

**THE EFFECT OF STRATEGIC BUSINESS PARTNERSHIPS
BETWEEN EQUITY BANK LTD AND ITS PARTNERS ON
MARKETING DECISIONS**

BY

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DECLARATION

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

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This management project has been presented for examination with my approval as the university supervisor.

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DEDICATION

I dedicate this work to my mother Caroline Bikeyo – a true inspiration and such a hard worker. You are my hero.

Secondly I dedicate this work to my daughter Rianna – may you live to be an amazing woman to your generation.

Lastly I salute all hardworking women of the earth, you are all truly amazing.

ABSTRACT

This study was conducted with the objective of determining how strategic partnerships influence marketing decisions by Equity Bank and its partners. It also set out to establish the nature of partnerships formed between Equity Bank and its main partners as at December 2010. To achieve the objectives, a case study was carried out where primary data was collected from five respondents with the aid of an interview guide. The primary data collected through the personally administered structured guide was thereafter analyzed. The analysis was carried out through content analysis.

The findings of the data led to some key findings that Equity Bank and its partners have engaged in many partnerships and that indeed strategic partnerships do have an effect on marketing decisions. The main reasons for entering into partnerships were to increase customer base and to increase value for customers by giving or granting access to more products and services that the individual firms had no competencies in. The main nature of alliances formed was strategic equity alliances. In this arrangement no firm loses its identity to the other because complete integration is not a feature in equity alliances.

The study concluded that strategic alliances influence most if not all of marketing decisions a firm makes. Firms that engage in strategic partnerships registered increased growth in customer base as well as having more satisfied customers. In addition the firms realized increased value for customers, increased brand reputation as well as achieved increased innovation of new products and services. A few challenges such as poor handling of customer care queries, system failures, fraud, discontentment by partners were encountered that caused firms to draw beneficial lessons too for future partnership agreements. The study thus concluded that strategic

partnerships should be used more aggressively as a strategy in the increased competitive business scene.

Areas of further research identified included recommendations for research studies to be carried out on Agency Banking in commercial banks.

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ABBREVIATIONS

ATM – Automated teller machines

DSTV – Digital Satellite Television

IBM – International business machines

KES – Kenyan shillings

Mkesho – A bank account operated by Equity Bank and Safaricom through a mobile phone interface

M-PESA – A money transfer product from Safaricom Limited

CHAPTER ONE: INTRODUCTION

1.1 Background

The current business environment faced by firms is complex and rapidly changing. The success and survival of any business depends on how well it relates with its challenges and how it positions itself to the external environment (Mittal 2001). Porter (1985) defines competitive strategy as the ability of a firm to meet and beat its competitors as he notes that business strategy is all about competition. Different firms across industries implement various strategies to beat competition and to survive in the harsh environment.

One of the strategies has been the formation of strategic partnerships in order to bring together strengths that will enable firms survive the harsh terrain of the market. Various terms have been used to describe forms of strategic partnering. These include 'international coalitions' (Porter and Fuller, 1986), 'strategic networks' (Jarillo 1988) and, most commonly, 'strategic alliances'. An alliance may be seen as the 'joining of forces and resources, for a specified or indefinite period, to achieve a common objective'.

In the banking industry in Kenya, commercial banks especially face a number of challenges in their operations, one of which is the increased number of competitors. The competitors make it difficult to achieve competitive advantage because they imitate the services, products, and huge financial requirements of each other. Banks in Kenya then adopt various strategies to counter competition and these include conducting aggressive marketing campaigns, adopting a market-driven approach of

ensuring a mass market is reached and ensuring excellent service delivery to their clients. In addition to these strategies, some leading banks have opted to form strategic partnerships to survive. Indeed Ansoff (1998) has stated that a firm that does not improve its performance sooner or later will lose its competitive advantage and eventually drop out of the market.

1.1.1 The Concept of strategic Partnerships

A strategic partnership is a formal alliance between two commercial enterprises, usually formalized by one or more business contracts, but which falls short of forming a legal partnership or agency, or a corporate affiliate relationship as defined by the Wikipedia encyclopaedia. Typically two companies form a strategic partnership when each possesses one or more business assets that will help the other, but that each respective other does not wish to develop internally.

Strategic alliances are critical elements to many business strategies. Porter (1998) states that developing competitive strategy is developing a broad formula on how a business is going to compete, what its goals should be and what policies are needed to carry out these goals. No organization can do everything, so alliances become powerful means of enriching the solutions and value we provide our customers, improving our access to new markets and customers, and growing our own knowledge, capabilities, and companies. We can extend our core competencies through entering into relationships with organizations that have capabilities that complement ours.

There can be many advantages to creating strategic partnerships. As Grant (2008) states "For complete strategies, as opposed to individual projects, creating option

value means -- positioning the firm such that a wide array of opportunities become available". Alliances combine competencies and capabilities to create synergy and enable the partners to achieve what they could either not do at all, or could do only at reduced efficiency or greater cost. Studies show that their success is dependent on how they are managed and the way partners foster the evolution of the partnership (Buono, 1997; Coulson, 2005)

Strategic partnerships raise questions concerning co-inventorship and other intellectual property ownership, technology transfer, exclusivity, competition, hiring away of employees, rights to business opportunities created in the course of the partnership, splitting of profits and expenses, duration and termination of the relationship, and many other business issues. The relationships are often complex as a result, and can be subject to extensive negotiations.

1.1.2 Marketing Decisions

Marketing decisions are decisions made as part of the iterative process of strategy development. A company makes these decisions in response to the changing dimensions of the marketing environment in order to ensure a sustainable competitive advantage. Marketing managers make decisions to create and maintain an enduring customer-based equity.

Marketing strategies often involve long term objectives that usually go beyond measurements of short term financial, accounting and market based performances. The strategies include brand building, product positioning, product establishment and service quality, (Kotler, 2005). Marketing objectives are measured with indicators

such as market share, market penetration, revenue, profit margin, customer conversion rate, product and brand awareness and channel coverage.

In order to fulfil these objectives there is an array of marketing decisions to be made. These decisions involve identifying marketing opportunities, selecting customer targets, effectively positioning products and services, and implementing competitive marketing support programs. The types of marketing decisions made are usually founded on the traditional 4 P's (product, price, promotion and place) as demonstrated by many researchers (Couto et al 2005, Wright et al 1990). Today with marketing being more entrenched in organizations various authors have expanded the 4 P's to include others i.e. people, packaging ,process etc although the benefit of using the 4 P's is that there is a wide consensus and acceptance of the concept among practising marketing managers worldwide.

Marketing decisions are often made within the context of the external environment of the organisation. While marketers are not able to control the environment the marketing decisions related to the 4 P's are affected by changes occurring within them. Important external environments include: political and legal environment; cultural and social environment; economic environment; technological environment and competitive environment.

1.1.3 Equity Bank

Equity Bank was registered in 1984 firstly as a building society. It then evolved to a microfinance institution in the 1990's but from December 2004 it has been operating as a publicly listed commercial bank. With a vision to be the champion of the socio-economic prosperity of the people of Africa, Equity Bank has worked hard through its

accessibility, affordability and flexibility to provide financial services to previously unbanked persons who had been locked out of mainstream banking industry. With over 4.1 million accounts, representing over 52% of all bank accounts in Kenya, Equity Bank is the largest bank in the region in terms of customer base. The phenomenal growth experienced by the bank has enabled it to open branches in Kenya, Uganda, and South Sudan.

Equity Bank has received both local and global accolades for its unique and transformational financial model. These include: Micro Finance Bank of the Year in Africa 2009, the African Business of the Year 2009, and being named as the Emerging Markets Most Sustainable Bank of the Year in Africa and Middle East. For the second year running (2008 and 2009), Equity has been named the best bank in the Kenya Banking awards.

The banking industry in Kenya has over the last years experienced growth in assets, deposits, and profitability and products offerings. This growth has been due to an industry-wide branch network expansion strategy both in Kenya and the East African region, as well as an automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off the shelf' banking products. Players in the banking industry have also experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market.

The stiff competition and dynamic environment has forced banks to up their marketing strategies and make bold decisions in order to be successful. This study will seek to look at how marketing decisions are affected by strategic partnerships which is one of the strategies being employed by the banks in the face of competition.

1.1.4 Equity Banks partners

Safaricom

Safaricom Ltd is a leading mobile network operator in Kenya. It was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In 2008 Safaricom was listed on the Nairobi Stock Exchange thus is now publicly owned.

Equity bank has partnered with Safaricom in two ways; Formation of a new unique product branded M-Kesho-a bank account that lets customers transfer cash to and from their bank account through a Safaricom product M-pesa by using their mobile phones. Equity has partnered with Safaricom to enhance Information and communication technology (ICT) infrastructure for entrepreneurial Kenyans by availing credit facilities to qualifying customers to acquire laptops and broadband modems from Safaricom retail centres.

Supermarkets

Equity bank has entered into strategic partnerships with various leading retail stores to offer extra services to its customers where the retail stores offer a cash withdrawal service i.e. the Supermarket tills serve as ATM machines for Equity Banks customers referred to as Equity Cash back service. This is being done at all leading supermarkets as of December 2010 i.e. Nakumatt, Uchumi, and Tuskys.

Multichoice

Digital Satellite Television (also known as DStv) is MultiChoice's multi-channel digital satellite TV service in Africa, launched in 1995.

Equity bank has entered into a partnership with DStv to provide soft loans to potential DStv subscribers to buy Multichoice DStv decoders and TV sets and have instant connection to DStv services.

China Development Bank

China Development Bank is the biggest development bank in the world with over Sh7.5 trillion in assets larger than all other development banks in the world put together.

The Chinese bank has been studying Equity Bank with a view to learning its model of banking and its sustainability for rural China. On its part, the Kenyan bank has been seeking funding and transfer of low cost housing technology and long-term funding for small and medium sized enterprises (SME's).

1.2 The Research Problem

Marketing managers make numerous strategic and tactical decisions in the process of identifying and satisfying customer needs as well as countering competitive factors in the environment. Traditionally banks in Kenya conduct aggressive marketing campaigns and strive to ensure excellent service delivery to their clients. Some leading banks have opted in addition to forming strategic partnerships to thrive and exploit new market niches. Typically two companies form a strategic partnership when each possesses one or more business assets that will help the other, but which each respective other does not wish to develop internally.

Equity bank has positioned itself as a non-traditional bank in seeking to amass itself a wide market penetration by coming up with pioneer strategies hitherto unexploited by the main stream banks. This it has done by forming partnerships with various non-banking institutions such as super markets, fuel stations, kiosks, wholesalers, prominent retailers, hospitals, schools etc to increase its visible presence as well as increase the number of accounts thus its sales. Due to its large customer base and high volume of transactions, Equity Bank has progressively over the last several years experienced phenomenon growth in its profits. The bank attributed its great success to a number of factors: the improving macroeconomic environment, innovations, improved operational efficiencies, improving asset portfolio and payback of the realignments carried out.

Some of the re-alignments were the strategic partnerships entered into by Equity bank. The Bank has mentioned specifically its partnership with Safaricom alone that saw a record 400,000 M-Kesho accounts opened in less than 2 months of launching the product. This news therefore brings to the fore an exposure that strategic partnerships can have a dramatic effect in the growth of a company in addition to the traditional marketing strategies and these effects need to be known by industry players.

Locally, few studies have been carried out on strategic partnership application. Siboe (2006), studied the application & challenges of strategic partnership between governments of Kenya & European Union which showed that government and private organisations operate on the same guidelines as strategic partnerships in the corporate world; Laititi (2007), studied the Perceived Effects of the European Union – East & Southern Africa economic partnership agreement on Kenya’s flower exports to the

European Union which showed that the European Union is an important market to Kenya's horticultural products and the EPA partnerships continuity is crucial for the industry's success; Kariuki (2003) studied an investigation of public-private partnerships in health care delivery in Nakuru district.

While these studies have been carried out on strategic partnerships, a gap exists in the knowledge of the effect strategic partnerships as a strategy have on marketing decisions by firms. As a result, this research is aimed at investigating what effect the various partnerships that Equity bank has engaged in as a strategy has had on marketing decisions.

The research questions to be addressed will be;

- 1) What is the nature of strategic partnerships that Equity bank has entered with its partners?
- 2) Do strategic partnerships have any effect on marketing decisions by a participating firm?

1.3 Objectives of the study

The research objectives are given as follows:

- 1) To determine the nature of strategic partnerships that Equity bank has entered with its partners.
- 2) To find out the effect of strategic partnerships on marketing decisions of Equity Bank and its partners.

1.4 Significance of the Study

The study will be of benefit to players in the banking industry who can draw key lessons for future use and also for entering into and improving current strategic partnerships in relation to marketing decisions to be applied. Potential strategic partners will also benefit from this study because it will avail information on the effects of strategic partnerships to marketing decisions and challenges faced in the application of strategic partnerships.

Results from this study will be useful for potential and current scholars who will benefit from the information that will be availed on the application of strategic partnership in the banking industry. They will have the opportunity to expand their knowledge on strategic partnerships effect on marketing decisions and also identify further areas for research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Strategic Partnerships

One of the fastest growing trends for business today is the increasing number of strategic alliances. The primary driver for the strategic partnerships is the emergence of intense global competition, which has rendered simple but time tested strategies less effective (Gugler 1992). The essence of strategy lies in creating tomorrow's competitive advantages faster than competitors can mimic the ones a firm has today. The key is not to anticipate the future but to create the future (Hamel and Prahalad, 1989). The key for survival for a firm to survive in the ever increasing competitive global market for a service firm is to offer a service that is in some way superior to its competitors. Besides it must be sustainable over time. This concept is Sustainable Competitive Advantage (SCA) (Porter, 1985). Fortune Magazine called the 1990s "the decade of the strategic alliance" and it has become one of the key tools in rapidly expanding and winning market share to date.

Today the principles of business strategy are being transformed. Instead of a focus on physical assets and economies of scale, the drivers of success reside in connectivity and intangibles. Businesses increasingly need to develop and manage complex systems or organizations around themselves so as to succeed. The selection of strategic partners with whom to collaborate is now becoming a life or death issue for most firms. Barriers between companies, which used to be solid and absolute are now permeable, companies are building bridges instead. Increasingly corporate leaders must adopt, practice, and orchestrate what appears to be conflicting policies, such as joint-venturing with competitors. In today's new world, the competitive pressure has

been intensifying, it is becoming harder to achieve leadership and stay on top, and, thus, competitors in one market may establish alliances in another.

Business and marketing are changing radically due to major forces such as technological advances, globalization and deregulation (Kotler, 2000). As a result customers increasingly expect higher quality service and some customization. They perceive fewer product differences and show less brand loyalty. Companies and marketers respond and adjust by getting into alliances –from trying to win alone to forming networks of partner firms; from using many suppliers to using fewer but more reliable suppliers who work closely in a “partnership” relationship with the company; using channels as partners-from thinking of intermediaries as customers to treating them as partners in delivering value to final customers.

Strategic partnership arrangements amongst corporations in the world are referred to with differing terms – linkages, partnerships or alliances (Yoshino and Rangan, 1995). (Wallace, 2004) quotes Peter Drucker a management guru–“Business once grew by one of two ways: grass roots up, or by acquisition. Today businesses grow by alliances –all kinds of dangerous alliances, joint ventures and customer partnering which by the way very few people understand”. One of the ways to grow a business is by aggressively creating and leveraging joint ventures and strategic partnerships and to embrace “co-opetition”. Co-opetition is a creative spin of joint venturing and business alliances put together by Adam Brandenburger of Harvard school of business and Barry Nalebuff of Yale school of management in their book *Co-opetition*. In their book they say that ‘co-opetition’ occurs when a business co-operates with its competitors for mutual gain. This model is very predominant in Technology based industries IBM, AOL, Microsoft and Apple have embraced co-opetition as a means of

expanding into new markets and even solidifying markets where they exist. When people think of forming alliances their paradigms force them into thinking of people who are not direct head to head competitors. While this is understandable it might not be smart given the impact of deregulation, accelerating technologies and the merging technological opportunities is having on the world economy. (Wallace, 2004) hypothesis is that given the risks businesses have to muster the art of building joint ventures and alliances failure to which businesses will experience slow deaths.

Alliances range in scope from an informal business relationship based on a simple contract to a joint venture agreements in which for legal and tax purposes either a corporation or partnership is set up to manage the alliance. For small businesses, strategic alliances are a way to work together with others towards a common goal while not losing their individuality. Alliances are a way of reaping the rewards of team effort – and the gains from forming strategic alliances appear to be substantial. Companies participating in alliances report that as much as 18 percent of their revenues come from their alliances. (Coopers and Lybrand, 1991) rates growth strategies and entering new markets as the primary reasons for firms entering into strategic partnerships. But it isn't just profit that is motivating this increase in alliances. Other factors include an increasing intensity of competition, a growing need to operate on a global scale, a fast changing marketplace, and industry convergence in many markets (for example, in the financial services industry, banks, investment firms, and insurance companies are overlapping more and more in the products they supply). Especially in a time when growing international marketing is becoming the norm, these partnerships can leverage the growth of firms through alliances with international partners. Rather than take on the risk and expense that international

expansion can demand, one can enter international markets by finding an appropriate alliance with a business operating in the marketplace they desire to enter. Other reasons cited are joint marketing or promotion; joint selling or distribution; production; design collaboration; Technology licensing; sharing the often prohibitive costs of Research and development(R and D) and outsourcing. Another common strategic partnership involves a supplier / manufacturer partnering with a distributor or wholesale consumer. Rather than approach the transactions between the companies as a simple link in the product or service supply chain, the two companies form a closer relationship where they mutually participate in advertising, marketing, branding, product development, and other business functions. As an example, an automotive manufacturer may form strategic partnerships with its parts suppliers, or a music distributor with record labels.

2.2 Stages of Alliance Formation

A typical strategic alliance formation process involves these steps:

Strategy Development: Strategy development involves studying the alliance's feasibility, objectives and rationale, focusing on the major issues and challenges and development of resource strategies for production, technology, and people. It requires aligning alliance objectives with the overall corporate strategy.

Partner Assessment: Partner assessment involves analyzing a potential partner's strengths and weaknesses, creating strategies for accommodating all partners' management styles, preparing appropriate partner selection criteria, understanding a partner's motives for joining the alliance and addressing resource capability gaps that may exist for a partner.

Contract Negotiation: Contract negotiations involves determining whether all parties have realistic objectives, forming high calibre negotiating teams, defining each partner's contributions and rewards as well as protect any proprietary information, addressing termination clauses, penalties for poor performance, and highlighting the degree to which arbitration procedures are clearly stated and understood.

Alliance Operation: Alliance operations involves addressing senior management's commitment, finding the calibre of resources devoted to the alliance, linking of budgets and resources with strategic priorities, measuring and rewarding alliance performance, and assessing the performance and results of the alliance.

Alliance Termination: Alliance termination involves winding down the alliance, for instance when its objectives have been met or cannot be met, or when a partner adjusts priorities or re-allocates resources elsewhere.

2.3 Types of strategic partnerships

Collaborative agreements between businesses can take a number of forms and are becoming increasingly common as businesses aim to get the upper hand over their competitors. Hunger and Wheelen (1996) list three main types of strategic partnerships joint ventures, joint programs or contracts and minority investments in an innovative firm.

A joint venture is an agreement by two or more parties to form a single entity to undertake a certain project. Each of the businesses has an equity stake in the individual business and share revenues, expenses and profits. Joint ventures can be used by businesses of any size to strengthen long term relationships or to collaborate

on short term projects (Lorange and Roos, (1999)). For example, Texas Instruments and Hitachi on the one hand, and IBM and Siemens on the other, formed joint ventures to develop and manufacture complex microcomputer chips. One partner may be dominant, or the partners may hold equal ownership. However, each partner has only partial ownership and control.

Equity Alliances: A development on joint ventures is equity alliances. Minority equity alliances include an acquisition of equity shares by either one or more partner firms. In this arrangement no firm loses its identity to the other because complete integration is not a feature in equity alliances. Each firm retains its complete identity and control mechanisms unlike in joint ventures where new structures have to be formed. Thus without forming a new entity, partner firms carry out their co-operative activities. Equity alliances help to align the interests of partner firms (Gulati, 1995). When there is shared equity, partner firms realize their interests are intertwined and hence opportunistic behaviour is discouraged. In addition, shared equity serves as a mutual hostage for partners to retaliate and punish an opportunistic party (Kogut, 1998). Shared equity often facilitates the co-ordination and control of the collaborative effort by partners.

Joint programs or contracts are alliances formed in developing new technology or products where the participating organisations can minimise their investment and risk especially when it comes to large scale innovation. In a contractual agreement such as a licensing agreement, franchising agreement, distribution agreement, or technical assistance agreement participants contribute resources to a shared activity, but do not share in the ownership or profits of that activity. For example, U.S.-based Sun Microsystems has licensed its most powerful microprocessor designs to the Dutch

electronics giant N.V. Philips, hoping that its chips will be used in new designs of in new designs of consumer electronics products such as televisions.

Minority investment occurs where a firm makes an investment in an innovator firm that is seeking capital. The investor expects to benefit from this strategic partnership by gaining investment value.

2.4 Benefits of strategic partnership

Many start-ups decide that the best way to rapidly expand their business is to enter into strategic alliances with established companies which serve a different but similar market. Thompson and Strickland (2003) among others list many benefits of strategic alliances and these include: Achieving advantages of scale, scope and speed: The 80/20 Principle asserts that 80% of results come from 20% of effort. Thus, to achieve more with less, firms must be selective, not exhaustive and strive for excellence in the few key areas, rather than for good performance in many. This helps in essence to flatten the learning curve. While a strategic partnership wonderfully exposes a company to new markets, it needn't invest much time or money batting in that new ball park. The partner already knows the game and will get the firm up to speed for free. Alliances help firms to focus their resources on what they do best and what creates sustainable competitive advantage and tap to the resources of others for the rest. This enables them to achieve speed and gain scope and scale at the same time. Access to a greater area of expertise: Partnerships can be used to create an ecosystem of large and small players to speed up market adoption of new technology (Fleming, 2004); expertise or intellectual property; a means to raise capital; lower research and development costs and gain economies of scale. Technological change has also

created additional pressures for business. The rapid pace of technological development has exerted downward pressure on product lifecycles, which in turn leads to increased R&D costs. Consumer electronics provides a stark example with the short lifespan of products like mobile phones giving little time to recoup costs. Rising consumer expectations, in terms of quality, price and choice are also a factor which can be effectively be addressed by strategic partnerships. Synergy in marketing and sales efforts: Synergy is the power behind business partnerships. Most of us have limits on our resources, which hinders growth. In a business partnership, two parties leverage their assets (resources, capabilities, expertise, client base etc.) for the mutual benefit of both. Thus partners can develop new business opportunities through new products and services or enhance product development, raise brand awareness, access additional financial & human resources, increase market penetration, access to increased customer database as well as gain access to new distribution channels ,gain greater operational flexibility. This is done at an attractive low cost too. The overhead's can remain relatively low for both partners.

Increased and enhanced credibility and image of a company: An alliance with a larger, better known company dramatically heightens a firm's credibility in the eyes of potential customers. Those who're considering hiring or buying from it are shown compelling evidence that others have endorsed the firm, so they're more likely to get on its bandwagon.

Diversification: by creating new businesses e.g. when forming joint ventures, or venturing into international markets by both domestic and foreign firms leading to enhanced competitiveness in domestic and/or global markets. Blocking out the competition; when several strong players are involved in a strategic alliance, the team

can render the competition nearly irrelevant. Doing business with the consortium looks like the only logical choice for most target consumers. This would most definitely also have positive impacts on the profit margins for the partners. Added value and extra benefits to clients and customers: The clear and powerful benefits from strategic alliances are available and can be very valuable to participating firms. The power of a strategic alliance exceeds the sum of the power of the individual companies or organizations added together, but acting outside of a strategic alliance.

2.5 Challenges of Strategic partnership

Thompson and Strickland (2003), (Yoshino and Rangan, 1995) among others cite the major challenges faced by strategic alliances as follows.

The high failure rates of strategic alliances around 70% (Kalmbach and Roussel, 1999). Others, while not declared failures, end up being paper partnerships and not real collaborations that produce meaningful results. Partnerships are not easy to manage; they demand a set of skills and capabilities that are in short supply and different to the traditional business skills set (Chan et. al, 1997).

Insufficient trust is one of the greatest challenges of strategic partnerships with each partner trying to get the better deal. According to (Fleming, 2004) trust begins with a candid discussion among the potential partners on the areas of mutual benefit and potential conflict. The expectation should be set that each partner will provide access to both information and expertise. Partners should then demonstrate their commitment by living up to that expectation.

Ambiguity in roles and responsibility; Firms entering into a partnership have different motives, strategies and different managerial mindsets at play. The differences of opinion on how to proceed in the management of a strategic partnership may contribute to the breaking up of such partnerships (Lockwood et al, 2000). Thus roles have to be clearly defined to avoid ambiguity and eliminate potential conflict areas.

Operational challenges at lower levels of organisations: Partnerships are often negotiated at higher level of organisations, but their day to day management is left to lower level managers (Kelly & Parsons, 1994). Unless the partners invest heavily in creating relationships at both operational levels as well as managerial levels, challenges may arise in implementation of strategies and decisions made and agreed upon by senior management by the operational level departments in both organisations. This is because an organisation's processes and culture are developed and cultivated with the individual organisation in mind and these differences may result in poor integration and cooperation for a strategic partnership.

Evolution of the partnerships over time is a major challenge facing strategic partnerships which (Fleming, 2004) states are subject to changes in technology, competition and customer requirements. This can cost partner firms dearly if not monitored and managed well. Partnerships tend to develop in a way that is unpredictable and must be set up to deal with this uncertainty.

It is difficult to produce business cases for partnerships, demonstrating value for money and tracking performance is not easy; this is because it is inherently difficult to attribute benefits against a baseline of no partnership if that partnerships enables you to do something that you wouldn't have done such as create a new product, enter into a new market or share knowledge.

The best way to overcome these challenges is to be transparent and re-assess the alliance at regular intervals to ensure that both parties are gaining from the agreement. If they aren't then perhaps the terms of the agreement need to be changed.

2.6 Current Trends in Strategic Partnerships

Buono (1997) states that the true twenty first century corporations are seeing their structures become an elaborate network of internal and external relationships. This organizational phenomenon is defined as a temporary network of independent companies linked primarily by information technology to share skills, access to markets and costs (Pearce and Robinson, 2005). Executives speak of partnerships and alliances as being core to their strategies. Salespeople want to partner with their customers. Developers seek alliances to acquire technology, knowledge, and capabilities. Marketers seek partnerships to open new markets and segments.

Strategic alliances have also continuously evolved from duo partnerships to multi-partnerships. Their formation has evolved such that it can be very informal, such as a handshake and an agreement for two firms to share a booth at a trade show. Other arrangements can be extremely complex, such as the consortium of major U.S. electronics firms to develop new microchips," says Charles P. Lickson in A Legal Guide for Small Business. Other forms of partnerships are also evolving from the traditional three to now include, supplier-chain alliances, outsourcing, franchising, affiliate marketing, technology licensing, product licensing , and virtual companies briefly explained as follows;

Outsourcing is simply a way of purchasing a functional service for the company. The 1980s was the decade where outsourcing really rose to prominence, and this trend

continued throughout the 1990s to today, although to a slightly lesser extent. Outsourcing and globalization of manufacturing allows companies to reduce costs, benefits consumers with lower cost goods and services, causes economic expansion that reduces unemployment, and increases productivity and job creation.

Affiliate marketing is a marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's own marketing efforts. Examples include rewards sites, where users are rewarded with cash or gifts, for the completion of an offer, and the referral of others to the site. The industry has four core players: the merchant (also known as 'retailer' or 'brand'), the network, the publisher (also known as 'the affiliate'), and the customer. The market has grown in complexity to warrant a secondary tier of players, including affiliate management agencies, super-affiliates and specialized third party vendors. Affiliate marketing has exploded over recent years, with the most successful online retailers using it to great effect. The nature of the internet means that referrals can be accurately tracked right through the order process. Amazon was the pioneer of affiliate marketing, and now has tens of thousands of websites promoting its products on a performance-based basis. (Kotler, 2000) says that internet purchasing can help forge closer relations between partners and buyers, and it levels the playing field between large and small suppliers. At the same time, it can potentially erode supplier-buyer loyalty and open the door to possible security disasters.

Technology licensing is a contractual arrangement whereby trademarks, intellectual property and trade secrets are licensed to an external firm. It's used mainly as a low cost way to enter foreign markets. The main downside of licensing is the loss of

control over the technology – as soon as it enters other hands the possibility of exploitation arises.

Some companies now practice a form of the societal marketing concept called cause related marketing. (Kotler 2000) quotes Pringle and Thompson who define this as an “activity by which a company with an image, product, or service to market builds a relationship or partnership with a ‘cause,’ or a number of ‘causes,’ for mutual benefit.” They see it as affording an opportunity for companies to enhance their corporate reputation, raise brand awareness, increase customer loyalty, build sales, and increase press coverage. They believe that customers will increasingly look for demonstrations of good corporate citizenship. Smart companies will respond by adding “higher order” image attributes than simply rational and emotional benefits. Critics, however, complain that cause-related marketing might make consumers feel they have fulfilled their philanthropic duties by buying products instead of donating to causes directly.

Product licensing is similar to technology licensing except that the license provided is only to manufacture and sell a certain product. Usually each licensee will be given an exclusive geographic area to which they can sell to. It’s a lower-risk way of expanding the reach of your product compared to building your manufacturing base and distribution reach.

Franchising is an excellent way of quickly rolling out a successful concept nationwide or globally. The franchiser offers a complete brand concept and operating system. In return, the franchisee invests in and pays certain fees to the franchiser. McDonald’s and Avis have entered scores of countries by franchising their retail concepts. Franchisees pay a set-up fee and agree to ongoing payments so the process is

financially risk-free for the company. However, downsides do exist, particularly with the loss of control over how franchisees run their franchise.

Distributors- Supply-chain partnerships result from the recognition that the delivery of a firm's products or services to customers is more effectively achieved when key suppliers in the value chain are managed in a collaborative manner. If you have a product one of the best ways to market it is to recruit distributors, where each one has its own geographical area or type of product. This ensures that each distributor's success can be easily measured against other distributors. Strategic alliances are usually formed because the businesses involved want more customers. The result is that cross-promotion agreements are established by distribution partners.

According to Marketing Minefield, a UK based company; Strategic Alliance is still an underused marketing tactic.

2.7 Strategic partnerships and marketing decisions

Taking a proactive approach to developing a partnership strategy is far more valuable than making reactionary decision to offers or copying the latest trends of competitors. The main objective of a partnership strategy should be that it supports an individual firm's business and marketing objectives.

In the marketing environment marketers face brand, industry, form, and generic competition. To succeed marketers must pay close attention to the trends and developments within the environment i.e. the task environment (immediate actors in the producing, distributing and promoting the product offering) and the broad environment (forces in the demographic, economic, natural, technological, political-

legal, and social-cultural environment). Within these environments marketers apply the marketing mix –the 4 P's to pursue marketing objectives.

Firms can adopt one of the five orientations towards the market place. The production concept assumes that customers want widely available, affordable products; the product concept assumes that customers want products with the most quality, performance or innovative features; the selling concept assumes that customers will not buy products without an aggressive selling and promotion effort; the marketing concept assumes that the firm must be better than its competitors in creating, delivering and communicating customer value to its chosen target markets; and the societal marketing concept assumes that the firm must be able to satisfy customers more effectively and efficiently than competitors while still preserving the society's and consumer's well being.

Keeping this in mind strategic partnerships enable firms achieve one or several of its objectives easily though using its partners e.g. to obtain a wide range of products under one roof a firm will partner with others to obtain products that are not necessarily produced by itself or that a firm lacks the adequate expertise to produce; aggressive selling and promotion is easily carried out by more than one firm on the same product; firms are better placed to communicate added customer value when goods and services are available under one roof etc.

Strategic partners should develop a partner selection strategy that ensures partners are a good strategic fit. The partners have to check if they will want to require a unanimous vote of all the partners for every business decision. Or if that may not be practical, they can require a unanimous vote for major decisions and allow individual partners to make minor decisions on their own. In that case, the individual partnership

agreements will have to describe what constitutes a major or minor decision. While every minute detail in the partnership may not be elaborated it is wise for all partners to work out some guidelines in advance. For example, who will keep the books? Who will deal with customers? Supervise employees? Negotiate with suppliers? To avoid potential conflict areas in the management needs of a partnership and be sure you've got everything covered very many things have to be agreed on prior to starting out the partnerships.

In the case of marketing decisions to be made the partners have to check whether each potential partner has complimentary marketing goals and similar target customer segments. They should also consider if the firms existing customers value the potential partner's brand, products or services .Marketing partnerships can help make a firms marketing offerings soar, but they can also be the bane of its very existence if poorly negotiated.

Once a firm is sure about the partnership it intends to have and that all contractual issues have been finalised the partner firms have to pull out the stops to heavily communicate their joint venture. This can be done by creating a marketing plan and sharing responsibilities for implementing it; they can consider sponsoring promotional offers to stimulate joint sales; develop a report that shows potential customers why tapping their services is the new best way to go; consider designing a new logo that brands the new alliance; showcase the new capabilities, services or products in brochures, business pitches, on websites, and beyond; mount a publicity campaign and get the word out to relevant media, newsletters, and bloggers through a series of press releases and related communications tools.

This research is thus motivated to find out how Equity bank has travelled this path of forming various partnerships and how the partnerships have affected its marketing decisions in order to enable the researcher arrive at conclusions that can shed light on this topic.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives a description of the research design, population of study, data collection and data analysis and techniques.

3.2 Research Design

The research was conducted through a case study. The research was based on determining how strategic partnerships affect marketing decisions by firms. A case study was chosen for collection of information and an in-depth contextual analysis is suited for this research. The case study research method is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984, p. 23).

3.3 Population of the study

The population of study was six -Equity Bank and its main partners as of December 2010 of i.e. Nakumatt Supermarket, Uchumi supermarket, Tuskys supermarket, Multichoice-DSTV and Safaricom Ltd.

3.4 Data Collection

The data for the research was collected through in-depth interviews with the aid of a structured interview guide. Interviews were conducted face to face administered by the researcher. Only one respondent per organization who was the head of marketing was interviewed. These were the General Manager- Marketing, Corporate and Institutional banking-Equity Bank ,the head of marketing Nakumatt Supermarket; the head of marketing Uchumi supermarket ; the head of marketing Tuskys supermarket;, the head of marketing Multichoice-DSTV and the head of marketing Safaricom Ltd.

Questions were issued in advance to help respondents recollect facts or make references where necessary then interviews booked at the convenience of the respondents. The areas covered in the interview were the number of partnerships formed to-date, reasons for motivating the formation of the strategic partnerships, the nature of the strategic partnerships, do the strategic partnerships entered by the firm have any effect on marketing decisions, the benefits/challenges and lessons learnt in the strategic partnerships in marketing decision making. Secondary data was collected from desk search techniques from published reports from the organizations in the study and results incorporated with the primary data in the analysis.

3.5 Data analysis

The data collected was qualitative in nature thus the main analysis tool was content analysis. This enabled the data to be compressed into fewer content categories or themes. Content analysis is used to identify the intentions, focus, or communication

trends of respondents, describe attitudinal and behavioral responses to communications and to determine psychological or emotional state of persons or groups, (Cooper and Schindler, 2003). The researcher then summarized the various opinions, assessed the degree of consensus or differences expressed by the respondents and synthesized the themes that emerged. Conclusions were then drawn in line with the research objectives.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and findings of the study that were derived from both the responses to the interview guide and secondary data. The focus on the findings is based on two objectives of the study and the findings are analyzed in line with the research objectives. The research findings presented below highlight the convergence of ideas from the respondents.

4.2 Response Rate

The response was 83.33%. This response rate was only achieved after the researcher made several personal calls and visits to the respondents to emphasize on the importance of the study.

4.3 Strategic partnerships for Equity Bank and its partners

The study sought to investigate how many partnerships the participating firms had and their nature. The respondents revealed that all the firms involved in the study have entered into numerous partnerships across various sectors as follows: retailers/merchandisers; institutions such as schools, churches, hospitals; government; multinationals and non-governmental organizations; banks; suppliers and distributors; pharmaceuticals; telecommunications and Insurance firms.

The respondent's main reasons for entering into strategic partnerships were to increase customer base and increase value for customers by giving or granting access to more products and services that the individual firms had no competencies in.

4.3.1 Nature of partnerships formed by Equity Bank and its partners

The interviewees were required to indicate the nature of the partnerships. An analysis of the partnerships indicated they mainly form strategic Equity alliances. Equity alliances are a development of joint ventures. Equity alliances include an acquisition of equity shares by either one or more partner firms in an arrangement where no firm loses its identity to the other because complete integration is not a feature in equity alliances. Each firm retains its complete identity and control mechanisms unlike in joint ventures where new structures have to be formed. Thus without forming a new entity, partner firms carry out their co-operative activities. Equity alliances help to align the interests of partner firms (Gulati, 1995). Most the partnerships between Equity Bank and its partners are majorly short term contracts.

4.4 Effect of Equity Bank strategic partnerships on marketing decisions

All the respondents confirmed that indeed strategic partnerships do have an effect on marketing decisions. The decisions affect decisions on products, price, promotion, place, potential market opportunities, marketing performance and marketing control.

4.4.1 Effect on product decisions

The respondents confirmed that for products which are made/formed specifically for a strategic partnership the individual partners contribute ideas and share costs associated with its innovation/creation for instance the Mkesho account by Equity Bank for the Safaricom partnership; Equity Bank altered its traditional savings account to be able to handle mobile phone interface while Safaricom provided the mobile telephone network interface so that mobile phone subscribers have the option of having access to the Mkesho account in their phone menu's.

On the converse there are some partnerships that do not have any direct effect on product decisions for some of the partners. The supermarkets stock various products at different prices which can be paid by debit cards from Equity bank or a customer while making payment's at the supermarket can decide to withdraw cash from their Equity Bank account through the supermarkets till using the facility created by the partnership of Equity Bank and the supermarket. This however is not a key consideration on product decisions made by marketers of the supermarket on what to stock.

4.4.2 Effect on pricing decisions

The respondents revealed that pricing decisions are a major consideration in a partnership thus will have a major influence on marketing decisions. For Equity Bank whose main aim is to decongest banking halls as it seeks partners who can avail its services price reduction is employed on most of the products created in its partnerships. In this instance customers who go directly to Equity banking halls for services pay the highest charges currently they would pay Kes 50 per service over the

counter; however if they use an Equity ATM machine outside a banking hall they would be charged Kes 30 per transaction while if they use the an Equity partners' service e.g Mkesho they would be charged Kes 25 per transaction. Thus the prices reduces for the customer; the partners each benefit from the transaction when their joint product is utilized and Equity gets the further benefit of reduced congestion from its banking halls. In these case marketers from participating partner firms have to seriously consider the effect of price when they make marketing decisions as it's a key component in the success of the partnerships.

4.4.3 Effect on promotion decisions

The respondents confirmed that promotion decisions are affected by strategic partnerships. All the partners make decisions to split promotion costs in their agreements. In this case Equity Bank and its partners will develop their own individual promotion strategies but make sure that the benefits of the partnership are clearly communicated to their target customers.

4.4.4 Effect on Place decisions

The respondent's choice of place for their products is heavily influenced by the strategic partnership. Giving customers a wide reach to their products is a key issue underlying the formation of partnerships. For instance the equity alliance between Safaricom and Equity bank has helped Safaricom distribute its money transfer services M-PESA throughout the country by taking advantage of Equity Banks ATM's wide coverage in the country. The service targets over 12 million Safaricom

customers who are able to use their mobile phones countrywide to access money from Equity Banks over 550 ATM's. Multichoice –DSTV has only two offices in Kenya both based in Nairobi yet they are marketing their products countrywide. To enable their customers find a physical contact point for those based outside Nairobi Multichoice has partnered with Equity Bank to enable its customers pay bills through Equity Bank banking halls country wide or through the Equity Bank Mkesho account that incorporates Safaricom or through M-PESA directly.

4.4.5 Effect on potential marketing opportunities

The interviewees all confirmed that they obtained a great growth in customer numbers who were not their traditional market and this was accentuated by the formation of partnerships. The strategic alliances have paid off in this regard. The main reasons for forming alliances were to increase customer base –In this regard the respondents confirmed that potential market opportunities were analyzed and the most viable pursued and sealed by formation of partnerships to net the new target segments thus part of planning and implementing marketing programs were concluded by the strategic partnerships.

4.4.6 Effect on marketing performance and marketing control

The respondents explained that marketing performance and control were key elements continually analyzed by the strategic partners. This is done through monitoring sales and revenues as well as analysis of customer feedback on the products or services accessed due to the partnerships.

4.5 Benefits of the strategic partnerships in making marketing decisions

The benefits realized by Equity Bank and its partners as a result of the alliances include increased customer base, increased value for customers, increased brand reputation and increased innovation of products and services. These are a trigger for continued growth for the long haul for the firms. As it's very clear to the respondents how to identify the benefits the marketers in these firms are able to make marketing strategic decisions with ease and proper focus.

4.5.1 Increased customer base.

All the respondents achieved increased customer base with the strategic partnerships. Equity Bank today is the leading Bank in terms of customer numbers in the region as well as profitability from the results published in July 2011. Safaricom boasts of the largest mobile phone operator in terms of customer base while Multichoice is the leader in digital TV services; the supermarkets interviewed (Nakumatt, Uchumi and Tuskys) are among the leading top five chain retail stores in the country.

4.5.2 Increased value for customers

Customers of Equity Bank and its partners report that buying from these firms gives them value for money. The respondents in the study revealed that from the feedback obtained from customers, customers cite that the increased innovation of products from the partnerships has eased their lives such as paying utility bills from the comfort of a phone away from the firms is a great benefit to the customers; shopping from various service providers under one roof that are not part of the supermarkets is a great service ;paying by visa cards instead of carrying huge sums of cash around is a

great relief from security worries or withdrawing sums of cash from a supermarkets till while shopping is a discreet way to obtain money from their accounts.

4.5.3 Increased brand reputation

Another major benefit from the respondents on the strategic partnerships is the better /increased brand reputation built over the partnerships life. A brand name is the cornerstone for successive marketing and consistent loyalty from customers. The respondents from Equity Bank and its partners appreciated the fact that Equity bank is now a dominant brand in the banking industry and that a close association with it helped them to reach the mass market that Equity Bank now commands more easily. Equity Bank on the other hand appreciates the fact that all the retailers; Safaricom and Multichoice firms that it has partnered with are all leading brands in their respective industries and this boosts its marketing efforts.

4.5.4 Increased innovation

Innovations have been brought about by the strategic partnerships entered by Equity Bank and its partners. The respondents cited increased products that have been offered to their customers that the firms on their own would not have succeeded to supply to customers. Customers have also benefitted by being technology savvy- from a time when banks would struggle to decongest banking halls by encouraging customers to only use the ATM that was the only alternative customers have now learnt to use their mobile phones to do virtually most of their transactions to a point where even small loans overdrafts from Equity Bank can be applied from the comfort of a lounge through the mobile phone and a customer pays all his bills from the same lounge without moving.

The respondents agree that marketing has also greatly benefitted from the advance of technology embraced by partners and they have also learnt to embrace more e-marketing and SMS (short message services) marketing in the process.

4.6 Challenges of the strategic partnerships in marketing decision making

Challenges arising from the strategic partnerships entered were as follows; poor handling of customer care queries, system failures, fraud, and discontentment by partners. Lessons learnt from the challenges were helpful as the firms are better equipped to enter into newer partnerships now and in the future.

4.6.1 Poor handling of customer care queries

Poor handling of customer care queries were a challenge in the initial stages of new strategic partnerships formed. When new products are launched customers sometimes do not know who exactly in the partnership to direct their queries to and this can lead to frustrations. For the respondents this was a challenge that in future for any new partnerships to be formed the decision on how to train staff from the two participating firms and giving them access to crucial information that would enable them to serve customers better should be addressed in depth.

4.6.2 System Failure

The respondents blamed technical failures as a cause of customer dissatisfaction in the partnerships. For the respondents this is a challenge to marketers as communication programs should be tailored to cover all foreseeable challenges with a reassuring message to customers at all times otherwise the customers will associate the failures with the respective companies and hurt the brand image.

4.6.3 Fraud

Fraud is a concern for Equity Banks partners who give cash out through the ATM cash back service at the supermarket tills or receive payments by card payments. Sometimes the card transactions turn out to be fraudulent customers pose with cards that do not belong to them. Increased steps to counter this include insisting on having the identity cards of the customers as well as signatures to verify however the system is not fault proof so partners still encounter occasional losses and it hurts the firm if they ban the use of the credit payments then the customer dissatisfaction increases as well as the firms lose potential revenue.

4.6.4 Discontentment by partners

Discontentment by partners is a major challenge too especially for partners who do not feel they are getting what they expected out of the partnership. After getting a measure good success with Safaricom on the Mkesho account Equity bank went out to market itself to other potential partners in the telecommunications industry i.e. Orange and formed a parallel partnership for Orange money; went to Airtel to form Airtel money and Yu to form Yu-cash – as a result Safaricom was greatly displeased with these move they had hoped to have a monopoly with Equity in the market. This poses a great challenge to the respondents who felt that some partners would want to limit a firms marketing's ambitions in this regard causing discontentment and it is hard to regain trust in this partnership which is so vital for a partnerships success. Challenges arising from the first partnerships entered were helpful as the firms are better equipped to enter into newer partnerships now. E.g When Equity bank formed partnerships later with other players in the telecommunications industry with Orange

for Orange money; Airtel for Airtel money and Yu for Yu-cash –they did not have to open two accounts as was the case with Mkesho where a customer had their original Equity savings account in addition to the Mkesho account .Thus redundancies were reduced as a result of the lessons learnt from the initial challenges.

4.7 The future of the strategic partnerships

The future of strategic partnerships has been greatly defined by the success achieved so far and the respondents all confirmed that strategic alliances are here to stay for a long while.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section deals with the summary, conclusions, limitations and recommendations in line with the two research objectives.

5.2 Summary

This study was carried out with two objectives: to determine the nature of strategic partnerships that Equity bank has entered with its partners and to find out the effect of strategic partnerships on marketing decisions of Equity Bank and its partners.

The study showed that the nature of the partnerships that Equity bank and its partners have is strategic equity alliances. The study further showed that indeed strategic partnerships have a great effect on marketing decisions made by participating firms on all key marketing decision areas on products, price, promotion, place, potential market opportunities, marketing performance and marketing control. The study noted that the main reasons why firms opted to enter into strategic partnerships were to increase their customer base and increase value for customers by giving or granting access to more products and services that the individual firms had no competencies in.

While these were the primary reasons for getting into the strategic partnerships the firms obtained several other advantages on the way such that they gained competitive advantage over competitors as a result of increased market share and therefore profitability. The benefits realized by Equity Bank and its partners as a result of the

alliances include increased customer base, increased value for customers, increased brand reputation and increased innovation of products and services. They have embraced new technologies that have cut down operational costs for the firms as well as reduced congestion in the banking halls for Equity Bank; this in turn has helped them retain more customers at a reduced cost thus a gain in financial stability. They have gained by having better brand names in the market by association with leading strategic partners in their respective fields thus also blocking out significantly competitors from customers who want to associate themselves with better services and image offered by the alliances. They have been able to grant their customers access to goods and services that the firms do not have competencies in e.g. the Supermarkets have granted to their partner firms access to bookshops, restaurants, drycleaners, banks, telecommunications firms etc to operate under the same roof with them a visit by a customer to the supermarket is a one stop shop to get anything they would wish for instead of the traditional shelf products only resulting in the ultimate price value for a marketer customer satisfaction. These benefits enable the marketers in these firms are able to make marketing strategic decisions with ease and proper focus.

A few challenges on the other hand were experienced by the partners such as poor handling of customer queries, systems failures, fraud and discontentment by partners. These challenges lead to customer dissatisfaction that negatively impacts the partner firms. Thus the strategic partners should work together in a more cohesive manner to solve these issues as they arise to avoid lost customer loyalty at all costs.

To make the partnerships work more cohesively and avoid discontent that can lead to partnerships breakdown the partners in the strategic alliances should evaluate and

periodically update their partner's expectations, and what competitors are offering. They should support partners to resolve weakness at any point along the chain thus building trust, they should train staff to manage the inter-firm relationship and flag up potential conflict; give them authority to act upon it and avoid escalation of conflict. Finally they should establish a forum for airing complaints and developing solutions and have a mediator with credibility with both parties to manage day-to-day issues.

5.3 Conclusions

In the current competitive market an established strategy now is building strategic partnerships in order to leverage on each other's competencies to deliver growth and customer satisfaction that is not possible to achieve alone. This has been demonstrated well by Equity Bank and its partners who cut across different industries.

Technological changes together with an increased demand for better services at a lower cost by consumers have generated more competition. Strategic partnerships are a way forward to counter competitive pressures. (Das and Teng, 2001) state that strategic alliances have value creating potential that makes them an important source of competitive advantage. Finally as Grant (2008) states "For complete strategies, as opposed to individual projects, creating option value means -- positioning the firm such that a wide array of opportunities become available". Alliances combine competencies and capabilities to create synergy and enable the partners to achieve what they could either not do at all, or could do only at reduced efficiency or greater cost.

5.4 Recommendations from the study

The study recommends that players in the banking industry or any other industry should consider strategic partnerships as a tool to increase customer base and grant customers access to wider products and services that the individual firms have no competencies in. The benefits realized by Equity Bank and its partners as a result of the alliances included increased customer base, increased value for customers, increased brand reputation and increased innovation of products and services. Marketers in firms that will engage in strategic partnerships will be able to make marketing strategic decisions with more ease and proper focus.

Potential strategic partners should also avoid the challenges outlined in the study such as poor handling of customer queries, systems failures, fraud and discontentment by partners in order to have better satisfied customers and enhance their partnerships value.

5.5 Recommendations for further research

Equity Bank learnt from the challenges encountered with its strategic partners from the mobile telephone operators and saw potential gaps that could be solved by having fully licensed agents who would have no conflict of interest with Equity bank. In this regard Equity Bank has launched major partnerships with agents who are licensed by the Central Bank of Kenya countrywide and the bank is aggressively marketing its agents. The researcher recommends further research to be done on agency banking to investigate how it has avoided conflict of interest and discontent that characterized the mobile phone operator Safaricom's partnership with Equity bank.

5.6 Limitations of the study

Lack of adequate co-operation from the respondents was a serious limitation faced by the researcher. The respondents were very busy as they were very senior managers in their firms in addition the research was being undertaken at a time when price wars in the telecommunication industry were very fierce and respondents were highly reluctant to reveal any information that could potentially be exposed in the market. Interviews were hard to be granted and thus data collection took several months despite having very few respondents to be interviewed.

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APPENDIX A: INTERVIEW GUIDE FOR EQUITY BANK

The interviewees will be informed that the information in the interview guide will be treated with confidentiality and will not be used for any other purposes other than academic.

1. How many partnerships has Equity Bank formed to-date?
2. What were the reasons for motivating the formation of the strategic partnerships?
3. What is the nature of the strategic partnerships between Equity Bank and its partners?
4. Do the strategic partnerships entered by the firm have any effect on marketing decisions?
5. How specifically does Equity bank make decisions on the following areas as it considers the strategic partnerships?
 - Product
 - Price
 - Promotion
 - Place
 - potential market opportunities,
 - target market selection,
 - market segmentation,
 - planning and implementing marketing programs,

- Marketing performance

- Marketing control.

6. What are the benefits of the strategic partnerships?
7. What are the challenges of the strategic partnerships?
8. What lessons have been learnt from the strategic partnerships?
9. What is the future of the strategic partnerships?
10. Please state any other information that you consider important for this study.

APPENDIX B: INTERVIEW GUIDE FOR EQUITY BANK

PARTNERS

The interviewees will be informed that the information in the interview guide will be treated with confidentiality and will not be used for any other purposes other than academic.

1. How many partnerships has Equity Bank's specific partner formed to-date?
2. What were the reasons for motivating the formation of the strategic partnerships between the firm and Equity Bank?
3. What is the nature of the strategic partnerships between Equity Bank and this partner?
4. Does the strategic partnership entered by the firm with Equity Bank have any effect on marketing decisions?
5. How specifically does the firm make decisions on the following areas as it considers the strategic partnerships it has with Equity Bank?
 - Product
 - Price
 - Promotion
 - Place
 - potential market opportunities,
 - target market selection,

- market segmentation,
- planning and implementing marketing programs,
- Marketing performance
- Marketing control.

6. What are the benefits of the strategic partnerships?

7. What are the challenges of the strategic partnerships?

8. What lessons have been learnt from the strategic partnerships?

9. What is the future of the strategic partnerships?

10. Please state any other information that you consider important for this study.

APPENDIX C: INTRODUCTORY LETTER

Teresa N. Walekhwa,

P.O. BOX 3875 -00560 Nairobi

15-09-2010

To _____

Dear Sir/Madam,

RE: REQUEST FOR ASSISTANCE FOR MBA RESEARCH PROJECT

I am a post graduate student in the School of Business, University of Nairobi pursuing a Masters of business administration (MBA). In order to fulfill the degree requirements, I am currently undertaking a management research project on **The Effect of Strategic Business Partnerships on Marketing Decisions by Equity Bank.**

You have been selected to form part of the respondents of the study. I would highly appreciate if you would assist me by according me an appointment to come and administer the interview guide attached.

Please be assured that the information you will provide is strictly for academic purposes. Your cooperation will be highly appreciated.

Thank you.

Yours sincerely,

Teresa Walekhwa.