is to gain competitive advantage. This theory helps in evaluating the amount of assets in a firm. Porter (1980) argues that more focus is on the resources of a firm and they determine the firm's competitiveness depending on how they are exploited. This theory has moved over the past decade with different names depending on the scholars such as resources, capabilities, assets or the competences in description of the factors which have an effect on the competitiveness of a firm. It can be noted that firm resources can be placed into physical capital resources, human capital and the organizational capital resources.

The theory assumes that resources are distributed heterogeneously across firms and are immobile. This is the assumption that guarantees a resource to create a competitive advantage (Barney, 2011). Values of valuableness, rare, inimitable and fit to the frame work in an organization offers sustained competitive advantage to firms. In particular, the question on the fitness of the resources to a firm influences when a firm is likely to exploit the resource and gain a sustained or a temporary competitive advantage. In the present dynamic business environment, durability is also available as a characteristic which defines the way in which the resources of a firm are out dated (Teece et al., 2010). Barney (2011) states that the firms need strategic assets, resources and capabilities so as to respond to changes in the industry and subsequently gain competitive advantage.

The competencies in a firm cannot be easily copied. Therefore, firms take advantage of this in order to create a competitive advantage. A number of developments in this area, indicates that firm capabilities create a competitive advantage. Further reports show that resources influence competitiveness but due to the nature of the market, the capabilities of a firm varies over time and what might make the firm competitive today, might not be relevant in future. However, the ability of a firm to constantly build their relevant resources is a way in which they respond to dynamic nature in the market. Porter (2008) argued that the capabilities in a firm undergo different stages in their life cycle. By anticipating, firms can respond to the competition in the market and this improves performance.

2.2.2 Stakeholder theory

This theory provides an understanding how firms need to make sure that they manage their stakeholders in order to influence the growth of resources and therefore enhance competition (Freeman, 2010). In addition, this perspective shows how the stakeholder network for firms can become a source of sustained competitive advantage. Based on this theory, there is motivation for firms in order for them to act in a responsible manner in relation to the interest of the stakeholders, including aspects of equal distribution on the economic rents (Ma, 2011). The fair treatment and the reasoned compensation of the stakeholders are vital for the continued cooperation. Therefore, firms are a network of stakeholders. Firms need to have a management that is effective on the resources and the relationship with the stakeholders (Alhakimi and Baharun, 2011).

This theory includes a firm which is the stakeholder network system; in addition, the stakeholders often want to look for a dynamic equilibrium that creates the needed level of satisfaction of the customer and making them to reach the dynamic state as well as provisional equilibrium in relation to a firm (Olsen, 2012). It follows that firms often try to find an equilibrium state when there are conditions set on the minimal mutual acknowledgement which is a correspondence to the legitimate expectations. Every stakeholder often draws on the consumers, top management or the dependent workers. In the view of the stakeholder perspective, the formulator for the business practices, more so

the top management are specific to the stakeholder where they “balance on the stakeholder equilibrium” (Collis and Montgomery, 2011).

This theory is important so as to understand the approach taken by firms in serving the interest of the stakeholders. In addition, understand the approach of the stakeholders with regard to unions and the consumers and this develops the conditions needed in understanding the business systems. Marketing practices that influence the level of competitiveness of a firm, as much have the ethical value on being morally positive so as to make sure that there is equilibrium for maintaining the business system while at the same time maintaining the competitiveness of firms that influences the satisfaction of customer needs over the long term (Amit and Schoemaker, 2013).

2.3 Marketing practices

Marketing practices offer a number of activities and process in which the sale of products and services are realized. It entails availing products and services required by customers at the right time and place by use of effective marketing practices. They are well understood through the 7Ps of marketing elements that include: product, pricing, distribution, promotion, people, process and physical evidence.

A product is a combination of goods and services that are provided by a firm to satisfy a need. They fall in five levels which include the core benefit, basic products, expected product, augmented product and the potential product (Labda, 2009). The core benefit is the fundamental service of the product that a consumer is buying or its benefit. Basic product is considered as the physical product. According to Kotler (1999), the expected product is a set of attributes and also the conditions which the buyers often expect and also agree when buying a product. The augmented product is what the customers often desire above their expectations while the potential products are the augmentations and changes that the products would go through in the future (Kotler and Armstrong, 2008).

A firm should stress on what its product stands for. This is what is referred to as positioning. This makes the consumers develop a clear idea about a given product in their mind and this influences its level of distinctiveness in the target market.

Price is defined as the value that is placed on a product or service or just a measure of value (Graham et al., 2011). It can be referred to as the amount of money that is used in order to get something. This has been considered over the years as the main determinant of the choice by the buyer (Baldursson and Portes, 2013).

Firms use various methods of prices used that include: penetration pricing and skimming pricing. Skimming pricing is a strategy in which a firm often sets high prices for a given product initially, but then it is reduced over a period (Kotler and Keller, 2009). For penetration pricing, a firm initially sets a low price in order to attract the customers. This makes the customers to switch towards the new product due to the low prices. Firms provide critical evaluation on the changes in prices in an industry as well as the way they influence the target market. Costs have a major role to play in firms. It is necessary for the managers to consider the objectives of their firms and also costs when they set up the prices for the products or services because they influence the prices in an industry as well as the market that the firm wishes to target. The level of price elasticity of the consumer has an effect on the pricing of the product or service.

Promotion is a form of “non-personal presentation” as well as promotion of any kind of ideas, goods or services which are identified by the sponsor (Kotler and Armstrong, 2008). This form is quite cost effective in terms of dissemination of the messages. Promotion is not only applicable to the profit making organizations but also to the charitable organizations, the churches and the government agencies. According to Kotler (1999) promotion offers an opportunity in differentiating a brand. Promotion is one of the significant elements of marketing mix and it entails public relations, advertising, personal selling, and selling promotional components. Personal selling is the most facets of promotion strategies preferred by banks due to the current nature of the banking services (Issakova, 2015).

Place is the ability of a firm to establish and maintain distribution channels that deliver products and services to customers efficiently and effectively. The information on the distribution in a firm are related to the retail presence, size of the market and its share, the

sales target, competitor performance as well as change in demand (Kotler and Keller, 2009). The intermediaries include agents, wholesalers, distributors and the retailers. Customers need convenience for the product for instance the physical access.

Physical evidence is related to appearance of work area. It has been identified in the past as a “structural descriptor” (Dolan, 2012). There are several elements for instance product location, nearness to the consumer, tidiness as well as general appearance of a product or service as being major in determination of the physical evidence for a firm. This is due to such aspects which influence extent of satisfaction of the consumer and hence need to design the business environment; product appearance has a number of variable aspects that differ from the original design which is intent. Process is essential in the design, development as well as implementation of service management, the capability of an organization and the strategic assets (Graham et al., 2011).

People strategy is related to people who play major roles in organizational services, in particular, the service delivery process in the event of customer interactions in an organization. According to Keller (2013), service marketing places more focus on the staff and particularly the customer staff contact as being a major component on the delivery of quality service and increasing the level of customer satisfaction. It has been argued that overall quality on the service delivery is influenced by the nature of relationship between the customer and service providers. It is the role of the management to ensure that they meet needs of the customer and evaluation on interaction depends on experience of customer and credence.

2.4 Marketing of services

In the contemporary world, banks are getting money as a result of marketing servicing afar from selling money. The banks derive reputation as they offer their services to the people. Similar to other services, banking services are also indescribable. Banking services entail the money in different varieties and features like depositing, lending, as well as transferring procedures which are shaped in contracts. The success of bank in long term is highly related to the structure of services that the bank offers. In addition the rights like consultancy for services to be compounded are also preferred (Yama, 2014).

The major significant feature of a bank is to persuade its customers to benefit from the service it offers. Lee et al., (2013) opines that majority of the banks' services are multifaceted in features and when this attributes joins the intangibility characteristics, offerings take also rational intangibility in addition to physical intangibility. However, value of service and benefits derived from banks largely depend on capability, knowledge and participation of customers as well features of offerings. This is due to the fact that production and consumption have non separable characteristics in those services. Most authors argue that personal interaction between customer and bank obligatory is made possible as a result of features of banking services make (Lee et al., 2013).

2.5 Marketing practices and firm competitiveness

Marketing practices provide a number of activities and processes that a firm is involved in before the sale of their products and services which influences its competitiveness (Dolan, 2012). This means that firms avails products and services that are needed by the customers at the right time and place through effective strategies. The business environment is continuously changing and this has an influence on the competitive positions of firms. Firms that are able to develop effective marketing practices create a competitive edge in the market unlike the ones that fail to effectively utilize these practices. Marketing practices create competitive edge in firms because of the fact that such practices attract more customers through different firm activities that satisfy the customers (Teece et al., 2010). According to Akimova (2010), marketing practices make firms to concentrate on their activities so as to improve their product offerings and services.

Competitiveness of a firm is highly influenced by the activities of a firm (Porter, 1980). Marketing practices include all the responses of a firm in ensuring that the target market is positively influenced by the activities of the firm. This develops their competitive advantage. Marketing practices are important in the way in which they influence performance of firms which define their competitiveness (Cameron & Later, 2011). Competitive advantage is realized when the resources of the competitors cannot be imitated or when the firm offering is better than the competitors (Baron, 2010). This is due

to the various marketing practices. The marketing practices influence the extent of market share, the sales as well as profits.

Oyedijo et al., (2012) study looked at how firm performance can be enhanced as a result of marketing practices. The study was focused on 160 small business enterprises in Lagos Nigeria. It was revealed that marketing practices and performance correlates positively. In the same vein, Ayanda and Adefemi's (2012) study focused on establishing the relationship between marketing practices and performance of 117 businesses in Nigeria and found that entrepreneurial businesses that had good marketing practices performed more efficiently than those without. The study further established that it is essential for a firm to adopt marketing strategy for it to have a strong and good success in the long run. Chimhanzi and Morgan (2015) findings indicate that greater yardsticks in strategy implementation are realized by those firms which dedicate their attention marketing and human resources development. Specifically, Chimhanzi and Morgan (2015) recommended that the heads of the marketing departments should focus more on enhancing the relationship with their HR colleagues.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter expounds on the design of the research and the methods employed in the study. The first section concentrates on the research design while, and the second section describes the population of the survey in terms of its characteristics. The third one clarifies the approaches used in the data collection, the fourth one on the systematic account of the procedure employed in the research, and the fifth how descriptive statistics has been employed in the analysis of the data.

3.2 Research design

This study adopted a descriptive cross sectional study as the research design in which relevant data related to marketing practices was collected. This data was qualitative as well as quantitative and entailed use of primary data. According to Field (2010), descriptive appears suitable for this study because the quantitative data used would be applied in measuring the strength of links between the variables. This design helped in getting information related to the current status of an issue and describes it in the “what exists” in relation to the variables in the study. It offered a description of the data and also characteristics on the subject being investigated. The choice of this design was due to the fact that descriptive design offered the ability to develop the profile of an issue.

3.3 Target Population

The study adopted the 43 operating commercial banks in Kenya, registered with the CBK. They comprise of 6 big banks, 15 medium banks and 22 small banks (CBK, 2015). Because of the small number of banks and easy accessibility from their Nairobi offices, all of the banks were included in the study hence a census. A census study includes every unit in a population that is included in a study (Field, 2010).

3.4 Data collection method

The current study used primary data collected through a questionnaire. The questionnaire had both the open and closed ended questions in which the respondents had a chance to give their views on the issue under study. Through semi structured questionnaires, the study ensured consistency on the questions as well as the answers from the respondents (Harper et al., 2010). Response choices are nominal and the closed questions were on an interval scale. Nominal questions required a yes or no answer from the respondents. But the interval scale was measured on a 5 point likert scale from strongly disagree to strongly agree.

The questionnaires were administered to the marketing managers or the strategic managers in the 43 commercial banks in the country. The choice of the respondents was tied to their major roles in banks in regard to customer services and marketing practices that created quality service provision to the customers and hence had a clear understanding of the competitiveness of their banks. The drop and pick methods was the one used in order to administer the questionnaires and the respondents required two week period in order to respond. In order to increase the response rate, follow up calls were made.

3.5 Data analysis

Collected data was first edited, coded and then entered to the Statistical Package for the Social Sciences (SPSS) for the purpose of analysis. Qualitative data required content analysis and for the quantitative data, it was analysed through descriptive statistics such as mean and standard deviation through SPSS. Descriptive analysis was necessary so as to understand the basic characteristics of the study. The relationship of the different variables was investigated through correlation and this ensured understanding of the influence of marketing practices and competitiveness of commercial banks in Kenya.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter entails analysis and findings of the study as set in the research objectives and methodology. The study findings are presented on the influence of the marketing practices in the competitiveness of Commercial Banks.

4.2. Response Rate

The data collection instruments, questionnaires were sent to 43 staff at the commercial banks in Kenya. Out of the 43 questionnaires sent, only 40 questionnaires were sent back fully completed making a response rate of 93%. This was in tandem with Mugenda and Mugenda (2003) who suggested that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. This response rate was accredited to the data collection procedure, where the researcher in person administered questionnaires and reminds the respondents to fill in the questionnaires and picked the filled questionnaires later on.

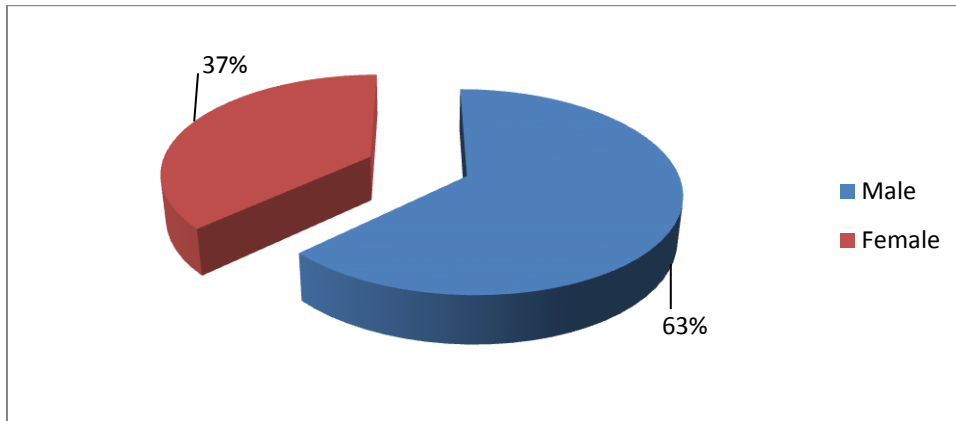
4.3. Demographic information

The study sought to ascertain the background information of the respondents involved in the study. The background information points at the respondents' suitability in answering the questions.

4.3.1 Gender of the respondents

The respondents were requested to indicate their gender. The findings were as shown in the figure 4.1.below.

Figure 4.1: Gender of the respondent

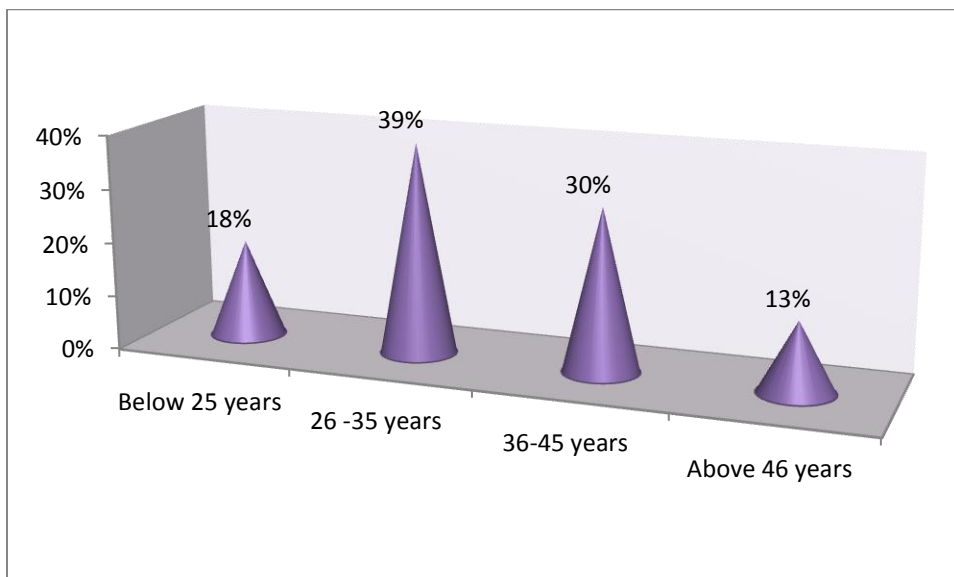


From the findings above 63% of the respondents were male while 37% were females. This depicts that majority of the respondents were male. This is expected in banks in majority of the countries, where women are less likely than men to participate in the labor force market, that is, less likely to be employed or looking actively for a job.

4.3.2 Age of the Respondents

The respondents were requested to indicate their age. The findings were as shown in the figure 4.2 below.

Figure 4.2. Age of the Respondents



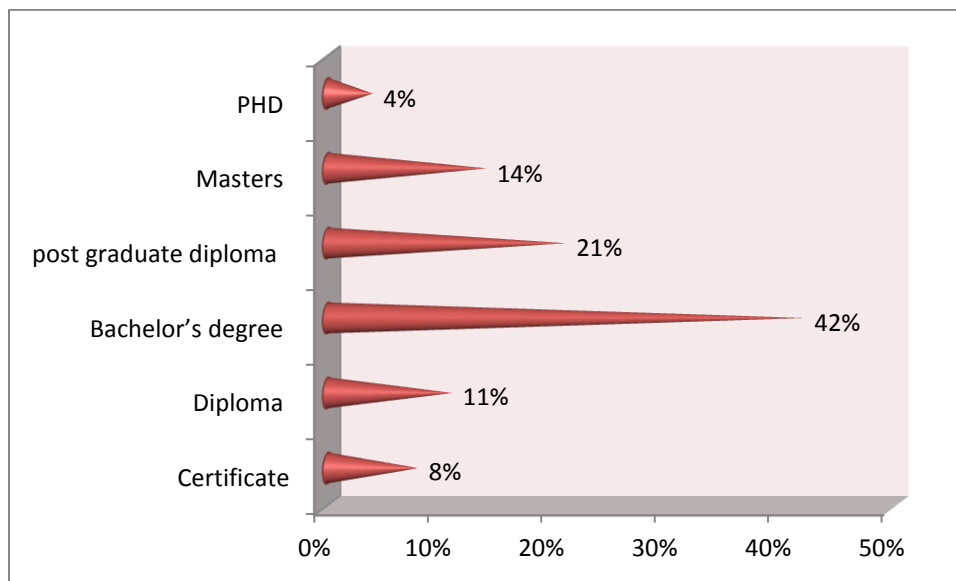
The study established that majority of the respondents (39%) were between the age of 26-35 years. 30% were between the age of 36-45 years, 18% indicated were below 25 years, while only 13% were above 46 years. This implies that most of the staffs in banks are

aged between 26-35 years. The respondents are young and energetic and therefore there cooperation with the researcher

4.3.3 Level of education

The respondents were requested to indicate their level of education. The findings were as shown in the figure 4.3 below.

Figure 4.3. Level of education

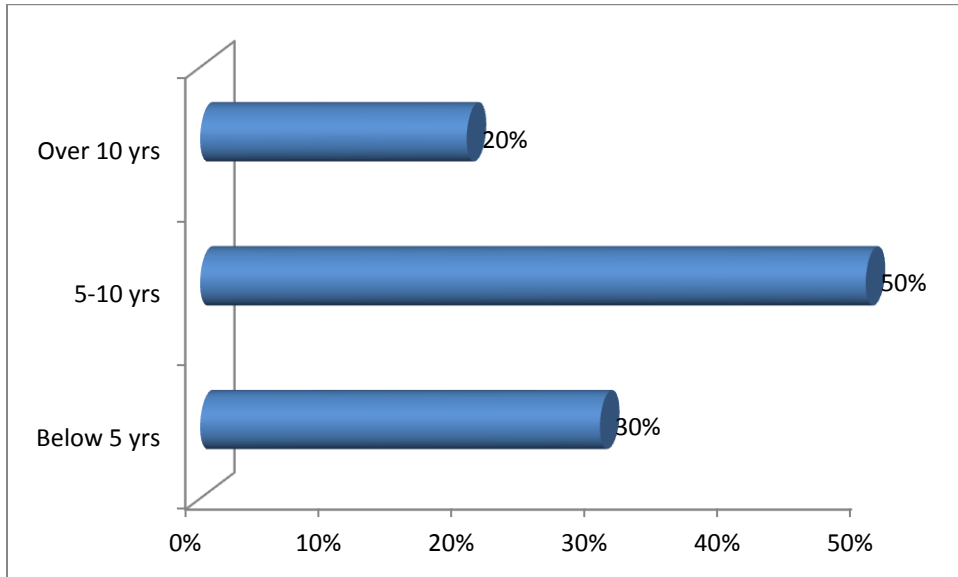


Based on the study findings, most of the respondents (42%) had bachelor's degree, 21% had postgraduate diploma, 14% had masters, 11% had diplomas, 8% had certificates, while 4% had PHD. This infers that majority of the respondents in the banks are well trained thus had rich information and knowledge on nexus between marketing practices and the competitiveness of commercial Banks and therefore there was higher chances that they would offer reliable information.

4.3.4. Duration of Working

The respondents were requested to indicate the duration of work in the bank. The findings are presented in the figure below

Figure 4.4.Duration of Working



From the findings above majority (50%) of the respondents had worked in the bank between 5-10 years, 30% indicated less than 5 years, while 20% indicated over 10 years. This depicts that majority of the respondents had worked in the bank for a longer duration to gain experience on how marketing practices influence firm competitiveness.

4.4. Marketing Practices Adopted By Firms

This section presents the findings on various practices adopted by firms to enable them remain competitive and improve their performance. The findings are presented in the preceding subheadings

4.4.1.Marketing Practices

The respondents were requested to indicate the marketing practices they engage in. The findings are as shown below

Table 4.1. Marketing Practices

Marketing Practice	Frequency	Percentage
Product	4	10%
Distribution	10	25%
Promotion	20	50%
People	3	7%
Process	2	5%
Physical evidence	1	3%
Total	40	100%

From the findings majority (50%) of the respondents indicated that they engage on promotion practices, 25% indicated distribution practices, 10% indicated product practices, 7% indicated people practices, 5% indicated process practices while 3% indicated physical evidence market practices. This depicts that majority of the respondents engaged on promotion practices. This agrees with a study by Kotler (1999), who argues that promotion offers an opportunity in differentiating a brand. Issakova, (2015), argued that one of the most important element of marketing mix of services in the bank is promotion which is consist of personal selling, advertising, public relations, and selling promotional tools. Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and use of them.

4.4.2. Marketing Practices and Firm Competitiveness

The respondents were requested to indicate their agreement regarding marketing practices and firm competitiveness. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.2. Marketing Practices and Firm Competitiveness

Statements	Mean	Std. Dev.
Pricing skills are used to respond quickly to market changes	4.72	0.5418
The bank is continuously innovating new products to meet customer needs	4.66	0.5151
We have agents distributed across the country on specific locations to provide services to customers	4.62	0.5093
Customers rely on advertising, personal selling and public relations on updates about bank offerings	4.69	0.5228

From the findings the respondents strongly agreed that banks use pricing skills are used to respond quickly to market changes (mean=4.72), followed by Customers rely on advertising, personal selling and public relations on updates about bank offerings (mean=4.69), the bank is continuously innovating new products to meet customer needs (mean=4.66), they have agents distributed across the country on specific locations to provide services to customers (mean=4.62). This shows that respondents indicated that banks use pricing skills and systems to respond quickly to market changes. This agrees with a study by Kotler and Keller, (2009), who stated that banks use various methods of prices used that include: penetration pricing and skimming pricing. Skimming pricing is a strategy in which a firm often sets high prices for a given product initially, but then it is reduced over a period. Banks provide critical evaluation on the changes in prices in an industry as well as the way they influence the target market.

4.4.3. Product Practices in the bank

The respondents were requested to indicate the extent of agreement concerning product marketing practices and firm competitiveness. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.3. Product Practices in the bank

Statements	Mean	Std. Dev.
The organization offers a wide range of products	4.61	0.8120
New product development is always important for the health of the organization	4.88	0.9623
New products are normally tested	4.59	0.7556
All new product developments are guided by market needs	4.74	0.6543
The organization differentiates its services to meet different needs of customers	4.78	0.8897
Customers are involved in selection of brand Symbols	4.54	0.9123
The organization offers specific products for different target markets	4.80	0.9986

From the findings the respondents strongly agreed that new product development is always important for the health of the organization (mean=4.88), followed by the organization offers specific products for different target markets (mean=4.80), The organization differentiates its services to meet different needs of customers (mean=4.78), all new product developments are guided by market needs (mean=4.74), the organization offers a wide range of products (mean=4.61),new products are normally tested

(mean=4.59), and that customers are involved in selection of brand Symbols (mean=4.54). This shows that new product development is always important for the health of the organization. This agrees with a study by Kotler and Armstrong, (2008), who stated that every business needs to innovate new products to stay healthy and to stay ahead of the competition. No business can continue to offer the same unchanged product; otherwise sales would decrease and profits reduced.

4.4.4. Pricing Practices in the Bank

The respondents were requested to indicate the extent of agreement concerning pricing practices in the bank. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.4. Pricing Practices in the Bank

Statements	Mean	Std. Dev.
The organization has set clear pricing objectives for each products	4.57	0.0218
The organization has a uniform pricing policy in all its branches	4.51	0.1236
The organization considers competition in pricing	4.43	0.1023
The most important objective is profitability	4.25	0.3456
The organization has a flexible pricing policy	4.48	0.2215

From the findings the respondents strongly agreed that the organization has set clear pricing objectives for each products (mean=4.57), followed by the organization has a uniform pricing policy in all its branches (mean=4.51). The respondents further agreed that the organization has a flexible pricing policy (mean=4.48), the organization considers competition in pricing (mean=4.43), and that the most important objective is

profitability (mean=4.25). This shows that that the organization/banks have set clear pricing objectives for each products. This agrees with a study by Baldursson and Portes, (2013) findings who argues that banking institutions have to estimate the costs of their products and services offered. By executing this, they help keep their relations with existing customers and take new ones. The prices in banking have names like interest, commission and expenditures. Price is the sole aspect of marketing variables that create earnings, while others cause expenditure. Price influences both profit and sales volume directly. Banks should be very careful in deciding their prices and price policies.

4.4.5. Promotion Practices in the Bank

The respondents were requested to point the extent of agreement concerning promotion techniques in the bank. The responses were located on a five Likert level ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.5. Promotion Practices in the Bank

Statements	Mean	Std. Dev.
The bank has an established Public Relations department	4.25	0.2178
The bank evaluates competition adverts against its own	4.55	0.3245
The bank undertakes media planning to identify the most effective way of reaching the customer	4.70	0.1867
The bank sets objectives for each of the promotion mix elements (i.e. public relations, advertising, sales, promotion etc.)	4.63	0.2365
The bank ensures that brochures and other organization materials are easy to find	4.50	0.3984
The bank has a strategy for support of social responsibility	4.46	0.3381

activities		
The bank undertakes sales promotion activities	4.44	0.1786

From the findings the respondents strongly agreed that the bank undertakes media planning to identify the most effective way of reaching the customer (mean=4.70), followed by the bank sets objectives for each of the promotion mix elements (i.e. public relations, advertising, sales, promotion etc.) (Mean=4.63), the bank evaluates competition adverts against its own (mean=4.55), and the bank ensures that brochures and other organization materials are easy to find (mean=4.50). The respondents further agreed that the bank has a strategy for support of social responsibility activities (mean=4.46), the bank undertakes sales promotion activities (mean=4.44), and that the bank has an established Public Relations department (mean=4.25). This depicts that the bank undertakes media planning to identify the most effective way of reaching the customer. According to Kotler (1999) promotion offers an opportunity in differentiating a brand, identifying the market, and finding out the way to reach customers. Among one of the main aspect of marketing mixture services is promo which consists personal advertising, advertising, public relations, and selling promotional tools.

4.4.6. Place Marketing Practice in the Bank

The respondents were requested to indicate the extent of agreement concerning place as a marketing practice in the bank. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.6. Place Marketing Practice in the Bank

Statements	Mean	Std. Dev.
The bank branches are conveniently located	4.56	0.1321
The bank carries out research in selection of Suitable branch location and other outlets	4.60	0.1973
The bank utilizes credit card and ATMs to overcome the issue of intangibility	4.58	0.2564
The bank has an elaborate branch network	4.53	0.2389
The bank branches are inter-linked	4.50	0.1575
The choice of the bank location is guided by convenience, safety, visibility, and accessibility among other factors	4.66	0.3242

From the findings the respondents strongly agreed that the choice of the bank location is guided by convenience, safety, visibility, and accessibility among other factors (mean=4.66), followed by the bank carries out research in selection of Suitable branch location and other outlets (Mean=4.60), the bank utilizes credit card and ATMs to overcome the issue of intangibility (mean=4.58), the bank branches are conveniently located (mean=4.56), the bank has an elaborate branch network (mean=4.53), and that The bank branches are inter-linked (mean=4.50). This shows that the choice of the bank location is guided by convenience, safety, visibility, and accessibility among other factors. Kotler and Keller, (2009), states that customers need convenience for the product for instance the physical access. The location should be safe, accessible to the customers for them to access the necessary services required. The information on the distribution in a firm is related to the retail presence, size of the market and its share, the sales target, competitor performance as well as change in demand.

4.4.7. Personnel Marketing Practice in the Bank

The respondents were requested to point the extent of agreement concerning place as an advertising practice in the bank. The replies were put on the five Likert scale starting from 1 (strongly disagree) to five (strongly agree). The results were as shown below.

Table 4.7. Personnel Marketing Practice in the Bank

Statements	Mean	Std. Dev.
Contact personnel have sufficient product Knowledge	4.69	0.1321
Contact personnel are courteous & professional in serving customers	4.80	0.1972
The organization has strict recruitment procedures to ensure they attract the right personnel	4.85	0.2562
The branch officers are always available to handle customer enquiry's	4.77	0.3244
Staff are efficient, warm, friendly and honest	4.64	0.1571
The staff are neatly kited(have uniforms)	4.62	0.3321
Service contact personnel are continuously trained on knowledge of organization products and new product developments	4.82	0.4562
Staffs are constantly trained in new skills	4.76	0.2584

From the findings the respondents strongly agreed that the organization has strict recruitment procedures to ensure they attract the right personnel (mean=4.85), followed by service contact personnel are continuously trained on knowledge of organization products and new product developments (Mean=4.82), contact personnel are courteous

&professional in serving customers (mean=4.80), the branch officers are always available to handle customer enquiry's (mean=4.77), Staffs are constantly trained in new skills (mean=4.76),contact personnel have sufficient product Knowledge (mean=4.69), staff are efficient, warm, friendly and honest (mean=4.64), and the staff are neatly kited(have uniforms) (mean=4.62). This shows that the organization has strict recruitment procedures to ensure they attract the right personnel. This agrees with a study done by Graham et al., (2011), who argued that the management must hire individuals who are qualified in handling the customers. It has been argued that overall quality on the service delivery is influenced by the nature of relationship between the customer and service providers. Thus the managers should be keen to recruit the right personnel who have the interests of customers at heart.

4.4.8. Physical Facilities Marketing Practice in the Bank

The respondents were requested to indicate the extent of agreement concerning physical facilities marketing practice in the bank. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.8. Physical Facilities Marketing Practice in the Bank

Statements	Mean	Std. Dev.
The exterior of the organization is well maintained and attractive	4.54	0.1527
The interior of the organization is attractive and pleasant	4.49	0.2272
The organization has adequate parking for its customers	4.42	0.3268
There is enough sitting space for customers	4.35	0.2264
The organization has a distinct logo and color regime process	4.38	0.1202

There is timely provision of account information to customers	4.45	0.3311
The organization uses the latest technology in the industry	4.56	0.1854
The organization provides “Que ropes” to guide customers in the queue	4.29	0.2348

From the findings the respondents strongly agreed that the organization uses the latest technology in the industry (mean=4.56), followed by the exterior of the organization is well maintained and attractive (Mean=4.54). the respondents further agreed that the interior of the organization is attractive and pleasant (mean=4.49), there is timely provision of account information to customers (mean=4.45), the organization has adequate parking for its customers (mean=4.42), the organization has a distinct logo and colour regime process (mean=4.38), there is enough sitting space for customers (mean=4.35), and the organization provides “Que ropes” to guide customers in the queue (mean=4.29). This shows that the organization uses the latest technology in the industry. This is in accordance to a study by Dolan, (2012), who stated that for organizations to deliver appropriate service to the customers they should be aware of the current technology used in the market. This would make them to remain highly competitive.

4.5. Marketing Practices and Firm Competitiveness

4.5.1. Extent of Agreement Concerning Marketing Practices on Performance of Microfinance Banks

The respondents were requested to indicate the extent of agreement concerning the effect of marketing practices on performance of microfinance banks in Kenya. The responses were placed on a five Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The findings were as shown below.

Table 4.9. Extent of Agreement Concerning Marketing Practices on Performance of Microfinance Banks

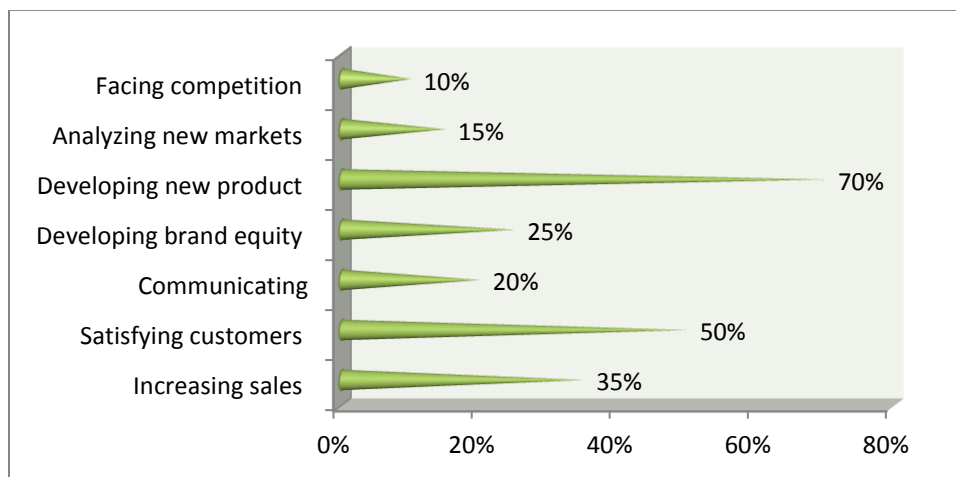
Statements	Mean	Std. Dev.
The firm is able to attract and satisfy its customer	4.60	0.1375
The firm has formally been providing quality goods and services its customer	4.79	0.3181
The firm offers affordable goods and services to its customers	4.63	0.2222
The organization has gained trust and confidence from most of its customers	4.66	0.3195
The organization makes follow ups that the customer is fully satisfied with the products and services offered	4.76	0.2138
The company has formally expanded its market share through inter-firm relationships to enhance coordination of activities and functions among multiple parties	4.72	0.1246
The firms has formally reduced communication costs	4.59	0.4322
The organization has created strong bonds with its customers due to face-to-face interactions	4.68	0.2345
The firm has improved its sales turnover	4.57	0.1008
In generally, marketing practices used by this firm has improved performance	4.51	0.2738

From the findings the respondents strongly agreed that the firm has formally been providing quality goods and services its customer (mean=4.79), followed by the organization makes follow ups that the customer is fully satisfied with the products and services offered (mean=4.76), the company has formally expanded its market share through inter-firm relationships to enhance coordination of activities and functions among multiple parties (Mean=4.72), the organization has created strong bonds with its customers due to face-to-face interactions (mean=4.68), the organization has gained trust and confidence from most of its customers (mean=4.66), the firm offers affordable goods and services to its customers (mean=4.63), the firm is able to attract and satisfy its customer (mean=4.60), the firms has formally reduced communication costs (mean=4.59), the firm has improved its sales turnover (mean=4.57), and generally, marketing practices used by this firm has improved performance (mean=4.51). This shows that the firm has formally been providing quality goods and services its customers. The findings are in accordance to a study by Teece et al., (2010), who states that firms avails products and services that are needed by the customers at the right time and place through effective strategies.

4.5.2. Contributions of Adopting Marketing Strategies

The respondents were requested to indicate the contributions of adopting marketing strategies to your company. The findings were as shown below

Figure 4.5: Contributions of Adopting Marketing Strategies

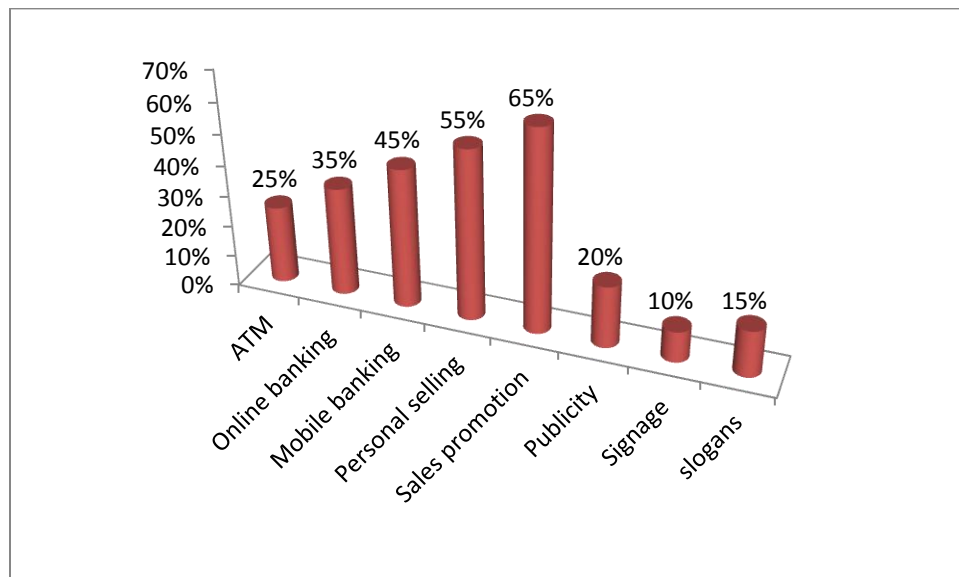


From the findings 70% of the respondents indicated that developing new product had contributed greatly to the performance of the bank, 50% indicated satisfying customers, 35% indicated increasing sales, 25% indicated developing brand equity, 20% indicated communicating, 15% indicated analyzing new markets while 10% indicated facing competition. This depicts that developing new product had contributed greatly to the performance of the bank. This agrees with a study by Baron, (2010), who stated that product development increases the competitive advantage of the firm which leads to increased overall performance. Competitive advantage is realized when the resources of the competitors cannot be imitated or when the firm offering is better than the competitors.

4.5.3. Marketing Services

The respondents were requested to indicate the marketing services they engage in. The findings were as shown below

Figure 4.6. Marketing Services



From the findings 65% of the respondents indicated that they engaged in sales promotion as a marketing service, 55% indicated personal selling, 45% indicated mobile banking, 35% indicated online banking, 25% indicated ATM services, 20% indicated publicity, 15% indicated slogans while 10% indicated signage. This depicts that most of the respondents engaged in sales promotion as a marketing service. Issakova, (2015), argued that one of the most important element of marketing mix of services in the bank is promotion which is consist of personal selling, advertising, public relations, and selling promotional tools. Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and use of them.

4.6 Pearson Correlation Analysis

As presented in Table 4.10 below, the study performed Pearson correlations for the relationships between the various marketing practices and competitiveness of commercial Banks. From the findings, a positive correlation is seen between the each of the marketing practices and competitiveness of commercial Banks. The strongest correlation was obtained between product marketing practices and competitiveness of commercial Banks ($r = 0.772$), and the weaker relationship found between physical facilities and competitiveness of commercial Banks ($r = 0.464$). Pricing practices, place marketing practice, promotion practices, and personnel marketing practice are also strongly and positively correlated with competitiveness of commercial Banks at correlation coefficient of 0.731, 0.713, 0.693 and 0.612 respectively. All the independent variables were found to have a statistically significant association with the dependent variable at 0.05 level of confidence. Stigler (2002) offers that the Pearson product-moment correlation coefficient measure linear correlation (dependence) between two variables X and Y, giving a value between +1 and -1 inclusive, where 1 is total positive correlation, 0 is no correlation, and -1 is total negative correlation.

Table 4.10: Pearson Correlation Analysis

	competitiveness	Product Practices	Pricing Practices	Promotion Practices	Place Marketing Practice	Personnel Marketing Practice	Physical Facilities
competitiveness	1						
Product Practices	0.772	1					
Pricing Practices	0.731	0.321	1				
Promotion Practices	0.693	0.241	0.087	1			
Place Marketing Practice	0.713	0.321	0.247	0.165	1		
Personnel Marketing Practice	0.612	0.541	0.321	0.341	0.234	1	
Physical Facilities	0.464	0.385	0.436	0.235	0.124	0.024	1

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of study findings, conclusion and recommendations on the influence of the marketing practices in the competitiveness of Commercial Banks.

5.2 Summary of findings

5.2.1. Marketing Practices Adopted By Firms

The study found that majority of the respondents engaged on promotion practices. The study also established that banks use pricing skills and systems to respond quickly to market changes. Further the study found that new product development is always important for the health of the organization. Additionally, the study established that the organization/banks have set clear pricing objectives for each product.

The study found that the bank undertakes media planning to identify the most effective way of reaching the customer. Also the study established that the choice of the bank location is guided by convenience, safety, visibility, and accessibility among other factors. The study further found that the organization has strict recruitment procedures to ensure they attract the right personnel. Also the study established that the organization uses the latest technology in the industry.

5.2.2. Marketing Practices and Firm Competitiveness

The study found that firms have formally been providing quality goods and services to customers. Further the study established that developing new product had contributed greatly to the performance of banks. Finally the study found that most of the respondents engaged in sales promotion as a method of marketing service.

5.3. Conclusion

The study concludes that banks use pricing skills and systems to respond quickly to market changes. The study also concludes that new product development is always important for the health of the organization. The study further concludes that bank undertakes media planning to identify the most effective way of reaching the customer. In addition the study concludes that the choice of the bank location is guided by convenience, safety, visibility, and accessibility among other factors. The study concludes that the organization has strict recruitment procedures to ensure they attract the right personnel. Finally the study concludes that that developing new product had contributed greatly to the performance of the bank.

5.4 Limitations of the Study

This research was limited to marketing practices in the competitiveness of commercial Banks. Thus the findings on the effectiveness of to marketing practices and the competitiveness are limited only to commercial Banks and as such they cannot be generalized as remedies to other organizations.

There was a restriction in obtaining the data until the researcher proved it was for academic purposes only. Whilst the study would have given more insightful revelation based on the granularity of the study on the other variables, time and financial resources were a constraint in undertaking the study.

5.5 Recommendations

The study made the following recommendations:

1. The research analysis recommends that the commercial banks should employ technology to increase their competition in relation to product innovation, customer satisfaction and market orientation. This ensures that internal strongholds of the financial institution are utilized for the betterment of the firm which brings about productivity.
2. Policy makers should regulate and provide or develop policies that will facilitate easy adoption of e-marketing in the banking sector. The policy makers should

implement policies that will protect and attract more banks to adopt e-marketing strategy in order to improve economic performance not only of banks but of the country as a whole.

3. Based on the study findings, it is also recommended that competitive advantage should have a single-minded objective, to develop the strategies and techniques necessary to transfer market share profitably and constantly from specific opponents to the company. The most basic for competitive advantage orbits around decisions created by executives about the positioning of a business to take full advantage of the cost of the capacities that distinguish it from the competitors. Failure to acquire, analyse and act after competitive information within an organized manner can lead to deterioration of the firm's profitability and in the end the failure of the firm itself.
4. The study recommends timely training of commercial bank staff on electronic marketing practices. Integration of modern technologies in the organization sub-systems for efficiency and effectiveness. Management should allocate enough resources to empower the initiative within the organization thus minimal resistance from employees.
5. The Government of Kenya should formulate and implement policies that support banks to use e-commerce platform to buy and sell their products and services online thus globalization.

5.6 Recommendation for Further Research

The study determines the extent to which marketing practices influence competitiveness of Commercial Banks. The study recommends that studies should be carried to establish the influence of marketing practices on competitive advantage in foreign commercial banks to establish a broad analysis on role of marketing practices.

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APPENDIX I : QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

1. Indicate your gender

- ☐ Male
- ☐ Female

2. Indicate your age

- ☐ Below 25 years
- ☐ 26 -35 years
- ☐ 36-45 years
- ☐ Above 46 years

3. What is your highest level of education

- ☐ Certificate
- ☐ Diploma
- ☐ Bachelor's degree
- ☐ post graduate diploma
- ☐ Masters
- ☐ PHD

Others specify

4. How long have you worked at the bank?

- ☐ Below 5 years
- ☐ 5 - 10 years
- ☐ Over 10 years

SECTION B : MARKETING PRACTICES ADOPTED BY FIRMS

5. Which of the marketing practices do you engage in

- Product ☐
- Distribution ☐
- Promotion ☐
- People ☐
- Process ☐
- Physical evidence ☐

6. Kindly tick in the appropriate box on each statement in the Likert scale to indicate where you strongly disagree (SD), Disagree (D), neither agree nor disagree (N), agree (A) OR strongly agree (SA) with the statements on marketing practices and firm competitiveness where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	We use pricing skills and systems to respond quickly to market changes.					
2	The bank is continuously innovating new products to meet customer needs.					
3	We have agents distributed across the country on specific locations to provide services to customers.					
4	Customers rely on advertising, personal selling and public relations on updates about bank offerings					
5	Others specify					

7. Kindly tick in the appropriate box on each statement in the Likert scale to indicate where you strongly disagree (SD), Disagree (D), neither agree nor disagree (N), agree (A) OR strongly agree (SA) with the statements on product marketing practices and firm competitiveness where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	The organization offers a wide range of products					
2	New product development is always important for the health of the organization					
3	New products are normally tested					
4	All new product developments are guided by market needs					
5	The organization differentiates its services to meet different needs of customers					
6	Customers are involved in selection of brand Symbols					
7	The organization offers specific products for different target markets					

8. What is your level of agreement on the following statements related to pricing marketing practice in the bank? Rate where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	The organization has set clear pricing objectives for each products					
2	The organization has a uniform pricing policy in all its branches					
3	The organization considers competition in pricing					
4	The most important objective is profitability					
5	The organization has a flexible pricing policy					

- 9.** What is your level of agreement on the following statements related to promotion marketing practice in the bank? Rate where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	The bank has an established Public Relations department					
2	The bank evaluates competition adverts against its own					
3	The bank undertakes media planning to identify the most effective way of reaching the customer					
4	The bank sets objectives for each of the promotion mix elements (i.e. public relations, advertising, sales, promotion etc.)					
5	The bank ensures that brochures and other organization materials are easy to find					
6	The bank has a strategy for support of social responsibility activities					
7	The bank undertakes sales promotion activities					

- 10.** What is your level of agreement on the following statements related to place marketing practice in the bank? Rate where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	The bank branches are conveniently located					
2	The bank carries out research in selection of Suitable branch location and other outlets					
3	The bank utilizes credit card and ATMs to overcome the issue of intangibility.					
4	The bank has an elaborate branch network					
5	The bank branches are inter-linked					
6	The choice of the bank location is guided by convenience, safety, visibility, and accessibility among other factors					

- 11.** What is your level of agreement on the following statements related to personnel marketing practice in the bank? Rate where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	Contact personnel have sufficient product Knowledge					
2	Contact personnel are courteous & professional in serving customers					
3	The organization has strict recruitment procedures to ensure they attract the right personnel					
4	The branch officers are always available to handle customer enquiry's					
5	Staff are efficient, warm, friendly and honest					
6	The staff are neatly kited(have uniforms)					
7	Service contact personnel are continuously trained on knowledge of organization products and new product developments					
8	Staffs are constantly trained in new skills.					

- 12.** What is your level of agreement on the following statements related to physical facilities marketing practice in the bank? Rate where 1 = strongly disagree 2= Disagreed 3 = Neutral 4 = Agree and 5 = strongly Agree

	Statement	1	2	3	4	5
1	The exterior of the organization is well maintained and attractive					
2	The interior of the organization is attractive and pleasant					
3	The organization has adequate parking for its customers					
4	There is enough sitting space for customers					
5	The organization has a distinct logo and color regime process					
6	There is timely provision of account information to customers					

7	The organization uses the latest technology in the industry					
8	The organization provides “Que ropes” to guide customers in the queue					

SECTION C : MARKETING PRACTICES AND FIRM COMPETITIVENESS

13. Please indicate the extent to which you concur with the following statements concerning the effect of marketing practices on performance of microfinance banks in Kenya. Use the scale of: 1 Use the scale of: 1= strongly disagree 2= disagree 3= undecided 4= agree 5= strongly agree

	Statement	1	2	3	4	5
1	The firm is able to attract and satisfy its customer					
2	The firm has formally been providing quality goods and services its customer					
3	The firm offers affordable goods and services to its customers					
4	The organization has gained trust and confidence from most of its customers					
5	The organization makes follow ups that the customer is fully satisfied with the products and services offered					
6	The company has formally expanded its market share through inter-firm relationships to enhance coordination of activities and functions among multiple parties.					
7	The firms has formally reduced communication costs					
8	The organization has created strong bonds with its customers due to face-to-face interactions					
9	The firm has improved its sales turnover					
10	In generally, marketing practices used by this firm has improved performance					

14. What are the contributions of adopting marketing strategies to your company?

- a) Increasing sales []
- b) Satisfying customers []
- c) Communicating []
- d) Developing brand equity []
- e) Developing new product []
- f) Analyzing new markets []
- g) Facing competition []

15. Which of the marketing services do you engage in

	Service	Tick appropriately
1	ATM	
2	Online banking	
3	Mobile banking	
4	Personal selling	
5	Sales promotion	
6	Publicity	
7	Signage	
8	slogans	
9	Others specify.....	

APPENDIX II: COMMERCIAL BANKS IN KENYA

1. Africa Banking Corporation Bank Ltd (Kenya)
2. Bank of Africa Ltd
3. Baroda Bank Ltd
4. Bank of India Ltd
5. Barclays Bank of Kenya Ltd
6. CFC Stanbic Bank Ltd
7. Charterhouse bank Ltd
8. Chase Bank Ltd (Kenya)
9. Citibank N.A Ltd
10. Commercial Bank of Africa Ltd
11. Consolidated Bank of Kenya Ltd
12. Cooperative Bank of Kenya Ltd
13. Credit Bank Ltd
14. Development Bank of Kenya Ltd
15. Diamond Trust Bank Ltd
16. Dubai Bank Kenya Ltd
17. Ecobank Ltd
18. Equatorial Commercial Bank Ltd
19. Equity Bank Ltd
20. Family Bank Ltd
21. Fidelity Bank Limited Ltd
22. Fina Bank Ltd
23. First Community Bank Ltd
24. Giro Commercial Bank Ltd
25. Guardian Bank Ltd
26. Gulf African Bank Ltd
27. Housing Fin. Co. of Kenya Ltd
28. Habib Bank Ltd

29. Habib Bank A.G Zurich Ltd
30. I&M Bank Ltd
31. Imperial Bank Kenya Ltd
32. Jamii Bora Bank Ltd
33. Kenya Commercial Bank Ltd
34. K-Rep Bank Ltd
35. Middle East Bank Kenya Ltd
36. National Bank of Kenya Ltd
37. NIC Bank Ltd
38. Oriental Commercial Bank Ltd
39. Paramount Universal Bank Ltd
40. Prime Bank Ltd (Kenya)
41. Standard Chartered Kenya (K) Ltd
42. Trans National Bank Kenya Ltd
43. United Bank for Africa Ltd

Source: CBK (2015)