

**// A SURVEY OF MARKETING PLANNING PRACTICES
IN THE KENYAN MOTOR VEHICLE INDUSTRY //**

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE
DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
(MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

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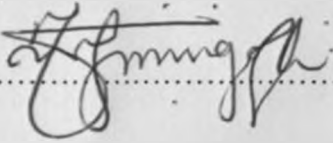


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SEPTEMBER, 2006

DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University.

Signed.....

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This Research Project has been submitted for examination with my approval as the University Supervisor.

Signed..Margaret Ombok.....

Date..18-11-2006

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DEDICATION

To my Parents:

I' am,

Because

You were.

ACKNOWLEDGEMENTS

First, am grateful to the Almighty God, the one above, who has always been there for me throughout my studies. Second, my profound gratitudes go to my supervisor Mrs. Margaret Ombok for her insightful guidance that enabled me to successfully complete this unpleasant task. Am thankful for her corrections in my error-friendly drafts and guidance in writing this project. Also, I feel greatly indebted to my family, friends and relatives whom I may not name in person but whose financial contributions enabled me to successfully clear the MBA course units and have this paper prepared.

To my fellow MBA students of the 2004 class; thanks for your encouragement. I would not forget to thank my colleagues especially Wambugu, Lalampaa, Otuke, Irene Lelekoitien, Longit, Lesiyampe, Kamiru, Musembi, Sheila, Wekesa, Linda and Pepsi for their wide range of encouragement and support rendered throughout the MBA epoch. Thanks for enduring the stormy night rains to guarantee me over the intimidating missiles from the Department of Accounting.

I would like to appreciate the passionate support and encouragement given to me by my dear brother Peter especially for the sacrifices and self-denials he underwent during my studies. To Michael Mwangi, thanks for your technical assistance.

Many thanks also go to the staff of the various motor vehicle companies for their positive response during my data collection activity. The absence of such cooperation would have brought the entire process of developing this paper into a quagmire.

Lastly, thanks to any other person that might have contributed in one way or another to the success of this study.

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ABSTRACT

The increase in the number of dealers in the motor vehicle market has led to more competition, increased choice for consumers, lower prices, and lower margins in the industry. In such a crowded market environment, marketing planning is a key way in which the formal motor vehicle companies can adequately identify and analyze their competitiveness. It was however not known if the incumbent companies in the industry do marketing planning to enhance their competitiveness in the Kenyan market.

This study had three objectives. The first objective was to establish if companies in motor vehicle industry in Kenya prepare marketing plans to develop and sustain competitive advantage. The second objective was to determine the steps followed in preparing the marketing plans. The third objective was to establish the challenges encountered in preparing the marketing plans among motor vehicle companies in the industry.

In undertaking the study, all the motor vehicle companies operating in Kenya and which were members of the Kenya Motor Industry Association (KMIA) were considered. Data collection was done by use of questionnaires reinforced by personal visits and telephone calls. A total of 12 questionnaires were distributed to the 12 companies. Out of these, 8 responded by completing and returning the questionnaires. One did not respond.

Research findings revealed that all the motor vehicle companies prepare marketing plans. It also established that the motor vehicle companies follow the stages in the marketing planning process. However, the variables in the marketing planning process are used to varying extents. Motor vehicle companies face various challenges when preparing their marketing plans. According to this research, the majority of the motor vehicle companies cited dynamism in the motor vehicle market as the major challenge they face when preparing marketing plans.

Arising from the findings, it was suggested that a similar study should be conducted to establish whether the second hand car dealers prepare marketing plans and the process they follow in the preparation of the plans.

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations depend on the environment as a source of inputs in the form of resources and as an outlet for their output. Since the organization initially has to interact with its environment, it must therefore establish a match between itself and its environment of operation (Pearce and Robinson, 1999). The environment is constantly changing and so it makes it imperative for organizations to constantly adopt their activities in order to succeed (Ansoff, 1987). The fast-changing global business environment has led to more competition, increased choice for consumers, lower prices, lower margins and boundaries collapsing with market economies expanding due to deregulation, liberalization and privatization. In addition, the global developments include sophistication of financial capital market, greater accessibility to credit facilities, technological innovations, and evolvement of a climate that has made the business environment to be liable to sudden and dramatic changes.

Globalization of the world economy has become a concern to marketers since the 1990s (Mubiru, 2003). Most organizations in Kenya have adopted various strategies in dealing with the challenges brought about by globalization and liberalization in order to develop competitive advantage. Such strategies include joint ventures, strategic alliances and acquisitions (Kibera and Waruingi, 1998). For instance, a French conglomerate, CFAO, injected Ksh150 million, acquiring 85 per cent stake in DT Dobie and CMC Motors Group Ltd freezed its employment programmes in a move to cut cost (Omondi, 2004). Customer-care is increasingly taking centrestage in Kenya's motor industry as major players evolve new strategies to survive in a depressed market. Moreover, other players such as General Motors E.A are working with financial houses to develop new financing schemes in addition to pushing the Kenya Revenue Authority to properly value second hand vehicles to boost their local sales. Other companies are entering into sub-dealership agreements as the one between Subaru and Tanzania's Dynamic Motors. Under the agreement, Dynamic Motors will market and sell Subaru vehicles in Tanzania (Daily Nation, January 20, 2006).

The changing environment, brought about by globalization and liberalization, has stimulated greater interest in planning of all corporate functions as a means of dealing with environmental uncertainty (Capon, 1987). These include planning such as for the production, human resources, and marketing functions of the organizations. Organizations, whether profit or non-profit, private or public have found it necessary in the recent past to engage in marketing planning in order to achieve their business as well as corporate goals.

1.1.1 Marketing Planning

Marketing planning is the planned application of marketing resources to achieve marketing objectives (Kotler, 2000). It is a logical sequence and series of activities leading to setting of plans for achieving them. From a strategic perspective, marketing planning centers on planning for the future (Wanjere, 1999). This expands the role of the marketer from decisions of the marketing mix to include decisions about the future direction of the organization. This process will involve strategically analyzing environmental, competitive and business areas of interest. McDonald (2000) argues that the overall purpose of marketing planning is the identification and creation of competitive advantage.

Traditionally, the task of marketing planning was a departmental assignment with little or no support from the top management. Modern marketing puts the customers first and focuses on adding value for the customer. In any company, marketing planning is of great importance as it forces managers to predict ahead at the key issues determining the business future survival, profitability and growth. If systematic marketing is not introduced, managers will not understand their markets and end up missing out on opportunities for profitable market segmentation and eventually eroding the company's competitive position (John and Martins, 1984).

A marketing plan is useful to many people in a business. It helps to: identify sources of competitive advantage; gain commitment to a strategy; get resources needed to invest in and build the business; inform stakeholders in the business; set objectives and strategies; and measure performance (Cottrell, 2005). A well-written, comprehensive marketing plan is the focal point of all business ventures because it describes how you plan to attract and retain customers, which is the most crucial

aspect of a business. This is because ultimately, the customers are the means by which the business will generate the income needed for daily operations, to repay debts and to turn a profit. In essence, the customers are the business' lifeline and the marketing plan is the pipeline that allows you access to them i.e., to fulfill their needs and expectations.

As Gopher (2001) observed, the marketing plan is the basis from which all other operational and management plans are derived. The plan: identifies needs and wants of consumers; determines demand for product or service; aids in design of products/services that fulfill consumers needs; outlines measures for generating the cash for daily operation, to repay debts and to turn a profit; identifies competitors and analyzes the firm's competitive advantage; identifies new product/service areas; identifies new and/or potential customers; and allows for test to see if strategies are giving the desired results. As Ward (2006) argues, having a marketing plan means having a marketing strategy. Firms that plan for the future are generally in a better position than firms that do not. In addition, firms that concentrate on marketing can dominate a market over the competition. Through the proper planning and understanding of marketing concepts, profits can be generated in no time.

1.1.2 Overview of the Motor Industry in Kenya

Kenya's national vehicle market is less than 600,000 vehicles in total (accounting for only a few "minutes" of annual world production). The country has three vehicle assembly plants with investment from, or active involvement of, Toyota, Mitsubishi, Peugeot, Isuzu, Land Rover and others (Omondi, 2004).

With the liberalization of the Kenyan economy coupled with the depressed economic environment leading to a decline in the disposable incomes of the Kenyan masses, second hand car traders dealing in cheap second imports have entered into the Kenyan motor vehicle market at an alarming rate. Unfortunately, the totally unregulated importation of second hand vehicles has tilted the playing field against local assemblers, causing layoffs and loss of revenue for the government. New vehicle imports, including completely knocked down (CKD) kits, totaled 10,000 units in Kenya in 2005, while 30,000-second hands were imported during the same period.

Ten years ago, there were less than 1,000 second hand cars and 25,000 new vehicle imports (The East African, January 25, 2006).

The formal motor vehicle business in Kenya has in recent past been hit by perpetual declines with falling sales. There is a war between assemblers of new cars and dealers of used ones. Consumers are therefore caught in a decisive fight between these two players. They certainly have two choices: to buy a brand new car or a used import with half its life gone, for half the price. As Omuondo (2002) noted, globalization and liberalization have allowed an import (and dumping) free-for-all, then by a deluge of used vehicle imports that enjoyed massive tax advantages through both anomalous policy and corrupt enforcement, and, recently, by a deep economic slump. And throughout, the industry has had to work in an environment of anarchic second-hand car trading and in a dilapidated infrastructure. Power and water supplies, for example, are prodigiously expensive and chronically unreliable. The second hand car dealers on the other hand accuse the formal trade players of overpricing themselves out of the reach of most Kenyans, inability to produce efficiently and lack of innovation. The industry has also been accused of unfair and unethical trade practices.

The fast-changing business environment has led to more competition, increased choice for consumers, lower prices, and lower margins in the industry. A leading motor franchise, Lonrho Motors East Africa, is one of the casualties of the phony motor war. It has since been placed under receivership over mounting debts, a state seen to have been propelled by a flood of imported vehicles. Despite all these, the industry is not stepping back. Instead, it has evolved new marketing and advertising programmes that have ensured continued success of major players like D.T. Dobie, General Motors and other dealers. Other players are evolving new strategies to survive in a depressed market. Such strategies include joint ventures, strategic alliances and acquisitions. A French conglomerate, CFAO, injected Ksh150 million, acquiring 85 per cent stake in DT Dobie; CMC Motors Group Ltd froze its employment programmes in a move to cut cost (Omondi, 2004). Also, customer-care is increasingly taking centre stage in Kenya's motor industry as major players evolve new strategies to survive in a depressed market. Other players such as General Motors E.A are working with financial houses to develop new financing schemes in addition to pushing the Kenya Revenue Authority to properly value second hand vehicles to

boost their local sales. Other companies are entering into sub-dealership agreements as the one between Subaru and Tanzania's Dynamic Motors (Daily Nation, January 20, 2006). The targeted customers for the new models include top chief executives of multinational companies, wealthy farmers and businessmen, non-governmental organizations, diplomatic missions, local and multi-national organizations (under the auspice of the United Nations), e t c

Most motor vehicle companies operating in Kenya are franchise holders. Because of the realities of the changing environment, these franchise holders should operate efficiently and effectively in order to survive. The demands of liberalization and increased competition have meant that the franchise holders should make deliberate efforts to put in place measures that would give them an edge over competitors. The managers of these organizations are now required to possess the capability to restructure and adapt the enterprises to challenging constraints and to regard marketing planning as a key component to the overall success of their organizations.

1.2 Statement of the Problem

The role of the motor industry in Kenya has increased significantly in the recent years because of its ability to offer employment opportunities. Moreover, the industry is important because it offers the most needed means: public and private transportation means, farm machinery (tractors), and commercial transportation means. This makes it possible for people, goods and services to be availed where they are required either as inputs and expertise for production or as finished goods to markets for consumption (Mucuvi, 2000).

With the liberalization of the Kenyan economy, traders dealing in cheap second hand car imports have entered into the Kenyan motor market at an alarming rate. Unfortunately, the totally unregulated importation of second hand vehicles has tilted the playing field against local assemblers, causing layoffs and loss of revenue for the government. The increase in the number of dealers in the motor vehicle market has led to more competition, increased choice for consumers, lower prices, and lower margins in the industry (Omondi, 2004). In this industry, there is a war between assemblers of new cars and dealers of used ones. As a result, customers are caught in

a decisive fight between these two players. They certainly have two choices: to buy a brand new car or a used import with half its life gone, for half the price.

The formal motor vehicle business in Kenya has in the recent past been hit by perpetual declines with falling sales largely attributed to the increase in the number of second hand vehicle dealers in the motor vehicle market. In such a crowded market environment, marketing planning is a key way in which these formal motor vehicle companies can adequately identify competitors and analyze their competitiveness. According to Doyle (1993), marketing planning is a major way in which firms can improve their competitiveness in a crowded market place as it integrates the core competencies, drive and commitment in the organization and focuses them on satisfying customer needs.

Given the role played by the formal motor vehicle companies, as well as the need to grow and expand their operations, there is need for the management to formulate more effective and efficient marketing plans. A marketing plan is useful as it helps to identify sources of competitive advantage, gain commitment to a strategy, get resources needed to invest in and build the business, inform stakeholders in the business, set objectives and strategies, and measure performance (Cottrell, 2005). It is however not known if the incumbent companies in the industry do marketing planning to enhance their competitiveness in the Kenyan market.

Various researchers have provided a valuable insight into the general area of strategic planning. In the Kenyan context, these studies include those done by Shumbusho (1983); Karemu (1993); Kangoro (1998); Kiliko (2000); Mittra (2000); and Busolo (2003). A study on marketing planning by Wanjere (1999) mainly focused on the large private manufacturing firms in Kenya. While appreciating the role played by marketing planning in achieving competitive advantage, the former study was based in a different industry. Findings from this previous study may not be generalized to fairly represent the motor vehicle industry. The uniqueness of each sector may necessitate a separate study. The study therefore sought to fill the gap by providing answers to the following questions.

- i. Do motor vehicle companies in Kenya prepare marketing plans?
- ii. What are the steps followed in preparing their marketing plans?

- iii. What are the challenges faced in preparing marketing plans among motor vehicle companies in the industry?

1.3 Objectives of the Study

The objectives of the study were to:

- i. Establish if companies in the motor vehicle industry in Kenya prepare marketing plans to develop and sustain competitive advantage.
- ii. Determine the steps followed in preparing the marketing plans by companies in the motor vehicle industry.
- iii. Establish the challenges faced in preparing marketing plans among motor vehicle companies in the industry.

1.4 Significance of the study

The results of this study may be of use to:

- i. Managers of motor vehicle companies and other organizations to take note of some of the major challenges likely to be encountered in the marketing planning process.
- ii. Potential entrants in the Motor vehicle market, as they might take note of some of the major challenges likely to be encountered in the marketing planning process.
- iii. Future scholars and researchers as they may use the results as a source of reference.

CHAPTER TWO

LITERATURE REVIEW

2.1 Meaning and Role of Planning

In general, business planning refers to the use of corporate resources for the effective satisfaction of the company's desired objectives (Rayport and Sviokla, 1994). The corporate resources are supposed to be effectively allocated among the different company functions, divisions, or strategic business units (SBU's). In the modern corporate environment, the socio-demographic composition of markets has significantly changed, and consumers' behavior is not the same as before. In addition, new forms of competition emerge. All these changes, along with increased uncertainty, lead inevitably to price/cost reductions, redefinition of market boundaries and compressed product life cycles for competing companies. The general consequence of all these trends is that a systematic process based on which a modern company will manage to confront the business environment's dramatic changes and successfully compete in the market becomes of crucial importance. Such a process should not simply react to environmental changes, but should be able to anticipate them and even shape them to a certain degree (Sahlman, 1997).

Campbell (1992) observes that at a fundamental level, planning can be viewed as part of the adaptation process of an organization to its environment of operation. In particular, planning is concerned with the manner in which the organization intends to cope with the future. Thus, the tasks associated with planning generally lead to the discovery of cause and effect relationships between organizational action and outcomes. As John and Martins (1984) noted, the tasks also attempt to predict the impact of environmental changes on the organization. The essence of planning is the determination of an organizational response repertoire. In the development of such a response repertoire, the marketing-related activities and tasks must be identified and distinguished from other activities and tasks in related domains.

Strategic planning is a systematic process which includes: the evaluation of the company's nature, the definition of its basic long-term objectives, the identification of quantified objectives, the development of appropriate strategies for the satisfaction of the objectives, and the necessary resource allocation in order to implement the

strategies. The essence of strategic planning lies with the consideration of current alternative strategic decisions, given possible threats and opportunities (Rayport and Sviokla, 1994). The three fundamental questions that strategic planning attempts to answer are: where are we today; where do we want to go; and how do we get there. In general, the major objective of any organization is the acquisition of a competitive advantage, which would result from its proper strategic choices. Exactly the same should be the aim of the strategic planning process.

Bennet (1999) came up with eleven principles considered important for planning. These are: As far possible, plans should be based on facts and not opinions; plans should incorporate some degree of flexibility to accommodate unforeseeable events, a plan should be as detailed as expenditure constraints allow; plans should not extend too far into the future, accurate predictions of the distant future is simply impossible; all alternative courses of action should be considered; side effects and implications of the actions envisaged should be examined; instructions to individuals and departments must be incorporated into the plan; plans should be concise and easy to understand; as the plan is executed, its effectiveness should be monitored; targets embodied in the plans should be reasonable. Over ambitious targets can never be achieved and lead to low morale and cynicism among workers. Equally, targets that are too low have no operational significance; and the greatest emphasis should be placed on identifying and examining the key factors crucial to the company's success.

It can be argued that the planning function can be effected through the planning department or the planning committees whose main role is to identify strategic planning issues, explore options and draft an overall framework for the corporate plan. Planning compels management to prepare for future eventualities, to clarify its priorities, and think ahead in a systematic way. Planning has various roles. First, it necessitates setting of objectives. This refers to goal orientation. According to Ansoff (1987), through planning, individuals generally strive hard to achieve objectives that are set for their organization. Secondly, planning provides a framework for decision-making. It should be noted that strategic planning gives guidance to managers throughout the organization in making discussions that are in line with the aims and strategies of the organization (Busolo, 2003). It helps to ensure that managers' efforts are focused on meaningful actions in line with their own and company interest.

Planning reveals and clarifies the future. Rider (1983) has pointed out that strategies must be capable of being modified as new situations develop. Planning makes this possible. It leads to the identification of opportunities and threats within an organization's environment enabling it to position itself appropriately in the environment.

In addition, a channel for communication is created through a well thought out planning system. A well-organized system is an extremely useful communication network. The planning process is a means for communications among all levels of management about objectives, strategies and detailed operational plans. As plans approach completion, common understanding is generated among all levels of management about opportunities and problems important to individual managers and the organization (Busolo, 2003).

Furthermore, planning creates a sense of participation in the management functions of an organization. Strategic planning leads to improved management motivation and morale. By helping to formulate plans, managers obtain a sense of satisfaction in at least a partial creation of their own destiny. A feeling of personal security may also be enhanced and confidence built (Busolo, 2003). In addition, planning is important as it formalizes ideas, breaks down tasks, gives planners some hope, sifts ideas, and gives managers something to go back to during low times.

In spite of the aforementioned roles of strategic planning, some limitations do exist. These include the argument that planning is expensive and difficult. The argument here is that in a typical planning effort, a significant effort is required to do effective planning (John and Martins, 1984). The time of many people is occupied and costs are incurred for specific studies and information. In addition, planning is administratively burdensome. It requires a high level of imagination, analytical ability and creativity. Furthermore, Busolo (2003) observes that the contentious issue here is that forecasting is not an exact science and plans that are based upon predictions that prove incorrect may fail. Then, there is the issue of internal resistance. On this particular aspect, it has been observed that in many organizations, the introduction of a formal planning system raises anticipation bases that prevent effective planning. In

many organization's old ways of doing things, old rules may be deeply entrenched that it becomes difficult to change them to accommodate the current plan.

2.2 Marketing Planning

Given that strategic planning incorporates all business functions, it includes the function of marketing, as well. Marketing's contribution is very important because of the necessary "market orientation" that the modern corporation should have, and because of the marketing decisions, which deal with the selection of its product-market combinations. Marketing orientation has presently shifted away from the production and sales orientation of the past (until the '50s). Marketing is now oriented toward the customers and competitors (McDonald, 2000).

Strategic marketing planning offers several advantages. It is a future and externally oriented process, focuses on seeking differential competitive advantages, deals with decision-making regarding corporate resources allocation and finally, it is a synthetic and integrative process (Cohen, 1995). As such, strategic marketing planning offers invaluable help to the strategic planning process of the entire company. More specifically, its contributions include the following: corporate mission definition; evaluation of the company's competitive position; identification of alternative investment opportunities; determination of the emphasis that should be placed on new products or on market expansion based on existing products; internal development or external acquisition of resources; diversification and product mix decisions; and identification of market opportunities in future marketing environments (Lehman and Russell, 1997).

According to Dolan (1984), marketing planning is a logical sequence and series of activities leading to setting of marketing objectives and formulation of plans for achieving them. From a strategic perspective, marketing planning centers on planning for the future. This expands the role of the marketer from decisions of the marketing mix to include decisions about the future direction of the organization. This process will involve strategically analyzing environmental, competitive and business areas of interest (Wanjere, 1999).

As Doyle (1993) noted, the core competencies, the drive and commitment in the organization dictates the success of that organization. He observes that marketing planning integrates the core competencies, drive and commitment in the organization and focuses them around satisfying customer needs. Failure by companies to appreciate the usefulness of marketing planning has led to their subsequent failure to cope with the dynamism and complexity of their business environment.

Many companies have short-term earnings provided by budgets and financial plans as their main focus without an understanding of the customer. As McDonald and Keegan (2001) noted, very few companies do real marketing planning. They only develop financial plans and budgets to indicate their cash and investment flows. However, such a financial orientation without a marketing focus leads to a steady decline in the companies' long-run market share. For effective organizational objectives, it is prudent for companies to competitively and satisfactorily meet customer needs. With a written marketing plan, all operational decisions are taken on an on-going basis. From such a plan, there is itemization of what the company's marketing function will achieve and its corresponding expenditure in order to contribute to the achievement of the company's corporate objectives (Hotton et al, 1993).

According to McDonald (2000), a marketing manager must not simply concentrate on the short-run. Rather, he has to react to tactical requirements of the marketing mix in addition to making probabilistic assessments of possible environments in order to predict and "invent" his or her future. In any company, marketing planning is of great importance as it forces managers to predict ahead at the key issues determining the business future survival, profitability and growth. If systematic marketing is not introduced, managers will not understand their markets and end up missing out on opportunities for profitable market segmentation eventually eroding the company's competitive position (Wanjere, 1999).

Modern marketing planning approach puts the customers first and focuses on adding value. Companies, just like plants and animals in their struggle in nature, survive and prosper when they adapt effectively to the constantly changing and generally hostile, competitive environment. If they fail to adapt, they die (Doyle, 1993). The management approach in a company is determined by various contextual factors.

Pugh et al. (1996) and Duncan (1972) identified those contextual factors to include the company's history and experience, its size, ownership, the industry presently in, resources and dependence. All these provide a suggestion that environmental and company factors indeed affect the management approach in companies. To introduce an improved marketing planning system might call for changes in all these areas. Some personnel might need training, more or different resources might be required, routines and systems improved, rules and relationships reappraised and the structures and climate of the organization re-examined.

2.2.1 Need for Marketing Planning

Faced by a challenge of selecting a marketing strategy for company products, marketers need a feeling of confidence. Without a formal marketing plan, this feeling never comes. Since conditions are constantly changing, certain factors need to be reviewed at each launching of a new marketing program depicted through marketing planning. Some of the factors motivating marketing planning are market size, consumer sensitivity, product lifecycle, and the competitors with their typical marketing strategies (Kotrba, 1966).

Selection of a marketing strategy for a product involves estimating the number of consumers who might purchase it. For example, when the total number of available buyers of a product is already small as defined demographically, sociologically or psychologically, segmentation strategy for this market is undesirable thus marketing planning is essential in order to produce products to satisfy a broad range of distinguishable variations in consumer demand (Capon, 1987). Consumer sensitivity refers to the stimulation within consumers in relation to variations in product package, selling message, media and so on (Kotrba, 1966). As a result of this complex response in the market place, marketing planning is of great importance so as to determine the most appropriate marketing program.

Another factor identified by Kotrba (1966) is the product lifecycle depicting a product's movement through its introductory, growth, maturity, and saturation stages. The stage at which a product is in directly affects the marketing strategy selected for it. This movement of products through various stages of the product lifecycle calls for formal plans so as to establish respective marketing programs for the different stages.

Typical competitor strategies motivate marketing planning for a company's products or product category in order to determine the value of applying a similar or differentiated strategy to that of competitors. Other factors identified by Sinha (1990) are that marketing planning is sought so as to aid in predicting the future, evaluating alternatives, avoiding problems and enhancing management development.

2.2.2 Marketing Planning Process

A workable and realistic marketing planning model is the basis for an effective strategic marketing planning. In the market place, the main objective of this model is to act as guidance to the marketing planner in constructing good marketing objectives and strategies to gain competitive edge. In undertaking marketing planning, the process is as discussed below.

The first step of the marketing planning process is the marketing audit. Answers to the questions of: where are we now? how did we get here? where are we heading? and what should be done? need to be provided by managers. An audit of this kind provides an understanding of the existing relationship between a company and its environment of operation (Doyle, 1993). He argues that with such an audit, the manager should carefully provide the company's SWOT analysis emphasizing its strengths, weaknesses, opportunities and threats in its core business in addition to established assumptions about the organization's environment of operation that covers the business, market situation, competition levels and trends in the industry. Irrespective of the company's performance, there needs to be a reflection on its SWOT analysis coupled with its implications for the future as it provides evidence about what the company should and should not try to set as marketing objectives.

Immediately after the company's marketing audit comes the definition of the marketing mission, which provides a definition of the business scope with an indication of how the company will gain the preferences of these target customers (Doyle, 1993). A company's marketing mission has to be narrowed down into clear and measurable objectives to be achieved by a specific deadline, with a balance between long-term and short-term results optimistic of the future irrespective of the present day losses (Wanjere, 1999). On the contrary, if short-term profits are taken as

the business goal, there is bound to be an erosion of the company's competitiveness in the market place.

According to Ferrell (1982), the company's objectives, following from its marketing mission have to be accomplished through marketing activities. Marketing objectives can be expressed in terms of sales, market share, profits, or return on investment. All marketing objectives should be quantifiable, stated in clear, understandable and measurable terms consistent with the company's overall objectives. Timetables and rationale should be provided with them. Objectives should be compatible with the retailer's mission (Dolan, 1984).

The third step demands the provision of the company's strategic priorities. As a result of the scarcity of business resources, the company's management is faced with the task of channeling the limited resources into those areas offering the best potential. As Wanjere (1999) observed, at this stage of the marketing planning process, managers should decide on the products to receive further investments and which should be divested from. According to Drucker (1964), a company's products fall into six categories as listed in the order of priority. First, "tomorrow's breadwinners" are the firm's new products, which should be given priority, next is "today's business, which provide profits to finance other products. The third is the "in-between category" products that are performing poorly but can be turned round drastically. "Yesterday's business" are those products that were once breadwinners but are now obsolete. "Also rans" are those products, which really never fulfilled expectations, and finally are the clear "failures". Since Drucker, many management consultants have formalized these ideas. This effort to separate the sheep from the goats or the stars from the dogs is always a crucial step in revitalizing a business (Wanjere, 1999).

Provision of the company's strategic priorities goes hand in hand with market segmentation and positioning. In the market place, these two factors are the main differentiators of top marketers. Differences in the various markets are recognized and captured through segmentation, out of which products are developed to take care of those differences (Doyle, 1993). Through marketing segmentation, companies are in a position to meet needs of customers; boost profits and trades up customers into high margin products. The most disturbing issue to top managers is building an enduring

reason for brand preference among customers in the target segments and how to position the company's products as the best in the customers' minds where there are many competing brands (Wanjere, 1999). According to Ferrell (1982), developing a marketing strategy consists of two steps: selecting and analyzing the target market, which is the group of persons toward which a firm directs its marketing efforts; and creating and maintaining a marketing mix that satisfies the needs and preferences of the people in the target market.

The fourth step is the selection of the company's marketing mix. The marketing mix approach to marketing stresses the "mixing" of various decision factors in such a way that both organizational and consumer objectives are attained. As suggested by (Borden, 1964), when constructing the mix, marketers must always be thinking of who their target markets are. They must understand the wants and needs of the customer then construct marketing strategies and plans that will satisfy these wants. The mix must also meet or exceed the objectives of the organization. As Borden put it, when building a marketing program to fit the needs of his firm, the marketing manager has to weigh the behavioral forces and then juggle marketing elements in his mix with a keen eye on the resources with which he has to work with. A separate marketing mix is usually crafted for each product offering or for each market segment, depending on the organizational structure of the firm. Borden goes on to suggest a procedure for developing a marketing mix. He claims that you need two sets of information; a list of important elements that go into the mix, and a list of forces that influence these decision variables.

The most common variables used in constructing a marketing mix are price, promotion, product and distribution (also called placement). First suggested by (McCarthy, 1960), they are sometimes referred to as the four P's. McCarthy said that marketers have essentially these four variables to use when crafting a marketing strategy and writing a marketing plan. In the long term, all four of the mix variables can be changed, but in the short term it is difficult to modify the product or the distribution channel. Therefore in the short term, marketers are limited to working with only half their tool kit. This limitation underscores the importance of long term strategic planning.

Lauterborn (1990) claims that each of these variables should also be seen from a consumer's perspective. This transformation is accomplished by converting Product into "customer solution", Price into "cost to the customer", Place into "convenience", and Promotion into "communication". He calls these the four C's. It is worth noting that the choice of a company's marketing mix depends on the choice of the marketing segment and product positioning adopted in step four.

Step five of the marketing planning process entails the construction of the action plan for the marketing plan. This is the stage that ensures the implementation of the plan. The action plan outlays a flow chart of activities to be undertaken by managers within a specified time period. It is the product of the root cause analysis, which identifies the strategies that an organization intends to implement to reduce the risk of similar events occurring in the future (Doyle, 1993). The plan should address responsibility for implementation, oversight, time lines, and strategies for measuring the effectiveness of the actions. At this stage, the action plan document is used to guide the implementation of business process improvements. It contains task assignments, milestones, timelines, resource allocations, data collection methodology, and evaluation criteria to be performed during the planning period (Borden, 1964).

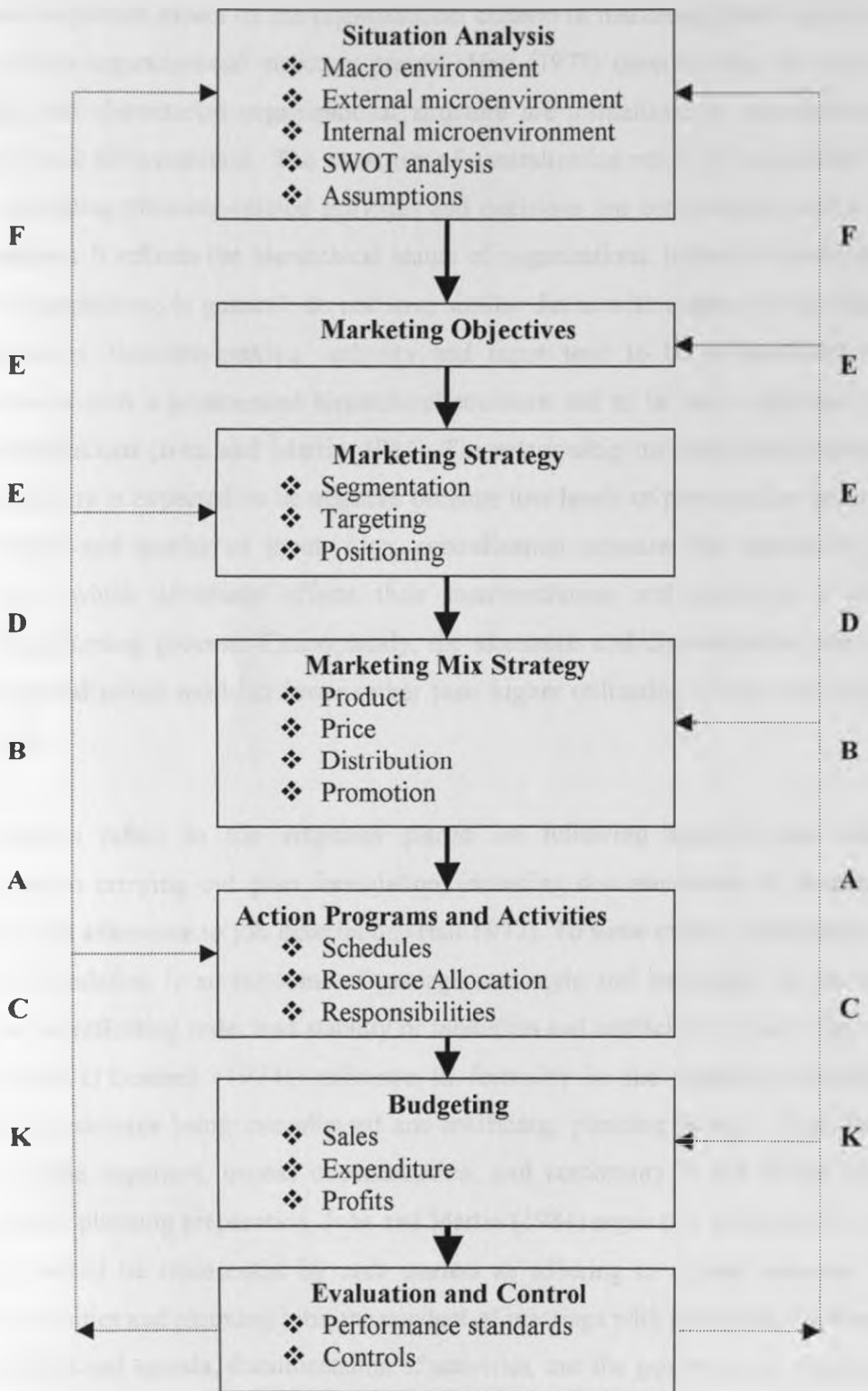
The sixth step of the process involves setting up the Budget. According to Doyle (1993), this is the stage of marketing planning depicting the calculation of the financial implications i.e. what it is going to cost and the returns that ultimately form the company's budget laying out the sales, expenditure and profit over the period of the plan.

Step seven of the marketing planning process refers to the marketing control and evaluation process, which consists of establishing performance standards, evaluating actual performance by comparing it against performance standards, and reducing the difference between the actual and desired performance. No marketing process, even the most carefully developed, is guaranteed to result in maximum benefit for a company. In addition, because every market is changing constantly, a strategy that is effective today may not be effective in the future. It is important to evaluate a marketing program periodically to monitor its achievements of the set objectives (McDonald, 2000).

Last is the stage of providing the company's organizational structure and climate that supports the marketing planning system. Ferrell (1982) claims that organization involves the development of an internal structure for the organization's marketing unit, as it is the key directing marketing activities. He noted that the marketing unit can be organized in different ways depending on whether it based on functions, products, regions, or types of customers and that a company can use only one approach or a combination.



2.2.3 Summary of the Marketing Planning Process



2.2.4 Factors Affecting Marketing Planning

The most important aspect of the organizational context of marketing planning is the nature of the organizational structure present. Hall (1977) observes that the major variables that characterize organizational structure are formalization, centralization and structural differentiation. The construct of centralization refers to the extent to which marketing-planning-related activities and decisions are concentrated within a few positions. It reflects the hierarchical nature of organizations. Individual positions within organizations, in general, do not have similar duties with respect to activities and decisions. Decision-making authority and input tend to be concentrated in organizations with a pronounced hierarchical structure and to be more dispersed in other organizations (John and Martin, 1984). The relationship between centralization with credibility is expected to be negative because low levels of participation reduce the diversity and quality of input. Also, centralization increases the alienation of employees, which adversely affects their trustworthiness and expertise in the marketing planning process. Consequently, the alienation and dissatisfaction due to greater centralization result in lower rather than higher utilization of the marketing plan output.

Formalization refers to the emphasis placed on following specific rules and procedures in carrying out plan formulation, including documentation of planning activities and adherence to job description (Hall 1977). To some extent, formalization in plan formulation is an outcome of management style and leadership. It can be perceived as reflecting order and stability or inhibition and inefficiency. According to Koontz and O'Donnell (1974), reference to formality in the planning literature concerns procedures being complicated and inhibiting, planning being a ritual that makes people impatient, excess documentation, and conformity in the format and approach for planning preparation. John and Martin (1984) argue that formalization in planning would be represented by such matters as adhering to a time schedule of process activities and planning jobs, the conduct of meetings with specifically defined memberships and agenda, documentation of activities, and the generation of planning documents.

According to Mintzberg (1976), the consequential effects of formalization are generally viewed as negative in that formalized structures tend to make planning into

a ritual, produce inadequate interaction, and cause undesired conformity, thus negatively impacting on perceptions of plan credibility. However, it can be reasoned that well documented set of rules and procedures (i.e. formalization) for the activities connected with marketing planning conveys to employees a firm commitment by top management to the value and importance of those activities prompting a positive relationship between formalization and plan credibility.

According to Hall (1977), structural differentiation represents the manner in which the division of labour occurs within the organization. This is in terms of departmental specialization (extent to which the marketing area is divided into many organizationally distinct functions and subunits); spatial dispersion (extent to which marketing area personnel are dispersed spatially); and diversity (extent to which marketing area jobs within the organization are heterogeneous with respect to skills and responsibilities). Generally, the belief has been that planning activities are conducted best within relatively informal structures that have fewer departmental and job distinctions (John and Martin, 1984).

Papadukas, Lioukas, and Chambers (1998) identify factors such as rationality or comprehensiveness, formalization, hierarchical decentralization and lateral communication, politicization and problem solving dissension. According to them, politicization and problem solving dissension are mainly influenced by uncertainty and certain internal context characteristics such as planning formality, performance and corporate control. When uncertainty exists, one may expect to find both divergence of opinion during the initial stages of the planning process and a surge of political activities during the implementation and control stages.

2.3 Summary of the Literature Review

From the available literature, a number of issues stand clear. Fundamentally, it is clear that planning is the greatest work of the organization as it intends to cope with the future for its continued operation and survival. It is clear that marketing planning applies to the functional level of the organization (Capon, 1987). It is also clear that marketing planning is an important ingredient of the culture of an organization, whose main purpose is the identification and creation of a competitive advantage (McDonald, 2000). From the literature, it is also clear that marketing planning is a logical sequence and series of activities leading to setting of marketing objectives and formulation of plans for achieving them (Dolan, 1984). In addition, it emerges that marketing planning has both benefits and costs to an organization in the reappraisal of relationships and structures of the organization.

Nevertheless, most studies have tended to reveal that the benefits accruing from marketing planning surpass by far the costs incurred. Doyle (1993) came to a conclusion that those organizations that undertook their activities on the basis of marketing planning did better than those that did not plan. Despite the fact that marketing planning does not guarantee success in the market place, with all things considered, marketing managers in most companies will probably be better off with it than without it. To assure this result, it will be necessary to tailor the marketing planning system to the unique characteristics of each organization introducing it with respect to the industry's structure.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This was a descriptive study intended to establish the extent to which motor vehicle companies in Kenya do marketing planning. According to Donald and Pamela (1998), a study concerned with finding out who, what, which and how of a phenomenon is a descriptive study. This study is built on similar grounds.

3.2 Population

The population of interest for this study comprised of all the motor vehicle companies operating in Kenya and are members of the Kenya Motor Industry Association (KMIA). According to the Association's report of 2005, there were 12 motor vehicle companies (see appendix 2). Due to the small size of the population, a census study was used. Companies in the association, being major players in the motor vehicle industry, were considered important in understanding the practice and challenges encountered in marketing planning in the industry. These are companies that have operated in the Kenyan motor vehicle market both before and after the advent of globalization and liberalization. Second hand car dealers, under the Kenya Auto Bazaar Association, were excluded from the study because they have entered into the Kenyan motor vehicle market as a result of globalization and liberalization. Furthermore, they have been in the motor vehicle market in Kenya for a relatively shorter time to give a clear picture of the challenges of increased competition and the ensuing marketing planning practices.

3.3 Data Collection

Primary data was collected by use of a semi-structured questionnaire administered through the drop and pick later method. The respondents, one from each company, were marketing managers whose responsibilities involved the marketing planning function. Follow up was done via personal visits and telephone calls to enhance the response rate.

The questionnaire was divided into three parts. Part A contained questions on the general information of the companies. Part B had both dichotomous, miltichotomous

and 5-point Likert scale questions to establish if the motor vehicle companies prepare marketing plans and the steps followed in preparing them. Part C focused on the challenges faced in preparing the marketing plans. The questionnaire had been adopted from one proposed by McDonald (2000), page 58-62, for the marketing planning process. However, it was modified to meet the objectives of the present study.

3.4 Operationalizing marketing planning

In order to operationalise the marketing planning process adopted by the motor vehicle companies, the variables were defined as shown in appendix 4. The questionnaire used both dichotomous, multichotomous and 5-point likert scale questions to determine if they prepare marketing plans and the steps followed in doing so.

3.5 Data Analysis

Descriptive statistics were used to analyze data. In part A of the questionnaire, data was analyzed using frequency distribution and percentages. Data in part B was analyzed using frequency distribution, mean scores and standard deviation. Mean Scores were used to determine the extent to which motor vehicle companies practiced each variable of the marketing planning process. Standard deviations were used to determine the varying degrees of the difference in which the motor vehicle companies practiced each variable of the marketing planning process. A listing of the challenges faced in preparing marketing plans as cited by the respondents in part C of the questionnaire was generated and analyzed by use of frequency distribution and percentages.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This study had three objectives. The first objective was to establish if companies in the motor vehicle industry in Kenya prepare marketing plans to develop and sustain competitive advantage. The second objective was to determine the steps followed in preparing the marketing plans. The third objective was to establish the challenges encountered in preparing the marketing plans among motor vehicle companies in the industry. In this chapter, data pertaining to finding out if motor vehicle companies prepare marketing plans, the steps they follow in preparing their marketing plans and the challenges that they face, is analyzed and interpreted.

The study was conducted on those companies, which are members of the Kenya Motor Vehicle Industry Association. A total of 12 questionnaires were distributed to the 12 companies whose particulars are appended at the end of this paper. However, due to the nature of the study, three of the companies did not respond as they only did assembly services on behalf of their sister members in the association, leaving the study with only 9 respondents. Out of these 9, 8 responded by completing and returning the questionnaires. One did not respond. This gave a response rate of 88.9% and a non-response rate of 11.1%.

4.2 General Information on Respondents

Respondent motor vehicle companies were asked to indicate information about their ownership and the findings are summarized in the table below:

Table 1: Respondents general Information

Ownership	Frequency	Percentage
Locally Owned	2	25.0
Foreign Owned	2	25.0
Jointly Owned	4	50.0
Total	8	100.0

Source: Response data

According to the findings as shown in Table 1, majority of the respondent motor vehicle companies were jointly (foreign and locally) owned (50%). The analysis also

indicates that the remaining 50% was equally shared by the locally and foreign owned companies with each of them having 25% of the respondents.

4.3 Whether the Companies prepare Marketing Plans

The research sought to establish whether motor vehicle companies in Kenya prepare marketing plans. In this section, the findings are summarized in the table below:

Table 2: Whether the Companies prepare Marketing Plans

Whether the Companies prepare Marketing Plans	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

The findings in Table 2 show that all the 8 respondent motor vehicle companies prepare marketing plans.

4.3.1 Whether they consider Corporate Objectives in preparing Marketing Plans

For the motor vehicle companies that prepared marketing plans, they were asked to indicate whether the plans are compatible with the company's corporate plan, cover the same period as the corporate plan, whether they are based on the assessment of the market potential, whether the plans are developed for each product category and if relevant managers have a copy of the prepared marketing plan. The findings of the study are summarized as follows:

Table 3: Whether the Marketing Plans are compatible with the Corporate Plans

Whether the Marketing Plans are compatible with the Corporate Plans	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

Findings from the analysis in Table 3 show that all the 8 companies prepare marketing plans that are compatible with the companies' corporate plans.

Table 4: Whether the Marketing Plans cover the same period as Corporate Plans

Whether the Marketing Plans cover the same period as Corporate Plans	Frequency	Percentage
Yes	7	87.5
No	1	12.5
Total	8	100

Source: Response data

From the above findings, (87.5%) of the respondent motor vehicle companies prepare marketing plans covering the same period as the corporate plans while one (12.5%), do not.

Table 5: Whether the Marketing Plans are prepared based on the Market Potential

Whether the Marketing Plan are prepared based on the Market Potential	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

As it is shown in Table 5, all the respondent companies have their marketing plans prepared based on the market potential.

Table 6: Whether the Marketing Plans are prepared for each Product Category

Whether the Marketing Plans are prepared for each Product Category	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

Research findings in Table 6 above indicate that all the respondent companies have their marketing plans prepared for each product category.

Table 7: Whether Relevant Managers have copies of the Marketing Plans

Whether Relevant Managers have copies of the Marketing Plans	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

In all the respondent companies, findings from the analysis in Table 7 show that after preparing the marketing plans, relevant managers have copies of the same.

4.3.2 Whether the Companies consider Corporate Objectives

When developing marketing plans, organizations determine the company's corporate objectives. Respondents were asked to indicate if their companies had corporate objectives on various aspects as illustrated in Table 8:

Table 8: Whether the Companies consider Corporate Objectives

Aspects of the Corporate Objectives	Frequency		Percentage		Total (%)
	Yes	No	Yes	No	
A corporate statement about the business mission	8	0	100	0	100
A corporate statement for the company's vision	8	0	100	0	100
Target figure for the company's ROI	8	0	100	0	100
A corporate plan for the target ROI	8	0	100	0	100
Defined customer boundaries	6	2	75	25	100
Boundaries for workforce size and qualification	8	0	100	0	100
Boundaries for sources and level of funding	7	1	87.5	12.5	100
Prompting corporate image with customers	7	1	87.5	12.5	100
Prompting corporate image with Stock Market	3	5	37.2	62.5	100
Prompting corporate Image with Government Departments	7	1	87.5	12.5	100

Source: Response data

According to the findings in Table 8, most of the respondent motor vehicle companies do not generate objectives prompting the corporate image with the stock market (62.5%). Sources and level of funding, company image with customers and Government departments are used by a majority of the companies (87.5%), while boundaries in terms of customers is moderately used by the respondent motor vehicle companies (75%) in determining their corporate objectives.

The results in Table 8 also show that in determining the companies' corporate objectives, all the 8 respondents motor vehicle companies had statements about the companies' current business mission, vision for the future, target figure for the companies' Return On Investment, a corporate plan to channel company resources towards the Return On Investment, and had boundaries in terms of the size and qualification of the workforce.

4.3.3 How often the Motor Vehicle Companies review their Marketing Plans

The rationale behind reviewing marketing plans is to enable the organization assess the applicability of the plan and its achievements as planned in relation to the current business environment. Respondents were required to indicate the frequency by which their companies reviewed their marketing plans and the findings were as presented below:

Table 9: How often the Companies review their Marketing Plans

How often the Companies review their Marketing Plans	Frequency	Percentage
Often	7	87.5
Sometimes	1	12.5
Total	8	100.0

Source: Response data

Research findings in Table 9 indicate that out of the total motor vehicle companies that reviewed marketing plans, majority (87.5%) do it often while 12.5% review marketing plans sometimes.

4.4 Marketing Planning Process adopted by Motor Vehicle Companies

The research sought to establish the steps followed by motor vehicle companies in Kenya in preparing their marketing plans. In this section, these steps are covered. They include the situation analysis, establishment of marketing objectives, selection of the marketing strategy, adoption of the desired marketing mix strategy, development of the action programs and activities, budgeting, evaluation and control, and finally the organizational structure that supports the marketing planning effort.

Data was analyzed using frequency distributions and percentages for the dichotomous questions. For the five point Likert scale questions, Mean Scores (MSc.) and Standard Deviations (Std. Dev.) were used to analyze the captured data. Mean Scores were used to determine the extent to which motor vehicle companies practiced each variable of the marketing planning process on a five point Likert scale ranging from “great extent” (5) to “not at all” (1). Standard deviations were used to determine the

varying degrees of the difference in which the motor vehicle companies practiced each variable of the marketing planning process.

The scores “Not at all” and “Little Extent” represented a marketing planning variable practiced to a “Small Extent” (SE), equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq SE < 2.5$). The scores of “Some Extent” represented a marketing planning variable practiced to a “Moderate Extent” (ME). This was equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq ME < 3.5$). The score of “Great Extent” and “Large Extent” represented a marketing planning variable practiced to a “Large Extent” (LE). This was equivalent to 3.6 to 5.0 on the Likert scale ($3.6 \leq LE < 5.0$). The research findings are presented as follows:

4.4.1 Situation Analysis

As a first step of the marketing planning process, the essence of this is to provide an understanding of the existing relationship between an organization and its environment of operation irrespective of its performance. This provides evidence about what a company should and should not try to set as marketing objectives in relation to the established assumptions on the situation. A situation analysis entails undertaking an environmental scanning, reviewing the marketing situation, competition levels as well as industry trends. Respondents were asked to indicate what they review in the respective variables of the situation analysis as illustrated below:

4.4.1.1 Whether the Companies scan the Macro environment

This involves an analysis of the technological trends, political, economic, socio-cultural as well as fiscal factors. The respondents were required to indicate the extent to which they scan these aspects and the findings are summarized in the table below:

Table 10: Extent to which the Companies scan the Macro environment

Variables	Mean	Std. Deviation
Technological trends	4.2500	.70711
Political/Legal Factors	3.3750	1.40789
Economic Factors	4.1250	.83452
Socio-Cultural Factors	3.2500	1.16496
Fiscal Factors	4.0000	1.41421

Source: Response data

From the analysis in Table 5, technological trends, economic factors and fiscal factors, are variables in the macro environment reviewed to a large extent in terms of how they influence business in the motor vehicle industry (Msc.>3.6). As indicated in the table, political/legal factors and socio-cultural factors are moderately reviewed as variables influencing business by the companies (Msc.<3.6). However, the extent of review significantly differs among motor vehicle companies as reflected in the standard deviations of more than one (Std. Dev.>1.0).

4.4.1.2 Extent to which the Companies scan the External Micro environment

In the marketing process, this involves an analysis of customers, suppliers, competitors as well as intermediaries. The motor vehicle companies were asked to indicate the extent to which they reviewed these variables and the findings are summarized in the table below:

Table 11: Whether the Companies scan the External Microenvironment

Variables	Mean	Std. Deviation
Customers	4.2500	1.38873
Suppliers	4.0000	1.06904
Competitors	4.5000	.53452
Insurance Firms	3.1250	1.12599
Transporters	3.3750	1.59799
Financial Institutions	4.2500	.46291

Source: Response data

The findings in Table 11 indicate that customers, suppliers, competitors and financial institutions are variables in the macro environment reviewed to a large extent in terms of how they influence business in the motor vehicle industry (Msc >3.6). However, the degree of review of the fiscal factors, customers and suppliers significantly differs among the companies (Std. Dev >1.0). Insurance firms and transporters are moderately reviewed as variables influencing business by the companies (Msc <3.6). However, as the standard deviations indicate, the extent of review differs significantly among the motor vehicle companies (Std. Dev. >1.0).

4.4.1.3 Whether the Companies scan the Internal Micro environment

Companies were required to indicate whether they reviewed their internal micro environmental variables and the findings are presented in the table below:

Table 12: Whether the Companies scan the Internal Microenvironment

Variables	Frequency		Percentage		Total (%)
	Yes	No	Yes	No	
Availability of funds	8	0	100	0	100
Ability to obtain funds	8	0	100	0	100
New product development polices	7	1	87.5	12.5	100
Product portfolio	7	1	87.5	12.5	100
Product quality	8	0	100	0	100
Promotion effectiveness	5	3	62.5	37.5	100
Pricing methods	7	1	87.5	12.5	100
Pricing objectives	7	1	87.5	12.5	100
Sales force effectiveness	7	1	87.5	12.5	100
Distribution strategies	7	1	87.5	12.5	100
Capacity of show rooms	5	3	62.5	37.5	100
Number of workers	4	4	50	50	100
Required skills of workers	5	3	62.5	37.5	100

Source: Response data

According to the results in Table 12, all the 8 respondent motor vehicle companies review the availability of funds, ability to obtain funds and product quality. 87.5% of the respondent motor vehicle companies reviewed pricing methods, pricing objectives, sales force effectiveness in terms of how they affect the companies' business prospects, new product development policies, product portfolio, and distribution strategies. 62.5% reviewed promotion effectiveness, capacity of show rooms and the required skills of workers. 50% reviewed the number of workers. With a standard deviation of less than one (Std. Dev. <1.0), the extent of review does not differ significantly among the companies.

4.4.1.4 Extent to which the Companies conduct a SWOT analysis

The company's SWOT analysis emphasizes its strengths, weaknesses, opportunities and threats in its core business. Irrespective of the company's performance, a reflection of on the company's SWOT coupled with its implication for the future provides evidence about what the company should and should not try to set as marketing objectives. Respondents were asked to indicate the extent to which the motor vehicle companies undertook the various aspects of the SWOT analysis of the marketing planning process. The findings are summarized below:

Table 13: Extent to which the Companies conduct a SWOT Analysis

Extent to which the Companies conduct a SWOT Analysis	Mean	Std. Deviation
Highlights company's strengths	4.2500	.46291
Highlights company's weaknesses	4.3750	.51755
Highlights company's opportunities	4.5000	.53452
Highlights company's threats	4.3750	.74402

Source: Response data

According to the research findings as presented in Table 13, to a large extent, the respondent motor vehicle companies undertook a SWOT analysis highlighting the companies' strengths, weaknesses, opportunities and threats for the marketing planning process (Msc >3.6). However, the degree of practice does not significantly

differ among motor vehicle companies as reflected in the standard deviations of less than one (Std. Dev.<1.0).

4.4.1.5 Whether Companies review the Marketing Situation, Competition Levels and Industry Trends

The motor vehicle companies were asked to indicate the extent to which they reviewed the marketing situation, competition levels and industry trends in terms of how they affect the companies' business prospects as illustrated in Table 14:

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Table 14: Review of the Marketing Situation, Competition Levels and Industry Trends

Variables	Frequency		Percentage		Total (%)
	Yes	No	Yes	No	
Trends in market size and growth	8	0	100	0	100
Developments in motor vehicle demand	8	0	100	0	100
Developments in motor vehicle accessories	5	3	62.5	37.5	100
Developments in prices, terms and trade practices	7	1	87.5	12.5	100
Trends in physical distribution and purchasing patterns	7	1	87.5	12.5	100
Use of the sales force, advertising and promotion	8	0	100	0	100
Developments in communications	7	1	87.5	12.5	100
Market strategies of competitors	8	0	100	0	100
Possibility of new entrants in the industry	6	2	75	25	100
Possibility of mergers and acquisitions in the industry	5	3	62.5	37.5	100
Inter-company comparisons	8	0	100	0	100
Industry Profitability	6	2	75	25	100
Investment levels of competitors	4	4	50	50	
Changes in the cost structure	7	1	87.5	12.5	100
Technological developments	8	0	100	0	100
Energy utilization in the industry	3	5	37.5	62.5	100

Source: Response data

According to the findings as presented in Table 14, all the 8 respondent motor vehicle companies reviewed trends in market size and growth; developments in motor vehicle demand; use of the sales force, advertising and promotion; market strategies of competitors, inter-company comparisons, and technological developments in terms of how they affect the companies' business prospects.

87.5% of the respondent companies reviewed developments in prices, terms and trade practices; developments in communications; and changes in the cost structure. 75% reviewed the possibility of new entrants in the industry as well as the industry profitability. 62.5% reviewed developments in motor vehicle accessories, and the possibility of mergers and acquisitions in the industry. 50% reviewed the investment levels of competitors. The analysis also shows that only 37.5% of the respondent motor vehicle companies reviewed energy utilization in the industry in terms of how they affect the companies' business prospects.

4.4.1.6 Whether the Companies have Assumptions to base their Marketing Plans

The research sought to establish if the motor vehicle companies had a set of assumptions upon which their marketing plans were based and the findings are summarized as in the table below:

Table 15: Whether Companies have Assumptions to base their Marketing Plans

Whether Companies have Assumptions to base their Marketing Plans	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

According to the findings above, all the 8 respondent companies have assumptions upon which they base their marketing plans.

Those who had these assumptions were further asked to indicate if the assumptions cover the business, competition and industry trends and the results were as presented in the table below:

Table 16: Extent to which the Assumptions cover the Business, Competition and Industry Trends

Variables	Mean	Std. Deviation
Business environment	4.5000	.53452
Market situation	4.5000	.75593
Competition levels	3.3750	1.30247
Trends in the industry	4.2500	.46291

Source: Response data

Research findings presented in Table 16 indicate that the business environment, the market situation and the trends in the motor vehicle industry are variables considered to a large extent ($Msc > 3.6$) in defining assumptions upon which to formulate marketing plans. The extent of consideration does not significantly differ among motor vehicle companies ($Std. Dev. < 1.0$).

Competition levels are considered to a moderate extent in defining the assumption upon which to formulate marketing plans ($Msc < 3.6$), but the degree of consideration significantly differs among motor vehicle companies ($Std. Dev. > 1.0$).

4.4.2 Extent to which Companies had Marketing Objectives

This stage of the marketing planning process involves translation of the company's mission into clear and measurable objectives to be achieved within a specific deadline with a balance between long-term and short-term results but optimistic of the future irrespective of the present day losses. Establishing marketing objectives is essential as it is the basis upon which the resultant marketing program is based. The respondents were asked to indicate the extent to which the motor vehicle companies had agreed marketing objectives as illustrated in Table 17:

Table 17: Extent to which Companies had Marketing Objectives

Focus of the Marketing Objectives	Mean	Std. Deviation
The product range	4.3750	.74402
The volume of sales	4.8750	.35355
Profits	4.2500	.70711
Market share	4.5000	.75593
New product development	4.0000	1.06904
Product modification	3.3750	1.18773

Source: Response data

The results in Table 17 indicate that the product range, the volume of sales, profits, market share and new product development are variables used to a large extent in forming agreed marketing objectives for their marketing plans (Msc.>3.6). However, the degree of agreement for the new product development variable significantly differs among motor vehicle companies (Std. Dev.>1.0). Product modifications are moderately used by motor vehicle companies in forming agreed marketing objectives (Msc.<3.6), but the extent of agreement differs significantly among motor vehicle companies (Std. Dev.>1.0).

4.4.2.1 Characteristics of the Marketing Objectives

All marketing objectives should be quantifiable, stated in clear, understandable and measurable terms consistent with the company's overall objectives. A timetable and rationale for achievement should be provided. Respondents were asked to indicate the extent to which the motor vehicle companies had agreed marketing objectives as illustrated in Table 18:

Table 18: Characteristics of the Marketing Objectives

Agreed Marketing Objectives	Mean	Std. Deviation
Consistent with corporate objectives	4.7500	.46291
Designed to be achieved within specific times	4.7500	.46291
Established in terms of quantities to be achieved	4.2500	.70711

Source: Response data

From the findings above, to a large extent, motor vehicle companies have marketing objectives that are consistent with corporate objectives, designed to be achieved

within specified times and are established in terms of the quantities to be achieved (Msc.>3.63). In terms of variation in the practice among the companies, the degree of practice does not significantly differ among motor vehicle companies as the variables have standard deviations of less than one (Std. Dev.<1.0).

4.4.3 Whether Companies adopt Marketing Strategies based on Marketing Objectives

After establishing marketing objectives, marketing planners usually adopt the desired marketing strategy to achieve the stated marketing objectives. Motor vehicle companies were asked to indicate if they had clear strategies for achieving the stated marketing objectives as illustrated below:

Table 19: Adoption of the Marketing Strategy based on Marketing Objectives

Adoption of the Marketing Strategy based on Marketing Objectives	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

Findings in Table 19 indicate that all the respondent motor vehicle companies had clear strategies to achieve the stated marketing objectives for their marketing plans.

4.4.3.1 Whether Companies Segmented their Markets

The rationale for this is selecting and analyzing the target market, which is the group of persons towards which a company directs its marketing efforts. It also entails creating and maintaining a marketing mix that satisfies the needs and preferences of the people in the target market. Respondents were asked to indicate whether they subdivided their markets as illustrated below:

Table 20: Whether Companies Segmented their Markets

Whether Companies Segmented their Markets	Frequency	Percentage
Yes	8	100
No	0	0
Total	8	100

Source: Response data

According to the results in Table 20, all the respondent motor vehicle companies segmented their markets before designing their desired marketing strategies.

4.4.3.2 Variables considered in setting desired Marketing Strategies

Motor vehicle companies were asked to indicate the extent to which they considered winning more customers, developing new models, diversifying into other non-car business, entering into new markets, how may ideas to promote and communicating the companies' positioning when selecting their marketing strategies as illustrated below:

Table 21: Variables considered in setting desired Marketing Strategies

Variables considered in setting desired Marketing Strategies	Mean	Std. Deviation
Winning more customers	5.0000	.00000
Developing new models	3.3750	1.30247
Diversifying into non-car business	2.3750	1.40789
Entering into other markets	3.8750	1.35620
Ideas to promote	3.8750	.83452
Communicating the company's positioning	4.3750	.74402

Source: Response data

Research findings in Table 21 indicate that all the respondent motor vehicle companies consider winning customers in their marketing strategies with no differences in practice between the companies as reflected in the standard deviation (Std. Dev.= 0). The number of ideas to promote, entering into new markets and the desire to communicate the company's positioning are variables that are considered to

a large extent by the companies in designing their marketing strategies (Msc.>3.6). The degree of consideration for entering into new markets and the number of ideas to promote significantly differs among the companies (Std. Dev.>1.0), but the extent of consideration of communicating the company's positioning does not significantly differ among the companies (Std. Dev.<1.0).

Developing new motor vehicle models is moderately considered by the companies in their marketing strategies (Msc.<3.6) and the motor vehicle companies consider diversifying into non-car business to a small extent in their marketing strategies (Msc.<2.5). Their degree of consideration significantly differs among motor vehicle companies (Std. Dev.>1.0).

4.4.4 Selection of the Desired Marketing Mix

After adopting the desired marketing strategy, the next step in the marketing planning process is the selection of the marketing mix for the company products. The motor vehicle companies were asked to indicate whether they considered product modification, product packaging and labeling, warranties, competitor pricing, price discounts and allowances, addition of new show rooms, deletion of some show rooms, capacity of show rooms, service back-ups, product variety in show rooms, advertising media and show room promotion material in selecting their marketing mix as illustrated in Table 22:

Table 22: Adoption of the desired Marketing Mix

Variables	Frequency		Percentage		Total (%)
	Yes	No	Yes	No	
Product modification	6	2	75	25	100
Product packaging and labeling	6	2	75	25	100
Warranties	8	0	100	0	100
Competitor pricing	7	1	87.5	12.5	100
Price discounts and allowances	7	1	87.5	12.5	100
Addition of new show rooms	3	5	37.5	62.5	100
Deletion of some show rooms	1	7	12.5	87.5	100
Capacity of show rooms	4	4	50	50	100
Service back-ups	8	0	100	0	100
Product variety in show rooms	7	1	87.5	12.5	100
Advertising media	8	0	100	0	100
Show room promotion material	8	0	100	0	100

Source: Response data

According to the findings as presented in Table 22, all the 8 respondent motor vehicle companies considered warranties, service back-ups, advertising media and show room promotion material in selecting their desired marketing mix. 87.5% of the respondent companies considered price discounts and allowances and product variety in show rooms.

75% considered product modification, and product packaging and labeling while 50% considered the capacity of show rooms. 37.2 considered addition of new show rooms while only 12.5% considered deletion of some show rooms in selecting their marketing mix.

4.4.5 Establishment of Action Programs and Activities

After selecting the desired marketing mix, marketing planners usually establish the required action programs and activities to achieve the desired marketing objectives. The respondents were asked to indicate whether the motor vehicle companies had the

action programs and activities. The findings from this were as presented in Table 23 below:

Table 23: Establishment of Action Programs and Activities

What Companies do	Frequency		Percentage		Total (%)
	Yes	No	Yes	No	
Specify time for the action programs and activities	8	0	100	0	100
Allocate adequate resources for the program	7	1	87.5	12.5	100
Clearly define responsibilities	8	0	100	0	100
Set program activities derived from marketing mix and strategies	8	0	100	0	100

Source: Response data

Research findings in Table 23 revealed that all the 8 respondent motor vehicle companies had specified times for the action programs and activities, had clearly defined responsibilities for each person in the action programs, and had the action program activities were derived from the desired marketing mix and strategies. On the same, results showed that there is no difference of practice as the zero standard deviation (Std. Dev.= 0) indicates.

Most of the motor vehicle companies (87.5%) had adequate resources to carry out the action programs, but there is no significant difference of the practice among motor vehicle companies (Std. Dev.<1.0).

4.4.6 Budgeting

At this stage, the marketing planner must evaluate the company's ability to translate the marketing strategy into action. The respondents were asked to indicate to what extent they estimate total sales revenue, profits, warehousing and distribution costs, employee recruitment costs and promotion and advertising costs and the results were as follows:

Table 24: Budgeting

Estimates	Mean	Std. Deviation
Total sales revenue	4.6250	.74402
Profits	4.8750	.35355
Warehousing and distribution costs	4.1250	.99103
Employee recruitment costs	3.6250	1.06066
Promotion and advertising costs	4.7500	.46291

Source: Response data

From the findings as reflected in Table 24, total sales revenue, profits, warehousing and distribution costs, employee recruitment costs and the promotion and advertising costs are variables used by motor vehicle companies to a large extent in evaluating the financial implications of the desired marketing program (Msc >3.6). The degree of practice does not differ significantly between the companies (Std. Dev.<1.0) apart from employee recruitment costs, in which it differs significantly (Std. Dev.>1.0).

4.4.7 Evaluating and Controlling the Effectiveness of the Marketing Plans

Every market is constantly changing and a strategy that is effective today may not be effective in future. As such, it is important to evaluate a marketing program periodically to monitor its achievements of the set objectives. At this stage, a marketing planner establishes performance standards, evaluates actual performance by comparing it against performance standards and reduces the difference between the actual and desired performance. The respondents were asked to indicate to what extent they prepare sales-to-expense ratios; monitor order sizes and customer groups, evaluate the efficiency of the sales force, advertising and distribution; measure the market share; identify deviations from planned actions in the marketing plans and allow for adjustments in the marketing plans. The results were presented as follows:

Table 25: Evaluating and Controlling the Effectiveness of the Marketing Plans

Standards and Controls	Mean	Std. Deviation
Preparation of sales-to-expense ratios	4.2500	.88641
Monitoring order sizes and customer groups	4.2500	.70711
Evaluation of the sales force, advertising and distribution	4.5000	.53452
Measuring market share	4.3750	1.06066
Identification of deviations from planned actions	4.1250	.99103
Allowance for adjustments	3.6250	1.06066

Source: Response data

The findings indicate that sales-to-expense ratios; order sizes and customer groups; efficiency of the sales force, advertising and distribution; market share, deviations from planned actions and allowance for adjustments in the marketing plans are variables used to a large extent by motor vehicle companies in evaluating and controlling the effectiveness of the designed marketing plans (Msc.>3.6). For these evaluation and control variables, the degree of practice does not significantly differ between motor vehicle companies (Std. Dev.<1.0). However, the practice does differ significantly between motor vehicle companies in measuring the market share and allowing for adjustments in evaluating and controlling the effectiveness of the marketing plan as these variables have standard deviations of more than one (Std. Dev.>1.0).

4.4.8 Organizational Review and Climate

This is the last stage of providing the company's organizational structure and climate that supports the marketing planning system. The respondents were asked to indicate to what extent the motor vehicle companies specify rules for planning, redefine their hierarchical nature, review division of labour policies and improve on the employee abilities and skills. The results from these are summarized below:

Table 26: Organizational Review

What Companies do	Mean	Std. Deviation
Specify rules and procedures for planning	3.6250	1.30247
Redefine the organization's hierarchical nature	3.6250	1.06066
Review the division of labour policies	3.5000	.92582
Improve on employee abilities and skills	4.0000	1.06904

Source: Response data

As the results in Table 20 indicates, specification of the rules and procedures for planning, redefinition of the organization's hierarchical nature and the improvement on employee abilities and skills are variables used by motor vehicle companies to a large extent (MSc.>3.6) in reviewing the organizational structure to provide the company's organizational structure and climate that supports the marketing planning system. The degree of practice does not significantly differ between motor vehicle companies (Std. Dev.<1.0). However, the review of the division of labour policies is used to a moderate extent Msc<3.6) and the degree of practice differs significantly among motor vehicle companies as they standard deviations of more than one (Std. Dev.>1.0).

4.5 Challenges faced by Motor Vehicle Companies in preparing Marketing Plans

Marketing plans are products of the marketing planning process. McDonald (1992) concluded that despite its simplicity and logic, marketing planning remains one of the trickiest areas to both academicians and practitioners alike. Motor vehicle companies were asked to identify and indicate the challenges they face when preparing marketing plans. They gave the following:

Table 27: Challenges to preparing Marketing Plans

Challenges	Frequency	Percent
Lack of sufficient information on competitors	3	37.5
Lack of accurate statistics from the government on the country's economic trends	2	25
Market dynamism	5	62.5
Uncertainty of whether the marketing plan will receive support from the top management	4	50
Lack of required skills and knowledge for marketing planning	2	25
Rigidity of company culture	3	37.5
Inadequate and inaccurate information on imported vehicles	1	12.5

Source: Response data

Dynamism in the motor vehicle market was cited by a majority of the motor vehicle companies (62.5) as the major challenge they face when preparing marketing plans. 50% of the motor vehicle companies cited the uncertainty of whether the marketing plan will receive support from the top management while 37.5 % cited lack of sufficient information on competitors and rigidity of company culture as the challenges they face when preparing marketing plans. 25% of them cited lack of accurate statistics from the government on the country's economic trends and lack of adequate skills and knowledge for preparing marketing plans while 12.5% cited inadequate and inaccurate information on imported vehicles into the country as the challenges faced when preparing marketing plans.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the findings of the study in relation to the research objectives. The study set to achieve three objectives. First, the study sought to establish if companies in the motor vehicle industry in Kenya prepare marketing plans to develop and sustain their competitive advantage. The second objective was to determine the steps followed in preparing the marketing plans by companies in the motor vehicle industry. Lastly, the study sought to establish the challenges faced in preparing marketing plans among motor vehicle companies in the industry.

Having analyzed the data, in this chapter, the discussion of findings, conclusion and recommendations for further study are presented.

5.2 Discussion

The findings of the study are in relation to the research objectives. From the study, it was established that all the motor vehicle companies prepare marketing plans that are compatible with the companies' corporate plans and their plans are based on the market potential and past performance with each product category having its own marketing plan. Review of the prepared marketing plans does not differ significantly between motor vehicle companies. However, it was discovered that, to a large extent, they often reviewed their marketing plans.

The first stage of the marketing planning process is the situation analysis. In undertaking the situation analysis to determine what the company should and should not try to set as marketing objectives, the companies did both analyses of the external microenvironment and the internal microenvironment as well as the companies SWOT analysis in order to provide assumptions upon which to formulate their marketing plans. All the 8 respondent motor vehicle companies reviewed trends in market size and growth; developments in motor vehicle demand; use of the sales force, advertising and promotion; market strategies of competitors, inter-company comparisons, and technological developments in terms of how they affect the companies' business prospects. Technological trends, economic factors, fiscal factors,

customers, suppliers, competitors and financial institutions are variables in the macro environment reviewed to a large extent. Political/legal factors, socio-cultural factors, insurance firms and transporters are moderately reviewed as variables influencing business in the industry. The research findings are consistent with those of Doyle (1993) that a situation analysis provides evidence about what the company should and should not try to set as marketing objectives.

The research discovered that motor vehicle companies have marketing objectives that are consistent with corporate objectives, designed to be achieved within specified times and are established in terms of the quantities to be achieved. Variables like the product range, the volume of sales, profits, market share and new product development are to a large extent used in forming agreed marketing objectives for the marketing planning process by the motor vehicle companies. Product modifications are used to form agreed marketing objectives to a moderate extent.

Establishing marketing objectives before setting a desired marketing strategy is a vital stage in the marketing planning process. The study revealed that to a large extent, motor vehicle companies have marketing objectives that are consistent with corporate objectives, designed to be achieved within specified times and are established in terms of the quantities to be achieved. The rationale for establishing agreed marketing objectives is to form a basis upon which the resultant marketing program is based. This is also consistent with the findings of Dolan (1984), that marketing objectives should be quantifiable, stated in clear, understandable and measurable terms consistent with the company's overall objectives.

The third step of the marketing planning process is the provision of the company's marketing strategies. The study revealed that selecting the target market, winning customers, considering the number of ideas to promote, entering into new markets and the desire to communicate the company's positioning are variables that are considered to a large extent by the motor vehicle companies when designing their marketing strategies. This result is consistent with that of Doyle (1993) that differences in the various markets are recognized and captured through segmentation, out of which products are developed to take care of those differences.

Designing the desired marketing mix before setting the action programs and activities for the marketing plan is vital in the marketing planning process. The study revealed that all motor vehicle companies considered warranties, service back-ups, advertising media and show room promotion materials in designing their marketing mix. A majority of them, (87.5%), considered price discounts and allowances, and product variety in show rooms, 75% considered product modification, product packaging and labeling while 50% considered the capacity of show rooms. 37.2% considered addition of new show rooms while only 12.5% considered deletion of some show rooms in selecting their marketing mix. This stage is to ensure that both organizational and consumer objectives are attained. This confirms the argument by Borden (1964) that the marketing mix approach to marketing stresses the "mixing" of various decision factors in such a way that both organizational and consumer objectives are attained.

In selecting the action programs and activities for the marketing plan, the study revealed that motor vehicle companies had specified times for the action programs and activities, had clearly defined responsibilities for each person in the action programs, and had the action program activities derived from the designed marketing mix and strategies.

In addition, most of them (87.5%) had adequate resources to carry out the action programs. The best practice is to address the responsibility for implementation, time lines, and strategies for measuring the effectiveness of the actions, confirming the observation by Doyle (1993) that the action plan outlays a flow chart of activities to be undertaken by managers within a specified time period.

It was further established that to a large extent, motor vehicle companies use total sales revenue, profits, warehousing and distribution costs, employee recruitment costs and the promotion and advertising costs in evaluating the financial implications of the desired marketing program. This ensures success of the marketing plan for the respective product category. This is in line with findings by Doyle (1993) that this is the stage of marketing planning depicting the calculation of the financial implications i.e. what it is going to cost and the returns that ultimately form the company's budget laying out the sales, expenditure and profit over the period of the plan.

Evaluating and controlling the effectiveness of the prepared marketing plans consists of establishing performance standards, evaluating actual performance by comparing it against performance standards and reducing the difference between the actual and desired performance. This confirms the view by McDonald (2000) that no marketing process, even the most carefully developed, is guaranteed to result in maximum benefit for a company. The study established that preparing sales-to-expense ratios; monitoring order sizes and customer groups; evaluating efficiency of the sales force, advertising and distribution; measuring the market share, identifying deviations from planned actions and allowing for adjustments in the marketing plans are variables used to a large extent by motor vehicle companies in evaluating and controlling the effectiveness of the marketing plans. The rationale for this is that no marketing process, even the most carefully developed, is guaranteed to result in maximum benefit for a company.

The research also established that specification of the rules and procedures for planning, redefinition of the organization's hierarchical nature and the improvement on employee abilities and skills are variables used by motor vehicle companies to a large extent (MSc.>3.6) in reviewing the organizational structure to provide the company's organizational structure and climate that supports the marketing planning system. Review of the division of labour policies is used to a moderate extent. As Ferrell (1982) claimed, organization involves the development of an internal structure for the organization's marketing unit, as it is the key directing marketing activities.

While preparing marketing plans, motor vehicle companies encounter various challenges. This study revealed that dynamism in the motor vehicle market was cited by a majority of the motor vehicle companies as the major challenge they face when preparing marketing plans. Other challenges included the uncertainty of whether the marketing plans will receive support from the top management, lack of sufficient information on competitors, lack of adequate skills and knowledge for preparing marketing plans, lack of accurate statistics from the government on the country's economic trends and inadequate and inaccurate information on imported vehicles into the country.

5.3 Conclusion

With the liberalization of the Kenyan economy, traders dealing in cheap second hand car imports have entered into the Kenyan motor market at an alarming rate. The formal motor vehicle business in Kenya has in recent past been hit by perpetual declines with falling sales. As a result, the motor vehicle companies have resorted to marketing planning as a means of dealing with environmental uncertainty. The argument has been that those organizations that undertook their activities on the basis of marketing planning did better than those that did not plan.

This study established that all the motor vehicle companies prepare marketing plans. It also established that the motor vehicle companies follow the stages in the marketing planning process. However, the variables in the marketing planning process are used to varying extents. Motor vehicle companies face various challenges when preparing their marketing plans. According to this research, the majority of the motor vehicle companies cited dynamism in the motor vehicle market as the major challenge they face when preparing marketing plans.

5.4 Recommendations

The motor vehicle companies should review the marketing situation, competition levels and industry trends to a large extent. This is because, ideally, the motor vehicle companies should develop strategies that are tailor made to suit the needs and wants of the customers in the industry.

LIMITATIONS OF THE STUDY

The study was inhibited by a number of ways. First, some of the respondents were not accessible as they were unwilling to respond to the questionnaire citing that the researcher was not a priority to their business and only customers were. Another constraint was lack of seriousness in completing the questionnaire by some respondents as some questionnaires were partly completed.

SUGGESTIONS FOR FURTHER RESEARCH

Arising from the findings, it was suggested that a similar study should be conducted to establish whether the second hand car dealers prepare marketing plans and the process they follow in the preparation of the plans.

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APPENDIX 1
INTRODUCTORY LETTER

Shikanga S. Lutomia,
School of Business,
University of Nairobi,
P O Box 30197,
NAIROBI.

June 2006

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi, School of Business. In order to fulfill the degree requirements, I am undertaking a management research project on the practices of marketing planning in the formal motor vehicle industry in Kenya. You have been selected to form part of this study. This is kindly to request you to assist me collect the data by filling out the accompanying questionnaire, which I will collect from your premises.

The information you provide will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidence. At no time will you or your organization's name appear in my report. A copy of the final paper will be availed to you upon request.

Your co-operation will be highly appreciated and thank you in advance.

Yours faithfully,

SHIKANGA S. LUTOMIA
MBA STUDENT
UNIVERSITY OF NAIROBI

M. OMBOK
LECTURER/SUPERVISOR
UNIVERSITY OF NAIROBI

APPENDIX 2

Motor Vehicle companies in the Kenya Motor Industry Association as at December 2005

1. Associated Vehicle Assemblers
2. Auto Spring Manufacturers
3. Car & General
4. CMC Motors Group
5. DT Dobie
6. General Motors East Africa
7. Kenya Vehicle Manufacturers
8. Marshalls Group
9. Mashariki Motors
10. Simba Colt Motors
11. Subaru Kenya
12. Toyota East Africa

Source: Kenya motor Industry Association, Annual report 2005

APPENDIX 3
QUESTIONNAIRE

PART A: GENERAL INFORMATION

Please answer the following questions in the spaces provided.

1. Your name.....
2. Job title.....
3. Name of your company.....
4. Using the categories below, please indicate the ownership of your company (please tick one)

- | | |
|-----------------------------------|-----|
| Locally owned | () |
| Foreign owned | () |
| Joint foreign and local ownership | () |

PART B: MARKETING PLANNING

5. The output of the marketing planning process is the marketing plan.

	Yes	No
i. Does your company have a marketing plan?	()	()
ii. Is it compatible with the corporate plan?	()	()
iii. Does it cover the same period as the corporate plan?	()	()
iv. Is the marketing plan based on an assessment of the market potential and past performance?	()	()
v. Is there a marketing plan by each product category?	()	()
vi. Do relevant managers have a copy of the marketing plan?	()	()

6. One of the stages in the strategic planning process is determination of the company's corporate objectives. Please indicate accordingly as to whether your company has the following.

	Yes	No
i. A corporate statement about the company's current business mission	()	()
ii. A corporate statement about the company's vision for the future	()	()
iii. A target figure for the company's Return On Investment	()	()
iv. A corporate plan to channel the company resources towards the target ROI	()	()
v. Defined boundaries in terms customers	()	()

- vi. Defined boundaries in terms of size and qualification of workforce () ()
- vii. Defined boundaries in terms of the sources and level of funding () ()
- viii. Objectives prompting the corporate image with customers () ()
- ix. Objectives prompting the corporate image with the stock market () ()
- x. Objectives prompting the corporate image with government departments () ()

7. How often does your company review marketing plans?

- Often ()
- Sometimes ()
- Rarely ()
- Not at all ()

8. One of the stages in the marketing planning process is environmental scanning. On a scale of 1-5 (where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent) indicate the extent to which you review the following as influencing your business?

	5	4	3	2	1
i. Technological trends	()	()	()	()	()
ii. Political/legal factors	()	()	()	()	()
iii. Economic factors	()	()	()	()	()
iv. Socio-cultural factors	()	()	()	()	()
v. Fiscal factors	()	()	()	()	()
vi. Customers	()	()	()	()	()
vii. Suppliers	()	()	()	()	()
viii. Competitors	()	()	()	()	()
ix. Insurance firms	()	()	()	()	()
x. Transporters	()	()	()	()	()
xi. Financial institutions	()	()	()	()	()

9. A marketing planner reviews the company's internal microenvironment when preparing marketing plans. Do you review the following in terms of how they affect the company's business prospects?

	Yes	No
i. Availability of funds	()	()
ii. Ability to obtain funds	()	()
iii. New product development policies	()	()
iv. Product portfolio	()	()
v. Product quality	()	()
vi. Promotion effectiveness	()	()
vii. Pricing methods	()	()
viii. Pricing objectives	()	()
ix. Sales force effectiveness	()	()
x. Distribution strategies	()	()
xi. Capacity of show rooms	()	()
xii. Number of workers	()	()
xiii. Required skills of workers	()	()

10. In the marketing planning process, a marketing planner reviews the marketing situation, competition levels and the industry trends. Are the following factors considered in a regular and conscious way in terms of how they affect the company's business prospects?

	Yes	No
i. Trends in market size and growth	()	()
ii. Developments in motor vehicle demand	()	()
iii. Developments in motor vehicle accessories	()	()
iv. Developments in prices, terms and trade practices	()	()
v. Trends in the physical distribution and purchasing patterns	()	()
vi. Use of the sales force, advertising and promotion	()	()
vii. Developments in communications	()	()
viii. Marketing strategies, strengths and weaknesses of competitors	()	()
ix. Possibility of new entrants into the industry	()	()
x. Possibility of mergers and acquisitions in the industry	()	()
xi. Inter-company comparisons	()	()

- xii. Industry profitability () ()
- xiii. Investment levels of competitors in the industry () ()
- xiv. Changes in the cost structure in the industry () ()
- xv. Technological developments () ()
- xvi. Energy utilization in the industry () ()

11. On a scale of 1-5 (where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent) indicate the extent to which you undertake the following for the situation analysis of the marketing planning process.

- | | 5 | 4 | 3 | 2 | 1 |
|--|-----|-----|-----|-----|-----|
| i. Highlights the company's strengths | () | () | () | () | () |
| ii Highlights the company's weaknesses | () | () | () | () | () |
| iii Highlights the company's opportunities | () | () | () | () | () |
| iv. Highlights the company's threats | () | () | () | () | () |

12. Does your company have a set of assumptions around which the marketing plan is formulated? Yes () No ()

13. If yes in 12 above, on a scale of 1-5 (where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent) indicate the extent to which the assumptions cover:

- | | 5 | 4 | 3 | 2 | 1 |
|--------------------------------|-----|-----|-----|-----|-----|
| i. The business environment | () | () | () | () | () |
| ii. The market situation | () | () | () | () | () |
| iii. The competition levels | () | () | () | () | () |
| iv. The trends in the industry | () | () | () | () | () |

14. Another stage in the marketing planning process is the establishment of the marketing objectives. On a scale of 1-5 (where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent) indicate the extent to which there are agreed objectives about:

- | | 5 | 4 | 3 | 2 | 1 |
|----------------------|-----|-----|-----|-----|-----|
| i. The product range | () | () | () | () | () |

ii. The volume of sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Profits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v. New product development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vi. Product modification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. On a scale of 1-5 (where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent) indicate the extent to which the marketing objectives are:

	5	4	3	2	1
i. Consistent with corporate objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. Designed to be achieved within specified times	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Established in terms of the quantities to be achieved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Derived from the analysis of the business environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. After establishing the marketing objectives in the marketing planning process, the next stage is adoption of the desired marketing strategy. Are there clear strategies for achieving the stated marketing objectives? Yes No

17. Do you subdivide your market? Yes No

18. On a scale of 1-5 (where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent) indicate the extent to which you consider the following in your strategies.

	5	4	3	2	1
i. Winning more customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ii. Developing new models	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iii. Diversifying into other non-car business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
iv. Entering into other markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v. How many ideas to promote	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
vi. Communicating the company's positioning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. In the marketing planning process, after adopting of the desired marketing strategy, the next step is the selection of the marketing mix for a company's products. Does your company, in selecting a given marketing mix for its products, consider the following factors?

	Yes	No
i. Product modification	()	()
ii. Product packaging and labeling	()	()
iii. Warranties	()	()
iv. Competitor pricing	()	()
v. Price discounts and allowances	()	()
vi. Addition of new show rooms	()	()
vii. Deletion of some show rooms	()	()
viii. Capacity of show rooms	()	()
ix. Service back-ups	()	()
x. Product variety in show rooms	()	()
xi. Advertising media	()	()
xii. Show room promotion materials	()	()

20. After selecting the desired marketing mix for company products, marketing planners establish the required action programs and activities to achieve the desired objectives.

	Yes	No
i. Have the marketing program activities been identified and allocated specified time?	()	()
ii. Are adequate resources available to carry out the marketing program?	()	()
iii. Are the responsibilities of each person in the marketing organization clearly defined?	()	()
iv. Are the action program activities derived from the desired marketing mix and marketing strategies?	()	()

21. In calculating the financial implication of the marketing program, indicate the extent to which your company estimates: (Use a 5 point scale where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent)

	5	4	3	2	1
i. Total sales revenue	()	()	()	()	()
ii. Profits	()	()	()	()	()
iii. Warehousing and distribution costs	()	()	()	()	()
iv. Employee recruitment costs	()	()	()	()	()
v. Promotion and advertising costs	()	()	()	()	()

22. In evaluating and controlling the effectiveness of the marketing plan, a marketing planner establishes performance standards and controls. To what extent do you undertake the following? Use a 5 point scale where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent)

	5	4	3	2	1
i. Prepare sales-to –expenses ratios	()	()	()	()	()
ii. Monitor order sizes and customer groups	()	()	()	()	()
iii. Evaluate the efficiency of the sales force, advertising and distribution	()	()	()	()	()
iv. Measure the market share	()	()	()	()	()
v. Identifies deviations from planned activities	()	()	()	()	()
vi. Allows for adjustments	()	()	()	()	()

23. In reviewing the organization to offer a supporting environment for marketing planning, please indicate the extent to which your company practices the following. Use a 5 point scale where 1=Not at all, 2= To a little extent, 3=To some extent, 4= To a large extent, and 5= To a great extent)

	5	4	3	2	1
i. Specifies rules and procedures for planning	()	()	()	()	()
ii. Redefines its hierarchical nature	()	()	()	()	()
iii. Reviews division of labour policies	()	()	()	()	()
iv. Improves on employee abilities and skills	()	()	()	()	()

PART C: CHALLENGES TO MARKETING PLANNING

Please indicate the challenges faced in preparing marketing plans by your company.

1. -----

2. -----

3. -----

4. -----

5. -----

6. -----

7. -----

8. -----

9. -----

10. -----

THANKS SO MUCH FOR YOUR COOPERATION

APPENDIX 4

OPERATIONALIZING MARKETING PLANNING

Marketing Planning Process	Extended Definition	Variables/ Action required	Relevant Questions
Situation Analysis	Scanning the macro environment	<ul style="list-style-type: none"> -Technological trends -Political/legal factors -Economic factors -Socio-cultural factors -Fiscal factors -Intra-company issues 	8 (i-v)
	Scanning the external microenvironment	<ul style="list-style-type: none"> -Customers -Suppliers -Competitors -Middlemen -Publics 	8 (vi-xi), 9
	Scanning the internal microenvironment	<ul style="list-style-type: none"> - Availability of funds -Ability to obtain funds -New product development -Product portfolio -Product quality -Promotion effectiveness -Pricing methods - Pricing objectives -Sales force effectiveness -Facilities -Distribution strategies -Capacity of show rooms -Number of workers -Required skills of workers -Service quality 	10

	SWOT analysis	Summary of -Strengths -Weaknesses -Opportunities -Threats	11
	Assumptions to base the marketing plan	Provide assumptions covering the business environment, the market situation, competition, and the trends in the industry	12,13
Marketing Objectives	Agreed objectives about: -What is to be done -When is it to be accomplished - How much is to be accomplished - How much will it cost	-The product range -The volume of sales -Profits -Market share -New product development -Market penetration -Divesting of old products	14 (i-vi), 15
Marketing Strategy	Definition of target segments	Decision on: -Which segments to serve -How many segments to serve	17
	Designing a company's offering and image	Decision on: -How many ideas to promote -Which positioning to promote -Communicating the company's positioning	18

Marketing Mix Strategy	Product	<ul style="list-style-type: none"> -New product development -Product modification -Product imitation - Branding -Packaging and labeling -Warranties -Product variety 	19 (i-iii)
	Price	<ul style="list-style-type: none"> -Price objectives -Price setting -Competitor prices -Possible reactions -Price discounts and allowances -Payment period -Credit terms 	19 (iv-v)
	Distribution	<ul style="list-style-type: none"> - Review of Channels -Add new show rooms -Remove some show rooms -Have show rooms closer to potential customers -Modification of channel arrangement -Capacity of show rooms -Service backups -Setting of lot sizes -Product variety in show rooms 	19 (vi-x)

	Promotion	<ul style="list-style-type: none"> - Advertising themes -Advertising media -Publicity -Sales promotion -Personal selling -Show room promotion materials 	19 (xi-xii)
Action programs and activities	<p>Schedules of:</p> <ul style="list-style-type: none"> -What is to be done -When it is to be done - How much it is cost - Who is to do it 		20 (i-iv)
Budgeting	Estimated total sales	Sales budget	21 (i)
	Projected expenses	<p>Expected cost on:</p> <ul style="list-style-type: none"> -Production -Employee recruitment -Promotion media -Warehousing and distribution -Material procurement 	21 (iii-v)
	Projected profits		21 (ii)
Evaluation and Control	Performance Standards and controls	<ul style="list-style-type: none"> -Sales -Market share -Order sizes -Financial analysis -Profitability analysis -Expense-to-sales analysis -Measurements -Efficiency -Deviations -Adjustments 	22

Review of the organization	Staffing	-Abilities -Training -Assignment	23 (iii-iv)
	Skills	- Needed knowledge for performance	23 (iii-iv)
	Style	-Employees' common knowledge of thinking and behaviour	23 (i-ii)