INFLUENCE OF MARKETING STRATEGIES ON FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA

BY

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DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

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DEDICATION

I dedicate this research project to my mother Martha, Sister Agnes Ndunge and children Dan and Sharon.

ABSTRACT

The importance of marketing strategy in the wake of intense banking industry competition and financial turmoil cannot be overemphasized. Coupled with massive regulations, the competition and other challenges ailing the banking sector call for effective marketing strategies. An appropriate mix of the 4Ps of marketing strategy may influence competitiveness and hence performance of a commercial bank. The current study sought to establish the influence of marketing strategies on financial performance of commercial banks in Kenya. The study was guided by the following specific objectives: to evaluate the influence of product selection strategy on financial performance of commercial banks in Kenya, to investigate the influence of the price determination strategies on financial performance of commercial banks in Kenya, to determine the influence of selection of the channels of distribution for bank services to reach the customer's place on financial performance of the commercial banks in Kenya, and to examine the influence of adoption of promotional strategies on financial performance of commercial banks in Kenya. The study followed a cross-sectional, descriptive research design, with data collection obtained by way of questionnaires, targeting the 41 commercial banks in the industry as at June 1st 2017. In the questionnaire, the concepts were measured using likert scale of 1-5, where 1 meant strongly agree and 5 strongly disagree. Using the drop and pick later technique, the data was obtained from the marketing managers or relationship managers of the banks and another staff in the department. Therefore, the study targeted 2 employees in each bank, hence 82 possible respondents. The study obtained 78 fully completed questionnaires that were used for the data analysis. The data was analyzed using SPSS to obtain descriptive statistics such as mean, median, mode, skewness and kurtosis statistics, as well as inferential statistics such as R, R-Square, coefficients and significant/P-value. The obtained coefficient of determination (R) was 0.514 the R-Square was 0.264 indicating a weak positive overall causation of the 4Ps on bank performance. That was supported by the positive coefficients for all the study variables. Regarding the influence of product selection strategy on financial performance of commercial banks in Kenya, the significant value was 0.006, which is less than 0.05, meaning that it is statistically significant. Regarding, the influence of the price determination strategies on financial performance of commercial banks in Kenya, the significant value for the corresponding coefficient was 0.006, which was less than p-value of 0.05, hence statistically significant. As regards the influence of the channels of distribution for bank services to reach the customer's place on financial performance of the commercial banks in Kenya, the significant value for the coefficient was 0.085 which is greater than 0.05, hence not statistically significant. Also, the significant value for adoption of promotional strategies against financial performance of commercial banks in Kenya was 0.123 which is larger than 0.05, hence not significant. Thus, the study concludes that the product selection that lead to adoption of technology and pricing strategies have a positive relationship with firm performance; at 95 percent accuracy level because the p-values were less than 0.05, and R-Square was positive. On the other hand, the study concludes that the channels of distribution or place strategy and promotion strategies do not influence financial performance of Kenyan commercial banks since their corresponding p-values were greater than 0.05.

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ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
MBA	Master of Business Administration
PR	Public Relations
RM	Relationship Marketing
SACCOS	Savings and credit cooperative societies
SPSS	Statistical Package for Social Sciences
NSE	Nairobi Securities Exchange

OPERATIONALIZATION OF VARIABLES

Product selection strategies: Product selection involves choosing the products to be sold to clients and usually involve ample research on the needs of the market.

Price determination strategies: Price determination strategies refer to processes employed in determining prices that are fair and market competitive.

Choice of channels of distribution strategies: Distribution channels represent the 'place' in the 4Ps of marketing.

Selection of promotional strategies: Promotional strategies are meant to increase awareness of an organization's products and services, to build brand awareness and value.

Financial performance: Financial performance is a measure of a firm's ability to generate wealth for the owners (shareholders), often measured using net income, ROA or ROI.

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CHAPTER ONE
INTRODUCTION

1.1 Introduction

This chapter introduces the study. It provides the background of the study. The chapter then provides a succinct summary of the study problem. That is followed by the study aim and objectives which culminates with research hypothesis. Then, the justification of the study and the conceptual framework of the study are provided.

1.2 Background of the Study

Banking industry is one of the most important service industries in any economy. According to Ahmad (2016) a well-functioning banking sector contributes to social and economic development. As part of the broader capital market, commercial banks play an integral role in enhancing the role of financial markets which includes provision of short-term and long-term financing. Kumar (2014) posit that commercial banks in particular, intermediate between those with excess cash and those with shortage in financing their ideas. Thus, banks enhance economic development. They help the economy by financing viable projects which creates employment and economic growth. In that regard, the banking industry facilitates optimal utilization of wealth of the economy, amongst other roles.

Consequently, it is a desirable quality that the banking sectors continue to experience growth in terms of numbers and size. While vouching for continuous sector reforms Krahnen, Noth & Schüwer (2016) adds that regulators should support the financial sector to thrive and become profitable. He notes that profitable banks are able to open more branches even in remote areas to support the people at their grass root level. That helps the economy to grow in a holistic manner including in the local levels which then facilitates mushrooming of new towns and business centers (Gelman, Jochem & Reitz, 2016). Vives (2016) concurs that better profits and competitiveness of a commercial bank is a desirable thing and the growth of banks allows the sector to not only implement their mandated roles in the economy but also to employ more citizens in the sector and indirectly through financing their investment ideas.

Notably, the banking sector is experiencing a huge competition due to the growth in numbers of banks in the Kenyan economy. Onsongo and Schot (2017) argues that the Kenyan sector has experienced a tremendous growth in the past 20 years. This, they note, has been realized because of new entrants into the banking sector with some SACCOS having been licensed to take deposits. Banks such as equity bank, cooperative, Family bank, Kenya commercial banks entrance into the Kenyan banking arena posed intense competition to the few multinational banks that have been on existence over many years. Before their entrance, opening of accounts and access to banking service was a preserve of the a few wealthy Kenyans. Today, almost every Kenyan can walk into a bank and request for an account.

Presided over by the central bank of Kenya, the sector was liberalized in 1995 and exchange controls were lifted. The sector consists of commercial banks, Non-Bank Financial Institutions, Forex Bureaus and Microfinance banks and these are highly regulated (CBK, 2016). By December 31st 2016, the sector has 41 commercial banks after mergers, collapse and receiverships that affected Dubai, Chase, Giro and imperial reducing banks from 43 to 41 (Cytonn Investment, 2016). Also, the industry had licensed 13 money remittance providers, 2 credit reference bureaus, 9 microfinance institutions, and 87 foreign exchange bureaus (Ndungo, Tobias & Florence, 2017). The capital and the financial performance are two important variables in the banking sector. They show the ability of banks to achieve sustainable benefits and to address systemic shocks.

The growth in the number of commercial banks means that there is more competition and hence the need for the institutions, to rethink their marketing strategies to enhance their competitiveness in the industry. Currently, the sector is composed of 41 licensed commercial banks (Otieno, 2016). However, CBK (2013) report indicate that the Kenyan banking sector is dominated by 10 commercial banks that control 75% of the overall industry market assets and also command the more than half of the market share. Furthermore, the sector has undergone several reforms including more regulations, but the firms have also benefitted from technological inventions including emergence of internet and mobile phone banking. Being profit oriented, the institutions have revamped their efforts to compete in the market (Kariuki, 2016). The many institutions offering financial services pose a challenge of stiff competition within the industry.

Furthermore, the recent banking laws pose a challenge to bank's performance. For instance, the government of Kenya has recently enacted laws to cap interest rates to a maximum of 14% and to pay deposit holders a minimum of 7%. That shrinks the profitability and hence the performance of commercial banks in the Kenyan market. According to Omondi (2016) interest income has always been an integral component of the profitability in the context of the Kenyan commercial banks. With the interest rate capping, the income amount associated with lending substantially shrinks the overall performance. Therefore, banks have to market their services and products more strategically in order to enhance their competitiveness, as well as to grow their performance and growth (Ndungo, Tobias & Florence, 2017). That requires a succinct marketing strategy as competitors will also be thinking of how to outsmart their peers. In marketing, the banks should aim to minimize inputs and maximize outputs. Thomas (2016) defines marketing as a process or technique for promoting, selling and distributing a product/service. Quite related to the above, Aaker (2014) defines marketing strategy as a process of moving goods and services from being a concept to customer. Aaker (2014) further adds that marketing strategy includes coordination of marketing elements known as the 4P's of marketing. Those include: product selection and development, price determination, selection of the channels of distribution for good/service to reach the customer's place, and finally selection and implementation of promotional strategies. Strategic marketing involves planning processes that seek to establish a clear direction and unified purpose for all marketing efforts (Kasemsap, 2015).

The main goal of marketing strategy in a bank is to increase sales and achieve a sustainable competitive advantage. According to Mcdonald & Brown (2016) the marketing strategy should combine product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources (Kimosop, Korir & White, 2016). There is a growing awareness that marketing is an essential tool in the hands of the banker, an inevitable necessity without which perhaps survival itself might become difficult in future. An important requirement, to answer this question, is the profitability measurement.

The widely used measures to assess commercial banks’ performance are net income, return on total assets (ROA) and return on total equity (ROE). These measures have been used by analysts and bank regulators in (a) assessing industry performance (b) forecasting market structure trends (used to predict bank failures and mergers) and (c) other purposes where a profitability measure is wanted (Gilbert and Wheelock, 2007). However, important and relevant information about bank's financial performance can be provided by accounting and financial ratios, assessing the relationship among many factors that are related to bank performance such as assets, revenue, profit, and market value, number of employees, investments, and customer satisfaction can assist in improving bank product.

The profitability of Kenya’s banking industry in the recent past has been a subject of public interest and debate. The industry posted KSh 89.5 billion pre-tax profits in 2011, a 20.5 per cent increase from 2010’s KSh74.3 billion (CBK 2013). While the profit growth has also been helped by a steady growth in the customer base over the past four years from 4.7 million to 15.7 million, a report by the Central Bank of Kenya on ‘Developments in the Kenyan Banking Sector for quarter ended March 31, 2012’ indicates that this trend of profitability is equally largely attributed to marketing strategies by banks (CBK, 2016). The influence of marketing strategy on financial performance of commercial banks in the banking sector is paramount to the successful and profitable service delivery in the sector. On the other hand, financial performance demonstrates the efficient use of resources and the ability to make a profit. It is an important point of view for stakeholders (depositors, creditors, shareholders, state, and managers). For depositors, it show them the profitability generated for their deposited funds. For creditors, it shows them the ability of the bank to meet the commitments to them. For the state, financial performance indicates the ability of the bank to pay the tax. For shareholders, the financial performance indicates the return on their invested funds. For managers, financial performance indicates the benefit of their effort and human capital invested.

Notably, there is no consensus on the relationship between the product selection and development strategy and financial performance. For instance, Katsikeas, Leonidou and Zeriti (2016) established mixed results on the effects of product selection and banks' financial performance. They advanced that eco-friendly strategies could lower costs and enhance performance. However, the model coefficients were not statistically significant, hence not conclusive. On the other hand, Wambua (2016) established that better product strategies helps to come up with better products which are attractive to customers, hence higher performance. Chang and Taylor (2016)'s meta-analysis established an inverse relationship between product selection strategies and financial performance because such strategies that involve personnel and clients slows the process and increase costs and slows implementation. That is consistent with the views of Kim (2017) who noted that every new product comes with cost element and some multiple products by a bank were not well marketed to inform customers about their existence.

In conclusion, there is no consensus on the relationship between pricing strategies and financial performance. For instance, Valverde, Chakravorti and Fernández (2016) opine that higher fees attract the rich high-end class to the benefit of the bank as many small customers increase unnecessary cost for the bank. That is inconsistent with the findings of Kumar (2014) who found out that banks that have lower charges attracts more business and higher performance. That concurs with Sharma and Sharma (2016) who posit that banks' profit should remain volume based rather than premium based. That makes it necessary for a study to investigate the relationship between pricing strategies and performance in banks.

To that end, the debate on whether there is a correlation between technology innovation backed strategies to distribute the banking services to various places (place strategy) and financial performance is inconclusive. Berger (2013) argues that internet banking is not living up to the perceived hype. That is consistent with the findings of Solomon (2016) who concludes that internet banking, which is a proxy to opening many branches and ATMs increases performance, at least in the long-run. Most customers have not embraced it and financial performance is not enhanced by the innovations. Ouma (2016) established a positive but very weak causation between agency banking and financial performance. That is contrary to the conclusions of Kanyore, Ali and Kingi (2016) who established a positive causation of agency banking on financial performance of the NSE listed commercial banks.

In conclusion, there is not consensus on the relationship between promotional strategies and financial performance of commercial banks. For instance, Kyengo, Ombui and Iravo (2016) posit that mass media, print media, and outdoor marketing enhance organizational performance. That is consistent with the findings of Donald et al. (2010) who reported significant evidence of increasing returns on sales when marketing expenditure went up. Meadows and Meadows (2016) established that mobile marketing as well as social media marketing involving Facebook, twitter, whatsapp, and LinkedIn can enhance awareness increase performance in banks. However, Dey (2016) advanced that those technology-driven marketing may not yield results in emerging markets where technology uptake is still low.

1.3 Statement of the Problem

The banking industry plays an essential role in enhancing economic development. Through their intermediation role, banks facilitate optimal use of an economy's resources. Due to the sensitive nature of their business, inappropriate actions by banks can hurt an economy. It is evident that while the huge body of literatures on the concept of marketing strategies and financial performance in banks agree that persistent banking sector growth and performance is a desirable quality for an economic growth, various literatures do not agree on whether strategic marketing does indeed influence financial performance of banks, at least in the Kenyan context. Some studies have touted strategic marketing as the game changer while others have faulted their effectiveness because marketing is usually and expensive endeavor. With the capping of interest rates, and the increasing competition in the Kenyan banking sector due to licensing of many players as some SACCOS have been mandated to take deposits and engage in the full-fledged banking, Kenyan banks have to identify which marketing strategies does enhance their performance. Therefore, the question that begs for an answer is whether and how marketing strategies does influence competitiveness. This study seeks to establish the influence of marketing strategies on financial performance of commercial banks in Kenya.

1.4 Research Objectives

The general objective of the study is to establish the influence of marketing strategies on financial performance of commercial banks in Kenya.

1.4.2 Specific Objectives

i. To evaluate the influence of product selection strategy on financial performance of commercial banks in Kenya,
ii. To investigate the influence of the price determination strategies on financial performance of commercial banks in Kenya,
iii. To determine the influence of selection of the channels of distribution for bank services to reach the customer's place on financial performance of the commercial banks in Kenya, and
iv. To examine the influence of adoption of promotional strategies on financial performance of commercial banks in Kenya.

1.5 Research Hypotheses

H0:1. There is no relationship between product selection and development strategies on financial performance of commercial banks in Kenya.

H0:2. There is no relationship between price determination strategies and financial performance of commercial banks in Kenya.

H0:3. There is no relationship between selection of the channels of distribution for service to reach the customer's place and financial performance of the commercial banks in Kenya.

H0:4. There is no relationship between the adoption of promotional strategies and financial performance of commercial banks in Kenya.

1.6 Justification of the Study

The current study focused on the 4Ps of marketing because each of the elements of market matters most in any strategy for an organization. For instance, it highly matters the pricing strategy be more price competitive. Also, an organization's products matter a lot in attracting more or retaining current clients. Third, place which stand for the strategy for reaching the customers with products more easily is essential for competitiveness. Finally, promotion strategy is essential for attracting new clients but also the cost element for promotion is key. Therefore, in the wake of competitions, regulations and other challenges in the banking industry, the ability of a bank to establish a competitive mix of the 4Ps is crucial for competitiveness and better performance. Thus, although there are other 3Ps for processes, people, physical evidence, some element of the last three can still be covered within the 4Ps to arrive at a conclusion without being superfluous.

Theoretically, this study contributes to academic literature on marketing strategies and financial performance among commercial banks. The researcher intends to take on the journey of undertaking this study to build a character fit to hold the master's degree for which the research will be submitted for. Therefore, future researchers can use the findings of the study for their literature review and to develop their research concepts. Also, the study will be helpful to commercial banks as the results will lead to determination of whether and how their marketing strategies can influence their organizational performance. They can therefore borrow from the findings on how to develop and implement marketing strategies for higher financial performance.

Also the research will also be important to the regulator as it points out the factors that may influence financial growth and will enable them alter policy framework to the right direction so that to make a significant effect on management of commercial banks and other financial institutions in the economy for the well-being of the institutions and the economy in general.

1.7 Scope of the Study

The current study seeks to evaluate the influence of marketing strategies on financial performance of commercial banks in Kenya. The study will focus on the marketing strategies employed by only the commercial banks in Kenya in operation as at December 31st 2016. The study will focus on the influence of the 4P marketing strategies that the banks have been applying and how it has influenced their performance. The study will include all commercial banks in Kenya. The unit of analysis is the banks being evaluated but the unit of observation will be the employees of the banks who will be requested to complete semi-structured questionnaires in relation to the study point of focus: the 4P strategies and financial performance of commercial banks in Kenya.

1.8 Conceptual Framework

Independent Variable **Dependent Variable**

Marketing Strategies

- **Product selection strategies**
  - o Ample market research for eco-product designs
  - o Involvement of all employees
  - o Customer involvement
- **Price determination strategies**
  - o Charges compared to competitors
  - o Periodic review of bank charges
  - o Volume/premium based costing
- **Choice of channels of distribution strategies**
  - o Adoption of internet banking
  - o Adoption of Mobile Banking
  - o Adoption of Agency banking
- **Selection of promotional strategies**
  - o Mass media marketing
  - o Social media marketing
  - o Use of mobile applications

Financial Performance

- Net Income

Figure 1.1: Marketing Strategies and Financial Performance Relationship

Source: Aaker (2014)

The conceptual framework is adapted from Aaker, 2014 by modifying it to suit the research purpose. The independent variable is marketing strategies which has four elements namely product selection, price determination, choice of channels of distribution and selection of promotional strategies. The dependent variable is financial performance measured in terms of net income.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews past literatures done related to the influence of marketing strategies on financial performance of commercial banks in Kenya. In addition, the section explains some theoretical frameworks that help in evaluating the relationship between bank specific factors and the financial performance of commercial banks.

2.1 Theoretical Review

Various theories have been developed empirically and analyze the influence of marketing strategies on financial performance. This study is founded on four theories: Resource based theory, stakeholder theory, Product Life Cycle Theory, and market segmentation theory. The discussions on the four theories underpin their relevance to this study as they explain the relationship between factors influencing the marketing strategies on financial performance of commercial banks.

2.1.1 Resource Based Theory

This theory is relevant to all the objectives of the study as marketing strategy is pursuit of an advantage (a resource) over the competitors. The resource based theory holds that resources owned by an organization give it an advantage over its peers. Grant (1991) states that resources are anything that an organization has that it can use to attain competitiveness. Resources includes any type of asset, processes of an organization, capabilities, firm attributes, knowledge and information, products, pricing advantage, strategic location (place), as well as the promotional strategies that give an organization a competitive edge over its peers (Barney, 2001). The theory is relevant to the study on influence of marketing strategies and bank performance as marketing strategies, whether in relation to banks' products, prices, place and promotion are resources that enhance a bank's performance by making it unique to the competitors.

2.1.2 Stakeholder Theory

Stakeholder theory advocates for organizations to consider all the stakeholders including the shareholders, customers and members of the society in which it operates its business. This theory is relevant to the main objective of the current and hence to the 4 objectives of the study. Jensen (2001) argues that the strategy of any organization should focus on both the internal and external stakeholders.

The four strategies of the current study relates to products, prices, place, and promotion and all these touches on the consumers of an organization’s products. Since products, pricing, place and promotion are meant to attract customers to buy the products of the organization both presently and in future, the stakeholder theory is relevant to the study. Freeman, Wicks and Parmar (2004) posit that organizations should develop products that meet the needs of the general and specific consumers, price them competitively but in consideration to the ability of the consumer lest they deprive them of their necessity because of pricing and ensure that the consumer has a constant supply to such a place that they can obtain the products. With respect to the current study, banks should develop products relevant to the needs of the consumer, price the products fairly and ensure that they continue to provide the consumer with the banking services including taking deposits and funding projects in the economy as well as acting as safe custodian of the resources of the citizen.

2.1.3 Product Life Cycle Theory

Product life cycle theory is relevant to the first objective on: product selection and development strategy on financial performance. The product life cycle theory asserts that marketing strategies must evolve along with a product from inception through obsolescence (Windrum & Birchenhall, 1998). Banks have to select and develop products that the current consumers’ needs and evolve with the needs of the consumers. Early in a product's life, companies should tailor their marketing mix to spark interest and educate potential customers. During the growth phase, Restuccia et al (2016) maintains that the effort shifts to secure a wider audience by building brand loyalty, a stable supply chain, and additional distribution channels as defenses against competitors enter the market. As the market for the product matures, weaker players are driven out, and there is little differentiation among competitors. Marketing should again shift to attempts to steal market share from other producers through incentives to distribution channels, such as cooperative advertising, in-store promotions, and volume discounts.

2.1.4. Market Segmentation Theory

This theory is relevant to both the second objective on, the influence of the price determination strategies on financial performance, the third objective on, the influence of selection of the channels of distribution for service to reach the customer's place on financial performance, and the fourth objective on influence of the selection and implementation of promotional strategies on financial performance of the current study. According to Gengler and Mulvey (2017) market segmentation is dividing a market into groups based on similarities. Market segmentation theory contends that there are different groups of people with different purchasing habits. Market segmentation requires tailoring products for the needs of specific customers. There are different types of market segmentation. Geographic segmentation is probably the most common type of segmentation. Consumer preferences along geographic regions provide a basis for geographic specialization (Kim, 2017). Market segmentation in commercial banks can be for the purpose of pricing discrimination, product distribution, or for the tailor-made marketing for the specific market segments. For example, online music sales are directed to the youth market. Segmentation based on price, distribution channel and lifestyle are other ways to divide the market.

2.2. Empirical Review

2.2.1 Product Selection and Ddevelopment Sstrategy and Financial Performance

Product selection and development should be a process determined through a rigorous research. Research ensures that an organization understands the specific needs of the market so that the product selected and developed meets the needs of the consumer (Kariuki, 2016). In the 21st century in particular, ample research and pursuit of sustainability is key for establishing products that have a far reaching effect on the part of the stakeholders in the world is an essential strategic intent. However, Katsikeas, Leonidou and Zeriti (2016) notes that there are mixed results of the effect of research and integration of sustainability into product selection and development. Pursuing eco-friendly product development strategies i.e. design of products/services for resource requirement reduction and for environmental performance is an integral marketing strategy development in the modern day product development. That happens because green initiatives cuts on usage of resources.

Conversely, Khanna, Guler and Nerkar (2016) note that top executive commitment influences performance but eco-policies to incentivize good will for better efficiency on all employees does not influence performance. That slightly concurs with the views of Katsikeas, Leonidou and Zeriti (2016) that hold the view that eco-friendly product selection and development does influence performance but the effect is weaker in highly complex businesses than it is in smaller organizations.

Involvement of all employees of an organization is an essential ingredient for selecting and developing better products that have greater value addition to the consumers and hence better performance. Buller and McEvoy (2016) argue that involving staffs in sustainable product development is the sure way to develop employees' green abilities, while relevant reward and green opportunities for the employees helps the firm to have agile, self-organizing, participative, engaging and learning workforce which in turn fields performance. However, Darley (2016) argues that employee involvement slows down the project selection and development process which makes the process more costly and involving reducing the net perceived benefit of all staff involvement. This implies that organizations have to determine when it is best to engage employees for optimal results. After all, employees are an important customer base for an organization and their satisfaction may influence their view and attitude about their organization (Wambua, 2016).

Chang and Taylor (2016) conducted a meta-analysis empirical analysis on the moderating effect of customer involvement in selection and development of a new product in an organization and concluded that customer involvement is ideal for quick launch and penetration into the market and hence would be better in enhancing product financial performance. This happens directly and indirectly as it accelerates time to the market. However, customer involvement in development slows time to market which is an adverse effect on possible quick sale and better financial performance (Kim, 2017). This suggests that some projects may be better selected and implemented by the management and involve the customer at the product launch. However, the study result indicate that it would be better to involve the customers at all phases of product selection and implementation can better capture the specific needs of the consumers for the organization to tailor make its selections in meeting the needs of the consumers. As such, it is upon organizations to determine when to involve the customer and for what purpose: as source of information or as a co-developer (Cui & Wu, 2016). In conclusion, in the view of the reviewed literatures, there is no consensus on the relationship between the product selection and development strategy and financial performance. That is because of the controversies in findings and conclusions presented above.

2.2.2 Price Sstrategies and Financial performance

Price is an important determiner of whether an organization performs better than others or not. As part of the 4Ps of marketing organizations have to consider how they determine their prices as people consumers tend to opinions about an organization based on their prices. For example, Kashian, McGregory and Drago (2016) depending on financial ability and social class, a customer may level a bank as exploitative if it charges high banking fees for an extra inclusion of the banking experience. On the other hand, a customer in the higher social class may refuse to bank with an institution that has lower banking fees and lacks certain customer experience. All in all, pricing should not be the basis for poor customer service and experience.

In situations where the state regulatory agencies do not meddle with bank charges, which is the common trend, the institutions determine their fee based on costs of service and with a reasonable premium. Kumar (2014) found out that had banks kept their changes minimal, they could attract more business hence more sales and better performance. On the other hand, Sharma and Sharma (2016) posit that banks' profit should remain volume based rather than premium based. That indicates that banks should aim to have many customers and hence more transactions and then charge lower fees for the transactions and still end up making reasonable profits. Charging more fees may chase away some customers which would reduce amounts of transactions and hence the fees that would be collected from the transactions.

One of the best strategies to determine the price for a product is by comparing own prices with those of the competitors. Valverde, Chakravorti and Fernández (2016) established that if a bank continues to have higher fees than competitors, it may attract some wealthy customers but may lose on the many middle and lower class customers. Since the middle and lower class are the majority in most society, it means that the bank would in turn lose on relatively more transactions but they would have higher liquidity since the wealthy always keep a fat bank account balance. According to Gilbert and Wheelock (2007) comparing the charges with those of the competitors can be a key step in attracting some customers. Their study indicated that people fear opening accounts in banks that they consider as having higher charges including when pricing their financing. Highly usurious banks are not preferred by all borrowers. The cheaper the cost of borrowing the better for the people as they would prefer to pay less interest and fees for banking.

Periodic review of the bank charges is essential determinant of whether a bank has priced its services excessively or has underpriced its products. Schlueter et al. (2016) argues that since banks operate differently, focusing on certain niches is better instead of meddling on pricing strategies. They observe that the exercise is counterproductive. Instead, they should review their charges to ensure that they do not charge oppressive fees that are detrimental to the customers at their advantage. The result of such evaluations should guide the management on whether to lower or increase the bank charges. That is consistent with the conclusions of Sharma and Sharma (2016) who argue that as part of review of the banking fees, the pricing strategy should consider amongst other things the charges of their competitors. In the view of the above discussions, there is no consensus on the relationship between pricing strategies and financial performance.

2.2.3 Channels of distribution (place) Strategy and Financial performance

Selection of the channels of penetrating the market is as essential in banking business just like in in our types of businesses. The choice of the distribution channels should focus on the channels ability to reach the customer’s place. In past, banks have concentrated on reducing their distance from their customers by establishing more branches at the local level (Markovich et al., 2017). Where starting new branches were not efficiently viable decisions, banks would start new ATMs at major (local) towns and shopping centers to bring services closer to the customers. Those were fundamental decisions that banks did to bring banking services closer to the customers, the concept called financial deepening. Ozsahin and Uysal (2017) notes that financial deepening has been an integral revolution to our societies by giving the lower class members of our society, the unbanked, with the opportunity to experience a banking service.

According to Onsongo and Schot (2017) the banking sector throughout the world and especially in Kenya has embraced technology in banking. The three major innovative ways that banks have embraced to reach the local consumers of the banking services has been the adoption of internet banking, mobile banking and agency banking. In his evaluation of the impact of e-banking on financial performance of banks in Ethiopia, Solomon (2016) concludes that internet banking internet banking is a proxy to opening many branches and ATMs. E-banking services helps the customers access banking services including cash withdraws, bank balance and statement requests, cheque book request as well as provide services to diaspora customers. The online platform allows the bank to achieve greater scale at considerably lower costs in operation which in turn improves profitability. However, Berger (2013) argues that internet banking is not living up to the perceived hype because most customers are yet to accept and use the platform on a daily basis and has thus made no contribution to banks overall performance. That makes sense because some consumers have little computing or no experience at all and cannot use the internet banking platforms.
Other technology driven platforms that have been adopted by the banking world includes the mobile banking and agency banking.

Ouma (2016) investigates the effect of agency banking on financial performance and established a positive but very weak causation. That means that agency banking has made minor impact on commercial bank performance in Kenya. That may be because of the fact that the concept is still new and perhaps its uptake by the market is still very low. To the contrary, Kanyore, Ali and Kingi (2016) established a positive influence of agency banking on financial performance of the NSE listed commercial banks. The role of the agency banking has been to ease the long queues in the banking hall as enhancing financial deepening in the emerging markets such as Kenya. No doubt, easing of queues in the banking hall can positively influence performance unless the agent takes a substantial share of the agency fee charged for the banking services. To that end, the debate on whether there is a correlation between technology innovation backed strategies to distribute the banking services to various places (place strategy) and financial performance is inconclusive.

2.2.4 Promotional strategies and financial performance

Selection and implementation of appropriate promotional strategies is pivotal for any organization as this makes the organization and its products to be known out there. In their study, Mohanrani and Mahavi (2007) concluded that product related characteristics, promotion and marketing mix does influence purchase behavior. Promotion is the direct way in which an organization communicates the product or service to its target audiences. Sales promotion employs diverse tactical marketing techniques with mostly short-term incentives, which are designed to add value to the product or service, in order to achieve specific sales or marketing objectives.

One of the commonly utilized proportional strategies is the mass media marketing. According to Kyengo, Ombui and Iravo (2016) argue that mass media, print media, outdoor marketing enhances organizational performance. It has two distinctive qualities. Firstly, it provides a bargain chance, since many sales promotion tools have an attention-gaining quality that communicates an offer that will not be available again to purchase something special. Secondly, if sales promotions are used too frequently and carelessly, it could lead to insecure customers, wondering whether the service is reliable or reasonably priced.

In their study, Mbuvi, Namusonge and Arani (2016) states that sales promotion within financial services would be more effectively used in combination. In order to reach a wide customer based, banks have traditionally employed diverse elements of the promotion mix including advertising, sales promotion, personal selling, public relations and the direct marketing (Asiedu, 2016). Donald et al. (2010) examined the impact of advertising and promotion on firms’ profits and market share using profit function. Authors reported significant evidence of increasing returns on sale due to higher marketing expenditure. Researchers have argued that advertising strategies for increasing profits are effective and less risky when demand is growing (Davcik & Sharma, 2016).

However, in the contemporary competitive banking world, use of technologically driven promotional platforms such as social media marketing and use of mobile applications has become more prevalent (Meadows & Meadows, 2016). Alalwan et al (2016) argues that banks can use social media marketing to inform the public about the products and services. A study by Reinartz, Krafft and Hoyer (2004) revealed that social media platforms can be used by organization to increase brand awareness which in turn helps an organization to generate repeat purchases hence better financial performance. Thus, social media platforms such as Facebook, twitter, whatsapp, and LinkedIn can be used to enhance brand awareness as well as market the banks' products and services to reach many customers within a short time. However, Dey (2016) argues that the technologically driven platforms such as social media, mobile banking, including mobile apps may not yield much results for a bank in developing markets as majority of people in such markets are less educated and are not tech-savvy. Similar sentiments are echoed by Shaikh and Karjaluoto (2015) who noted that social media cites, mobile apps were a preserve to the learned and tech-savvy customers. Some customers tend to avoid any technology-driven service platforms. In conclusion, there is no consensus on the relationship between promotional strategies and financial performance of commercial banks.

2.3 Summary and Study Gaps

While the reviewed studies agree that bank performance is a desirable thing for the economy, there is no consensus on whether and how the marketing strategies adopted by commercial banks in relation to product, pricing, place (distribution), and promotion influences financial performance. Kasemsap (2015) argues that lack of success on the part of banks can bring forth a panic making them to engage in cutthroat competition sometimes to the disadvantage of their customers and the economy. Kumar (2014) posit that major financial crisis are to a good extent associable to bank panic which births wrong decisions in pursuit of financial success. Consequently, healthy banking sector with more prospects of success than less is good for the institutions, their customers and the economy. Mcdonald and Brown (2016) postulate that strategic marketing is essential for the financial performance of organizations in the contemporary competitive era. Ndungo, Tobias and Florence (2017) conclude that use of technology as platform of sharing information with the potential consumers in marketing is a fundamental requirement for the modern day competitive banking. In his study, Nyangweso (2016) concludes that introduction of aggressive mass marketing innovations like electronic banking, agency banking, and mobile money positively influences efficiency and performance of commercial banks. The three innovations: electronic banking, agency banking, and mobile money, proxy both product and place as these are products and platforms for serving customers. Thus, it can be concluded that the study established causation between place and product on bank financial performance. That is consistent with the views of Thenya (2016) studied the influence of customer retention marketing strategies on financial performance of commercial banks and established a strong positive causation.

However, Davcik & Sharma (2016) established a weak correlation between marketing expenses and organization bank performance. To the contrary, Wijayanto (2015) adds that price, physical evidence and people have a key influence on an organization's competitiveness. On the other hand, Al-Hawari and Ward (2006) established customer satisfaction as a mediator of relationship between service quality and financial performance in commercial banks. According to the reviewed literatures, there is no consensus on whether and how marketing strategies influence performance of commercial banks, at least in the context of Kenya. That is the gap that the current study seeks to fill. The study will evaluate the influence of commercial banks' strategies in relation to: product selection and development strategy, price determination strategies, channels of distribution (place) strategies, and selection and implementation of promotional strategies and how such have influenced financial performance of commercial banks in Kenya.

CHAPTER THREE
RESEARCH METHODOLOGY

This chapter outlines the key components of research methodology of this study. These include the research design, target population, sampling procedure, data collection and data analysis. Issues of validity and reliability as well as research ethics are also discussed.

3.1 Research design

According to Johnson (1998) research design is the structure within which research is conducted. This study followed a correlational research design. Correlational research design is appropriate for the current study as the study sought to establish the influence of marketing strategies on financial performance. To establish the influence required one to determine the correlation between the dependent and independent variables. For this case, influence of each of the 4 marketing strategies (coined from the 4Ps of marketing) as the independent variables while the financial performance being the dependent variable. In determining a relationship between variable, Johnson and Hruschka (2015) posits that establishing the correlation between the two variables is the best approach.

3.2 Study Area

The current study aimed to determine the influence of marketing strategies on the financial performance of the commercial banks in Kenya. The data used for the study was quantitative and cross-sectional as obtained from the Kenyan commercial banks as of June 2017. The study evaluated the 41 commercial banks in Kenya. The study focused on the identified marketing strategies (4Ps) and how they have influenced the financial performance of the commercial banks. The four marketing strategies (the independent variables): product selection and development strategy, price determination strategies, selection of the channels of distribution (Place), selection and implementation of promotional strategies were correlated with the financial performance of the 41 commercial banks to determine the nature and strength of the relationship between the variables.

3.3 Population

According to Mugenda and Mugenda, (2004) a population is a complete set of individuals, cases or objects with some common observable characteristics. This study focused on the influence of marketing strategies on bank performance of commercial banks in Kenya. The study considered a total population of 41 commercial banks in Kenya. Appendix E lists the names of the total population. The study collected data from listed banks which is a census of all the units of analysis of the study i.e. all the listed commercial banks as listed in the appendix E.

3.4 Sample and sampling Design

While the unit of analysis was 41 commercial banks, the unit of observation was the workforce of the commercial banks. Since the study was evaluating the influence of marketing strategies on financial performance of the commercial banks the marketing team was ideal to provide the data on marketing strategies. The relationship manager of the commercial banks was picked through convenience sampling while the employee in the marketing department was picked through simple random sampling after requesting the permission from the manager. The respondents were picked from the head office of the commercial banks. In total, 82 respondents were samples, 1 manager and 1 general staff from each of the 41 bank. Thus the study used purposive sampling design to select the respondents who were a general manager and any other staff in the marketing or relationship management department where the bank did not have a marketing department but relationship management. According to Ahn (2015), for correlational studies 30 units of analysis should be considered. Those views were also echoed by Kothari (2004) who notes that a sample size of more than 30 study objects can yield generalizable results. Thus, the current study reached generalizable conclusions since the 41 commercial banks were considered of which 2 respondents were be targeted to provide the data. The sample size through purposive sampling design for the current study was as shown in table 3.1 below.

Table 3.1: Target Population

Category	No. of Respondents	Commercial banks	Total
Marketing manager	1	41	41
Marketing department staff	1	41	41
Sample from population			**82**

Source: HR Departments of the Commercial Banks in Kenya as of June 2017

3.5 Data Collection

There are two main categories of data- primary and secondary data. Primary data is data collected directly at source by the researcher while secondary data is data collected from other sources such as publications, reports, existing statistics etc by the researcher (Kothari, 2004). A mixed methods approach was used in data collection combining both primary and secondary data. The data for the study was obtained by way of semi-structured questionnaire (open-ended questions). The secondary data (net income) on financial performance was obtained from the annual reports of the 41 commercial banks.

Drop and pick later approach was employed in administering the questionnaire. During the data collection process the marketing manager and an employee in the department were given the questionnaire to complete. Prior to completion, the researcher explained to the respondent the importance of the study and requested them to complete the instrument fully and accurately. Some needed more time and the questionnaire had to be collected later. This gave the respondents time to reflect on the answers and not in hurry and complete the instrument fully.

3.6 Validity and Reliability of Data

Validity of a questionnaire refers to the extent to which it measures what it claims to measure (Ahn, 2015). In other words, validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under the study. The first level of validation has involved review of key dependent and independent variables. This has been enhanced by preparing easy to understand questionnaires, free from ambiguity as well as pre-testing the questionnaires.

To ensure reliability of the questionnaire, the instrument was pretested by administering the questionnaire on 10 colleagues and reliability tested using Cronbach test for validity. The obtained results were analyzed and attained the Cronbach's Alpha Test of reliability whereby each of the variables obtained a Cronbach's alpha of above 75 as shown below. To ensure content validity, the research instrument was pre-reviewed with the supervisor for relevance in the study.

Table 3.2: Reliability Test Results

Scale	Cronbach's Alpha	Number of Items
Product selection and development strategies	0.709	5
Pricing strategies	0.821	5
Places (distribution channels) strategies	0.824	5
Promotional strategies	0.831	5

Source: Research data, 2017

3.7 Data Analysis

The collected questionnaires were coded and summarized in excel spread sheets and analysed using Statistical Package for Social Sciences (SPSS). The data analysis sought to determine the relationship between the selected marketing strategies (related to 4Ps) and how they influence financial performance of the commercial banks in Kenya. The analysis process considered the descriptive and inferential statistics. The descriptive statistics are those that provide information about data distribution, the central tendency, and the dispersion including mean, median, mode, skewness and kurtosis statistics. The inferential statistics include the coefficient of determination (R), correlation coefficient (R-Square), and P-value (significant value). Since the analysis involved regression analysis, the data was tested for adherence to the 4 assumptions of regression analysis namely, normality, homogeneity of variance, multicollinearity and autocorrelation. Below is the analytical model for the study.

$$\mathbf{Yi = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} + \varepsilon i}$$

Where: **Y** = Dependent Variable (Financial Performance)

Independent variables include:

χ_{1i} is **Product** selection and development strategy

χ_{2i} is **Price** determination strategy

χ_{3i} is **S**election of the channels of distribution (**Place** strategy)

χ_{4i} is Selection and implementation of **promotional** strategies

β_0 = the constant

β_{1-n} = the regression coefficient or change included in Y by each x

ϵi = error term

CHAPTER FOUR
RESULTS AND DISCUSSIONS

4.1 Response Rate

The study targeted 41 banks in Kenya seeking to obtain data about the influence of bank's marketing strategies on the financial performance of the firm. The data was obtained from either the marketing manager or relationship manager and a staff in the department. Hence the total target respondents were 82. The response rate was as shown in the table 4.1.

Table 4.1: Response rate and Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	29	37.2	37.2	37.2
	Female	49	62.8	62.8	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

As shown in table 4.1, 78 respondents were reached which are amounts to 95 percent response rate. That was a reasonably high response for a social science study. There was gender inclusivity since 37.2 percent were males while 62.8 percent were female.

4.2 Presentation of Results and Interpretation

4.2.1 Background Information

The researcher inquired about the role of the respondents in the organization. The finding is as shown in table 4.2.

Table 4.2: Role in the Organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non-managerial	29	37.2	37.2	37.2
	Managerial	49	62.8	62.8	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

The results show that majority of the respondents (62.8 percent) were in a managerial position while 37.2 percent were not in managerial position in the marketing relationship management department.

Also, the respondents experience in the organization was ascertained as indicated in table 4.3 below.

Table 4.3: Years of experience in the department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5-10 years	31	39.7	39.7	39.7
	11-15 years	47	60.3	60.3	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

The results indicate that the sampled respondents had worked for at least 5 years of the 78 respondents, 47 (60.3 percent) had worked in marketing/relationship management department between 11-15 years while 31 of them (39.7 percent) had worked in similar roles between 5-10 years. Thus, the sampled respondents had reasonable experience in the organization to give above average believable opinions about their organization and industry.

The respondents were also asked to indicate their level of education. The findings were as shown in table 4.4 below.

Table 4.4: Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Masters	32	41.0	41.0	41.0
	Bachelors	46	59.0	59.0	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

The results in table 4.4 indicate that the sampled respondents had at least a bachelors' degree (59 percent) and quite number of them (41 percent) had attained masters' level of education. Thus, they had reasonable general knowledge to give opinion about the constructs being studied.

4.3 Marketing (4Ps) Strategy and Financial Performance

To determine the respondents' views on the importance of their banks' marketing strategy on financial performance, the respondents were requested to rate the extent to which they believed that the marketing strategies were responsible for their company's financial performance. The results were as shown in table 4.5 below.

Table 4.5: Opinion on the Influence of Marketing Strategies on Financial Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a little extent	18	23.1	23.1	23.1
	Neutral	8	10.3	10.3	33.3
	To a great extent	45	57.7	57.7	91.0
	To a very great extent	7	9.0	9.0	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

As shown in table 4.5, 57.7 percent and 9 percent (66.7 percent) felt that the performance in their bank was greatly influenced by its marketing strategies, while 23.1 percent felt that it had influenced the bank's performance to a little extent and only 10.3 percent were neutral. That indicates that the sampled, who were marketing team of the banks, were positive that marketing strategies influenced their bank's performance.

4.3.1 Regression Analysis

To determine the nature and strength of the relationship between marketing mix and financial performance of the hotels, a regression analysis of the 4Ps against financial performance was done using SPSS version 22. Appendix C shows how the values for each of the 4Ps and the financial performance were measured. For consistency, qualitative measures using likert Scale of 1-5, where 1 meant strongly agree and 5 strongly disagree were used. The average of the various questions specific to each of the study variables was obtained. The average ratings for the 4Ps were regressed against the average rating for the financial performance. Table 4.6 shows the model summary statistics.

Table 4.6: Model summary statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514[a]	.264	.221	.50695

a. Predictors: (Constant), Product strategies, Pricing Strategies, Place (service points) strategies, Promotion strategies

b. Dependent Variable: Financial Performance

Source: Research data, 2017

The study results in table 4.6 indicate that R was 0.514 while the R-Square was 0.264. According to the findings, the positive coefficient of determination (R), the relationship between marketing strategies and financial performance is positive. However, since the R-Square was 0.264, the overall relationship between marketing (4P mix) strategies is very weak.

Also, regression results obtained the model coefficients and statistics shown in table 4.7 below.

Table 4.7: Model Coefficients and P-values

	Unstandardized Coefficients		Standardized Coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.703	.639		1.100	.275
Product Strategies	.295	.104	.299	2.833	.006
Pricing Strategies	.530	.186	.334	2.843	.006
Place (distribution) strategies	.424	.242	187	1.750	.085
Promotion strategies	.118	.075	.183	1.562	.123

a. Dependent Variable: Financial Performance

Source: Research data, 2017

The results showed in table 4.7 shows that the coefficients are all positive. That means that their improvement impacts performance positively. According to the coefficients, and the R and R-Square results in table 4.15 the 4Ps, individually or collectively have a direct but weak influence on performance of a bank. However, the significant values to coefficients for Product strategies, Pricing strategies, Place (channels of distribution) strategies, and Promotion strategies were: 0.006, 0.006, 0.085 and 0.123.

4.4 Product Strategy and Financial Performance

To investigate the influence of product selection strategies, the respondents were requested to rate in a Likert scale of 1 to 5 where 1 stands for strongly agree and 5 strongly disagree, the extent to which the products in commercial banks are: sustainable into the long-run, customer oriented, emanate from ample research, are inimitable, and meet market demand. The descriptive statistics were as shown in table 4.8 below.

Table 4.8: Description of Products of the Kenyan Commercial banks

		Products in commercial banks in Kenya are sustainable into the long-run	Products in commercial banks in Kenya are customer oriented	Products in commercial banks in Kenya are a result of ample market research	Products in commercial banks in Kenya are inimitable (unique)	Products in commercial banks in Kenya meets the market demand
N	Valid	78	74	74	74	74
	Missing	0	4	4	4	4
Mean		2.51	1.88	2.27	2.92	2.31
Median		2.00	2.00	2.00	3.00	2.00
Mode		2	2	2	3[a]	2
Skewness		.613	1.081	-.002	-.017	.358
Std. Error of Skewness		.272	.279	.279	.279	.279
Kurtosis		-.596	.755	-.759	-1.047	.113
Std. Error of Kurtosis		.538	.552	.552	.552	.552

Source: Research data, 2017

According to the findings, mean, median, mode, skewness and kurtosis statistics for the ratings that the products in the banking sector are: sustainable into the long run were, 2.51, 2.00, 2, 0.613, and -0.596; customer oriented were, 1.88, 2.00, 2, 1.081, and 0.755; a result of ample market research were, 2.27, 2.00, 2, -0.002, and -0.759; inimitable (unique) were, 2.92, 3.00, 3, -0.017, and -1.047, meets the market demand were, 2.31, 2.00, 2, 0.358, and 0.113 respectively.

As indicated in the findings above, most respondent agreed with the fact that the products are: sustainable into the long-run, customer oriented, and meets market demands as depicted by mean, median, and mode which were roughly 2, which represented the 'agree' rating in the measurement scale, and also because the data is positively skewed (skewed to the left), i.e. towards 1 and away from 5. That is because mean is bigger than mode and the skewness statistic is positive. Also, apart from the rating that products are sustainable to the long run, the kurtosis is positive hence the data has high peaks.

On the other hand, the ratings indicate that products do not emanated from ample market research and are not unique. That is because although the mean, median and mode were nearly 2, the two data sets have negative skewness and kurtosis statistic. In spite of the fact that the skewness statistic is quite small and near zero, the large negative kurtosis indicates flatter distribution. In that case, minor negative skewness (skewness to the right towards 5 and away from 1) in a data that is rather flat indicates that most respondents did not agree with the view that the products emanate from ample market research and were unique.

The result is confirmed by the explanation given by the respondents when asked to elucidate the reason for their rating. The results for their explanation are shown in table 4.9 below.

Table 4.9: Explanation for Response on Appropriateness of the Product Strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	They are just copy cut of competitors	18	23.1	26.9	26.9
	Poor market research	19	24.4	28.4	55.2
	Our bank makes long-term oriented investments	26	33.3	38.8	94.0
	Emanate from general feelings and client feedback	4	5.1	6.0	100.0
	Total	67	85.9	100.0	
Missing	System	11	14.1		
Total		78	100.0		

Source: Research data, 2017

The findings indicate that the respondents felt that the product selection and development strategy was not appropriate because: They were just copy cut of competitors (26.9 percent), result of poor market research (28.4 percent), emanate from general feelings and client feedback (6.0 percent) while only 38.8 percent felt that their bank comes up with long-term oriented products.

4.5 Pricing Strategy and Financial Performance

In order to investigate the influence of pricing strategy by banks in Kenya and its impact on their performance, respondents were asked to rate the extent to which they agreed with the view that commercial banks in Kenya's pricing (charges) strategy was: fair, commensurate to service quality, generally on the high, driven by desire for profit, and whether they were sustainable in the long-run. The Likert scale was 1-5 where 1 meant strongly agrees and 5 strongly disagree. The findings were as shown in table 4.10 below.

Table 4.10: Description of Kenya's Commercial Bank's Pricing Strategy

		Commercial banks in Kenya's pricing (charges): are fair	Commercial banks in Kenya's pricing (charges): are commensurate to the offered services	Commercial banks in Kenya's pricing (charges): are generally on the high	Commercial banks in Kenya's pricing (charges): are just driven by desire for profits	Commercial banks in Kenya's pricing (charges): are unsustainable into the long-run
N	Valid	74	74	74	78	74
	Missing	4	4	4	0	4
Mean		2.53	2.34	3.00	3.64	3.47
Median		2.00	2.00	3.00	4.00	3.00
Mode		2	2	3[a]	4	3
Skewness		.896	.232	.000	-.180	-.152
Std. Error of Skewness		.279	.279	.279	.272	.279
Kurtosis		-.308	-.347	-1.761	-.812	-1.083
Std. Error of Kurtosis		.552	.552	.552	.538	.552

Source: Research data, 2017

The results indicate that the mean, median, mode, skewness and kurtosis statistics for the ratings on whether Kenyan commercial bank's pricing (charges): are fair were, 2.53, 2.00, 2, 0.896, and -0.308; are commensurate to the offered service were, 2.34, 2.00, 2, 0.279 and -0.347; are generally on the high were, 3.00, 3.00, 3, 0.00, 0.279, and -1.761; are just driven by desire for profits were, 3.64, 4.00, 4, -0.180, and -0.812, and were unsustainable into the long-run were, 3.47, 3.00, 3, -0.152, and -1.083 respectively.

Based on the mean, median, mode, skewness and kurtosis statistics indicated above, the ratings for the construct that commercial banks' charges are fair and commensurate to the offered service were positively skewed (towards 1 than to 5). Hence, the sampled bankers concurred that the charges are fair and commensurate to the service. The other three set of constructs were included to validate or invalidate the answers in the first two constructs above. Notably, the measures of whether the charges are generally on the high, driven by desire for profits, and are unsustainable into the long-run were negatively skewed (towards 5 and away from 1) and thus, the respondents did not agree with those constructs. They were positive about the banking industry in general.

The respondents were also requested to rate the extent to which pricing strategy in their own bank was: fairer compared to competitors, reviewed periodically, volume based, and whether their profits were a result of high premiums. In the likert scale of 1-5, where 1 meant strongly agree and 5 strongly disagree, the results were as shown in table 4.11 below.

Table 4.11: Price Fairness and Periodic Review

		Price determination strategies in our bank: are fairer compared to our competitors	Price determination strategies in our bank: are reviewed periodically and adjusted accordingly	Price determination strategies in our bank: profit in our bank is volume based	Price determination strategies in our bank: our bank relies on high charges for profitability
N	Valid	74	78	74	74
	Missing	4	0	4	4
Mean		2.28	2.03	2.50	4.19
Median		2.00	2.00	2.00	4.00
Mode		2	2	2	4
Skewness		1.160	1.518	.497	-1.918
Std. Error of Skewness		.279	.272	.279	.279
Kurtosis		1.195	2.384	-.729	4.469
Std. Error of Kurtosis		.552	.538	.552	.552

Source: Research data, 2017

The findings indicate that the mean, median, mode, skewness and kurtosis for the ratings on whether price determination strategies in their own bank: were fairer compared to our competitors were 2.28, 2.00, 2, 1.160, and 1.195; are reviewed periodically were 2.03, 2.00, 2, 1.518, and 2.384. On whether the profits in the bank was volume based the mean, median, mode, skewness, and kurtosis were 2.50, 2.00, 2, 0.497, and -0.729; while statistics for the ratings on whether the bank relies on high charges for profitability were 4.19, 4.00, 4, -1.918, and 4.469 respectively.

The results reveal that the respondents believed that the charges by their employer is fair, were reviewed periodically and their bank's profits were based on volume and not the premiums. However, the few who stated that their bank's charges were not appropriate stated that the economy was changing very quickly.

4.6 Distribution Channel and Financial Performance

The channels of distribution for banks (place) should be geared towards bringing services closer to the customer. The researcher asked respondents to indicate the number of branches and ATMs operated by their bank at the time of the study. The descriptive statistics for the two measures of bank's ability to reach its clientele were as shown in table 4.12 below.

Table 4.12: Number of Branches and ATMs

		Choice of channels of distribution (Place): number of branches	Choice of channels of distribution (Place): number of ATMs
N	Valid	74	60
	Missing	4	18
Mean		56.97	177.23
Mode		41	15
Minimum		5	2
Maximum		202	1008
Sum		4216	10634

Source: Research data, 2017

The findings in table 4.12 indicate that the average number of branches and automatic teller machines (ATM) in the target banks was 56 and 177 respectively. Most banks have about 40 branches and 15 ATMs. In total, there are 4,216 branches and 10,634 ATMs. Also, the respondents were asked to rate the extent to which their bank had reached the customers in the remote areas and the findings were as shown in table 4.13 below.

Table 4.13: Extent of penetration to the Grass Root Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a little extent	29	37.2	37.2	37.2
	Neutral	20	25.6	25.6	62.8
	To a great extent	22	28.2	28.2	91.0
	To a very great extent	7	9.0	9.0	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

According to the results, the sampled bankers felt that their bank had not done enough so far to reach the customers at the grass root level. Of the sampled 78 respondents, 29 rated to a little extent and 20 were undecided. Only 29 felt that their bank had covered the Kenyan market well. However, most of the banks have branches in the major towns. To some banks, there is no need of opening many branches everywhere since technological innovations can solve most problems. That indicates that many rural towns are neglected yet substantial wealth in the economy is generated.

Also, the respondents were asked if their bank has adopted internet banking, mobile banking and agency banking. The results were as shown in table 4.14 below.

Table 4.14: Technology driven channels of distribution in banks

		Channels of distribution: our bank has adopted internet banking	Channels of distribution: our bank has adopted mobile banking	Channels of distribution: our bank has adopted agency banking
N	Valid	78	78	78
	Missing	0	0	0
Mean		1.05	1.05	1.45
Median		1.00	1.00	1.00
Mode		1	1	1
Skewness		4.149	4.149	.210
Std. Error of Skewness		.272	.272	.272
Kurtosis		15.613	15.613	-2.008
Std. Error of Kurtosis		.538	.538	.538

Source: Research data, 2017

According to the findings, the mean, median and mode for whether the banks had adopted internet banking, mobile banking and agency banking were on average 1 as shown in table 4.14, indicating that the respondents accepted that their employer had adopted those platforms to offer services to their customers.

4.7 Promotional Strategies and Financial Performance

The respondents were requested to rate the extent to which they felt that their bank had applied mass media marketing strategy to enhance its performance. The findings were as shown in table 4.15.

Table 4.15: Reliance on Mass Media Marketing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	To a little extent	23	29.5	29.5	29.5
	Neutral	11	14.1	14.1	43.6
	To a great extent	32	41.0	41.0	84.6
	To a very great extent	12	15.4	15.4	100.0
	Total	78	100.0	100.0	

Source: Research data, 2017

The results indicated that 41 percent and 14.4 percent (equal to 55.4 percent) of the sampled bankers felt that their bank had relied on mass media marketing platform, while 29.5 percent felt that their bank did not rely on mass media marketing while 14 percent were not sure what to rate. The findings reveal Kenyan banks tend to use mass media platforms and that is evidenced by the many mainstream and social media marketing nowadays.

The respondents were also requested to rate the extent to which their institution's lending was geared towards sales prospecting, multiple product awareness, specific product awareness, and overall development of the brand of the bank. The results were as shown in table 4.16.

Table 4.16: Main purpose for Promotion in the banks

		To what extent are the promotional campaigns in your bank geared towards: Sales Prospecting	To what extent are the promotional campaigns in your bank geared towards: Multiple product awareness	To what extent are the promotional campaigns in your bank geared towards: Specific product awareness	To what extent are the promotional campaigns in your bank geared towards: Overall bank brand name development
N	Valid	78	78	78	78
	Missing	0	0	0	0
Mean		1.77	2.26	2.29	1.99
Median		2.00	2.00	2.00	2.00
Mode		2	2	2	2
Skewness		1.034	1.734	1.177	1.358
Std. Error of Skewness		.272	.272	.272	.272
Kurtosis		.805	4.291	.659	1.601
Std. Error of Kurtosis		.538	.538	.538	.538

Source: Research data, 2017

As shown in the table 4.16 above, the mean for the various ratings was on near 2. Also, the median and mode statistics were 2 in all the constructs being studied. Furthermore, the skewness statistic was positively skewed (towards 1 and away from 5) meaning that the respondents agreed that their bank employed mass marketing to promote specific products, multiple products, to prospect for sales and for the overall bank brand name development.

4.8 Discussion of Findings

4.8.1 Promotional Strategies and Financial Performance

Since the p-value for promotion strategies (0.123) was greater than 0.05, the corresponding coefficients were not statistically significant. Therefore, there is no relationship between the promotion strategies and financial performance. That shows that the finding disagrees with the conclusions of Kyengo, Ombui and Iravo (2016) who established that mass media, print media, outdoor marketing enhances organizational performance. However Davcik and Sharma (2016) notes that advertising strategies for increasing profits are effective and less risky when demand is growing. Therefore, it is not guaranteed that promotion strategies will enhance bank performance. That is possibly the case in Kenyan banking because the market may be already saturated with banks offering nearly similar undifferentiated products (Kariuki, 2016). Furthermore, technological advancements have helped to reach the wider clientele. Nonetheless, Mcdonald & Brown (2016) argues that the banking there some members of the society who are unaware of what banks are offering due to weakly designed promotions that target only a fraction of the market. Those revelations were also consistent with the views of Di Benedetto and Kim (2016) who noted that banking institutions become more aggressive in marketing when competition increases. With the advancement in technology and the ever increasing innovations, Darley (2016) notes that bank’s reliance on mass marketing through social media and mobile phone applications is the best way to earn competitive advantage.

4.8.2 Place (Technology-Driven Distribution Points) and Financial Performance

Similarly, place (distribution channel) strategies which are the technology-driven service points significant value was (0.085) which is larger than the alpha value of

0.05. That is not statistically significant. Therefore, there is no relationship between place (online and mobile driven) service points and financial performance at 95 percent level of accuracy. That construes the conclusions of Solomon (2016) who established that internet banking and mobile banking platforms were proxy to opening many branches and ATMs and enhances performance of a financial institutions. However, the study concurs with the views of Berger (2013) who opined that internet banking may not living up to the perceived hype because many customers are yet tech savvy and do not embrace the technologically driven platforms, hence the platforms did not contribute to much to overall bank performance. This could be the situation in the Kenyan market because some customers have not parsed to become digital. Furthermore, the study disagrees with the conclusions of Ouma (2016) who established that agency banking has a positive but very weak correlation with bank performance.

4.8.3 Product Selection Strategies and Financial Performance

The p-value for Product strategies was 0.006 which is smaller than 0.05. This is statistically significant. This concurs with the finding of Katsikeas, Leonidou and Zeriti (2016) who noted that product development strategies that pursue eco-friendly products enhances financial performance because green initiatives cuts on resource usage. It also concurs with the views of Katsikeas, Leonidou and Zeriti (2016) who hold that eco-friendly product selection and development enhances performance but the effect is weaker in highly complex businesses than it is in smaller ones. Banks are no doubt complex entities and the weak relationship could be as a result of their large size.

Also, Kumar (2014) noted that in the wake of competitions, banks tend to rash new products into the market which often lead to weak product selection and development strategies. In the Kenyan context, there is high competition because there are many banks and many non-financial institutions like telecommunication companies are quickly delivering financial solutions into the market (Kariuki, 2016). Furthermore, the products by these new entrants are highly simplified and have short turnaround time giving banks stiff competition, making some to act in haste.

4.8.4 Pricing Strategies and Financial Performance

On the other hand the p-value for the Pricing Strategies (0.006) which indicate a positive statistically significant relationship between the two variables and financial performance of a bank. Better pricing strategies can enhance financial performance. As regards pricing, banks should be careful not to bloat their charges based on unchecked operational costs (Kumar, 2014). According to Valverde, Chakravorti and Fernández (2016) banks that charge more fees often scare away the many middle class lot of the society, lose the many transactions, and although wealthy customers may prefer quality service even if for an extra fee, the bank may be more liquid but, the profitability may be affected.

There are other mobile technology based services by non-conventional financial institutions at way less prices and are slowly replacing products and services which used to be offered by banks, hence a need for banks to rethink their pricing strategy (Cytonn Investment, 2016). Furthermore, the Kenyan public is increasingly becoming price sensitive as their spending ability gets degraded by the hard economic times in the country. That is consistent with the views of Omondi (2016) who noted that it is the Kenyan public's jittery on usurious lending practices of the Kenyan banks that resulted to interest rate capping. Therefore, it is a delicate balance that banks have to deal with. Charges need not be set just for the purpose of earning a higher profit.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The current chapter provides the conclusions and recommendations of the study based on the findings of the study as per the study objectives. It contains the chapter summary, conclusion, and recommendation, including recommendation for further research.

5.1 Summary of Findings

The current study sought to establish the influence of marketing strategies on financial performance of commercial banks in Kenya. Specifically, the study aimed to determine the influence of the 4Ps marketing strategy on financial performance. Thus, the specific objectives were: to evaluate the influence of product selection strategy on financial performance, to investigate the influence of the price determination strategies on financial performance, to determine the influence of selection of the service delivery channels (place) financial performance, to examine the influence of adoption of promotional strategies on financial performance of commercial banks in Kenya.

The study followed a cross-sectional, descriptive research design, with data collection obtained by way of questionnaires, targeting the 41 commercial banks in the industry as at June 1st 2017. In the questionnaire, the concepts were measured using likert scale of 1-5, where 1 meant strongly agree and 5 strongly disagree. Using the drop and pick later technique, the data was obtained from the marketing managers or relationship managers of the banks and another staff in the department. Therefore, the study targeted 2 employees in each bank, hence 82 possible respondents. The researcher managed to obtain 78 fully completed questionnaires that were used for the data analysis. The data was analyzed using SPSS version 22 to obtain descriptive statistics such as mean, median, mode, skewness and kurtosis statistics, as well as inferential statistics such as R, R-Square, coefficients and significant/P-value.

The obtained coefficient of determination (R) was 0.514 the R-Square was 0.264 indicating a weak positive overall causation of the 4Ps on bank performance. That was supported by the positive coefficients for all the study variables. However, the significant values for the corresponding to coefficients for Promotion strategies, Pricing Strategies, Place (service point) strategies, and Product strategies were: 0.123, 0.006, 0.085 and 0.006. Thus, based on the significant value, the promotion strategies and place (serving points) including online platforms does not have any influence on financial performance of Kenyan commercial banks since their corresponding p-value were greater than 0.05. On the other hand, pricing strategies and the product selection strategies have a positive relationship with firm performance; at 95 percent accuracy level because the p-values were less than 0.05, for both pricing and product strategies were significant level was 0.006.

5.2 Conclusions

In light of the results, the study concludes that there is no relationship between place (service delivery points) and financial performance of commercial banks in Kenya. Thus adoption of internet banking, mobile banking, and agency banking may not necessarily help an organization to earn more profits. Perhaps it eliminates some of the charges previously charged on the customers, adding into the company's performance. Similarly, there is no relationship between the promotional strategies and financial performance of commercial banks in Kenya. Hence, adoption of mass media, social media and mobile application marketing strategies may not significantly influence firms' performance, at least as per the study findings.

However, there is a weak, positive relationship between product selection strategies and financial performance of commercial banks in Kenya. Thus, strategies that can help an organization to come up with unique, customer focused products, which meet market demand, and are sustainable in the long-run; having been selected through ample market research, are essential for a bank to enjoy competitiveness and financial performance. Also, pricing strategy influences financial performance of commercial banks in Kenya. Thus, a non-usurious pricing strategy that determines fair charges that are commensurate to quality of service, rather than being driven by desire for profits, may attract more clientele and can help a commercial bank to attain financial performance.

5.3 Recommendations

The study recommends to the executives of commercial banks in Kenya to embark on aiming to attain fair pricing (charges) that are commensurate to the value of the offered service. The charges should be set such that they are not too high, for them to be sustainable in the long-run. Furthermore, banks' profitability should generally be volume-based, not premium-based. Charges should not be set just for profitability.

Also, the study recommends that, in selecting and developing the products, financial institutions should aim to come up with products that are sustainable into the long-run. They should be customer oriented that are obtained through ample market research. For competitiveness, products should be inimitable, a result of involving the wider majority of employees and customer feedback in order to meet the demand of the market.

The central bank should guide banks policies and guide them not to charge unreasonably high, exploitative charges to the people. Furthermore, the regulator should enhance product selection by encouraging banks to conduct ample research to come up with relevant market solutions. Refund of some R&D costs may inculcate the desire to conduct ample research to come up with better products for banking sector enhancement.

5.4 Suggestion for Further Research

Further research should be conducted to determine the influence of the 7Ps or/and 3Ps of service industry influence performance of commercial banks in Kenya. People, processes, and physical evidence should be studied to determine how these factors do influence performance of banks.

Quite related, further study should be undertaken to determine the influence of SERVQUAL on financial performance of commercial banks. The influence of such factors as reliability, assurance, tangibles, empathy, and responsiveness can help the banks to know what really influences performance and what to focus on.

Further, a study on the influence of regulations such as interest rate capping on financial performance is worthwhile.

5.5 Limitations of the Study

The study managed to obtain reasonable number of responses to inform the conclusions of the inquiry. However, the study was faced by some constraints such as limitations of time and economic resources. Although reasonable numbers of respondents (84) were targeted and 78 provided their input into the study, studying the entire marketing departments may have provided more diverse inputs. However, that would be costly in terms of time and financial resource. Also, the biases of the respondents in relation to how their bank's marketing strategies may have guided their responses. Nonetheless, their opinion was counterbalanced by the fellow response as two respondents from each bank were considered.

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APPENDICES

Appendix A: Introduction Letter

PRISCA NTHUMO

MASENO UNIVERSITY

Dear Sir/Madam,

RE: REQUEST FOR DATA

I am a post graduate student undertaking a Master of Business Administration degree at Maseno University of Nairobi. I am currently carrying out a study on "**the influence of marketing strategies on financial performance of commercial banks in Kenya".** Your Bank has been selected to take part in the study. I humbly request for your permission to gather the required information. All information collected will be used for academic purposes only. Your support and guidance will be highly appreciated.

Thank you in advance.

Yours sincerely,

PRISCA NTHUMO

MBA Student

Appendix B: Questionnaire

Dear Respondent,

I am Prisca Nthumo, an MBA student at Maseno University. I am undertaking a dissertation on "Influence of marketing strategies on financial performance of the commercial banks in Kenya. The purpose of the study is simply academic (for this course only).

Kindly, I request for your time to fill this questionnaire objectively and exhaustively. I assure you that the information you will provide will be used for academic consumptions only and will be treated with utmost confidentiality. The instruction for filling the questionnaire is availed for each question.

Part A: General information

1. Gender: Male [ ] Female [ ]
2. How long have you worked in the current position?

   Below 5 years [ ] 5-10 years [ ] 10-15 years [ ] 15-20 years [ ]
3. Please indicate your highest level of education:

   PhD [ ] Masters [ ] Bachelors [ ] Diploma [ ] Certificate [ ]
4. Your role in the organization

   Non-managerial [ ] Managerial [ ]

Section B: Product selection and development strategies

5. What is your level of agreement with the view that commercial banks in Kenya's product selection and development strategies aim to attain the following attributes: (1-Strongly agree, 2- agree, 3-Neutral,4- Disagree, 5 Strongly Disagree)

Products by commercial banks in Kenya:	**1**	**2**	**3**	**4**	**5**
Are sustainable into the long-run					
Are customer oriented					
Emanate from ample market research					
Are inimitable (unique) products					
Meet the market demands					

6. Please give a general comment on your overall ratings above as regards product selection and development strategies by Kenyan commercial banks. **Hint: do you feel product selection and development strategies are appropriate? Why or why not?**

………………………………………………………………………………………………

………………………………………………………………………………………

7. What is your level of agreement with the following statements that relate to product selection and development in commercial banks in Kenya? (1-Strongly agree, 2- Agree, 3-Neutral,4- Disagree, 5 Strongly Disagree).

Product selection and development strategies in our bank:	**1**	**2**	**3**	**4**	**5**
Comes up with eco-friendly designs					
Involve employees views					
Involves our customers views					
Comes up with market-driven products					

Section C: Price determination strategies

8. What is your level of agreement with the following views regarding commercial banks in Kenya's pricing strategy. (**1-Strongly agree**, 2- Agree, 3-Neutral, 4- Disagree, **5 Strongly disagree**).

Commercial banks in Kenya's pricing (charges):	**1**	**2**	**3**	**4**	**5**
Are fair					
Are commensurate to the offered services					
Are generally on the high					
Are just driven by desire for profits					
Are unsustainable into the long-run					

9. Please give a general comment on your overall ratings above as regards commercial banks pricing (charges) strategy. **Hint: do you feel the charges are appropriate? Why or why not?**

   ………………………………………………………………………………………

   ………………………………………………………………………………………

   What is your level of agreement with the following statements that relate to pricing (bank charges) strategy? (1-Strongly agree, 2- Agree, 3-Neutral, 4- Disagree, 5 Strongly Disagree).

Price determination strategies in our bank:	**1**	**2**	**3**	**4**	**5**
Are fairer compared to our competitors					
Are reviewed periodically and adjusted accordingly					
Profit in our bank is volume based					
Our bank relies on high charges for profitability					

Section D: (Place) Choice of channels of distribution strategies

10. Please fill the following table to the best of your knowledge.

Channels of distribution for bank services to reach the customer's nearest place	
Number of branches	
Number of ATMs	

11. To what extent do you feel that your bank has reached the local mwananchi in remote areas (mashinani)? Please tick appropriately.

    To a very great extent [ ]

    To a great extent [ ]

    Neutral [ ]

    To a little extent [ ]

    To no extent [ ]

12. Please explain your answer in question 12 above. **Hint: Do you feel that your bank needs to reach some parts in the country? Why or why not?**

………………………………………………………………………………………………

……………………………………………………………………………………………

13. Please fill the following table to the best of your knowledge.

Channels of distribution for bank services to reach the customer's nearest place	**Yes**	**No**
My bank has adoption of internet banking		
My bank has adoption of Mobile Banking		
My bank has adoption of Agency banking		

Section E: Selection and implementation of promotional strategies

14. What is your level of agreement with the following views regarding commercial banks in Kenya's promotional strategy? (**1-Strongly agree**, 2- Agree, 3-Neutral, 4-Disagree, **5-Strongly Disagree**).

To what extent are the promotional campaigns in your bank geared towards	**1**	**2**	**3**	**4**	**5**
Sales Prospecting					
Multiple product awareness					

Specific product awareness					
Overall bank brand name development					

15. To what extent do you agree with the view that Kenyan commercial banks engage in a lot of mass media marketing.

    To a very great extent [ ]
    To a great extent [ ]
    Neutral [ ]
    To a little extent [ ]
    To no extent [ ]

16. Please explain your answer in 16 above. **Hint: why do you agree or why don't you agree?**

…………………………………………………………………………………………………
…………………………………………………………………………………………………
……………………………………………………………………………………..

17. What is your level of agreement with the following views regarding commercial banks in Kenya's promotional strategies? (**1-Strongly agree**, 2- Agree, 3-Neutral, 4-Disagree, **5-Strongly Disagree**).

Our bank	**1**	**2**	**3**	**4**	**5**
Highly relies on mass media marketing					
Highly relies on social media marketing					
Highly relies on use of mobile applications					

<u>Section F: Marketing Strategy and financial performance</u>

18. To what extent do you agree with the view that Kenyan commercial banks' profitability is highly influenced by the bank's marketing strategies?

    To a very great extent [ ]
    To a great extent [ ]
    Neutral [ ]
    To a little extent [ ]
    To no extent [ ]

19. Please explain the reason for your rating above.

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…………………………………………………………………………………………

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20. To what extent do you agree that financial performance in commercial banks in Kenya is influenced by the following constructs? (**1-Strongly agree**, 2- Agree, 3- Neutral, 4- Disagree, **5-Strongly Disagree**).

	Financial performance (net profit) of our bank is	**1**	**2**	**3**	**4**	**5**
1	Mostly volume based (attained through more sales/transactions)					
2	Mostly premium based (attained through charging higher prices up and above cost to earn more premium)					
3	Mostly dependent on our banks coverage of key areas/markets with potential to reach more diverse clients					
4	Mostly dependent on our banks increased marketing and promotions in the past recent days.					

Appendix C: Measurement of Variables

Dimension	Product origination strategies	Pricing strategies	Place (distribution) strategies	Promotional strategies	Financial performance
Marketing Strategies	Are sustainable into the long-run	Are fair	My bank has adoption of internet banking	Highly relies on mass media marketing	Mostly volume based (attained through more sales/transactions)
	Are customer oriented	Are commensurate to the offered services	My bank has adoption of Mobile Banking	Highly relies on social media marketing	Mostly premium based (attained through charging higher prices, up and above cost to earn more premium)
	Emanate from ample market research	Are generally on the high	My bank has adoption of Agency banking	Highly relies on use of mobile applications	Mostly dependent on our banks coverage of key areas/markets with potential to reach more diverse clients
	Are inimitable (unique) products	Are just driven by desire for profits			Mostly dependent on our banks increased marketing and promotions in the past recent days.
	Meet the market demands	Are unsustainable into the long-run			
Sum					
Average of the ratings					

Appendix D: Registered Commercial Banks in Kenya as at December 31st 2016

1. ABC Bank Kenya	22. Guaranty Trust Bank Kenya
2. Bank of Africa	23. Guardian Bank
3. Bank of Baroda	25. Gulf African Bank
4. Bank of India	26. Habib Bank
5. Barclays Bank Kenya	27. Habib Bank AG Zurich
6. CfC Stanbic Holdings	28. Housing Finance Company of Kenya
7. Chase Bank Kenya	29. I&M Bank
8. Citibank	
9. Commercial Bank of Africa	30. Jamii Bora Bank
10. Consolidated Bank of Kenya	31. Kenya Commercial Bank
11. Cooperative Bank of Kenya	32. K-Rep Bank
12. Credit Bank	33. Middle East Bank Kenya
13. Development Bank of Kenya	34. National Bank of Kenya
14. Diamond Trust Bank	35. NIC Bank
15. Oriental Commercial Bank	
16. Ecobank Kenya	36. Paramount Universal Bank
17. Equatorial Commercial Bank	37. Prime Bank Kenya
18. Equity Bank	38. Standard Chartered Kenya
19. Family Bank	39. Trans National Bank Kenya
20. Fidelity Commercial Bank Limited	40. United Bank for Africa
21. First Community Bank	41. Victoria Commercial Bank

Source: https://www.cbk.co.ke

Appendix E: Maseno University Authority for Data

MASENO UNIVERSITY
SCHOOL OF GRADUATE STUDIES
Office of the Dean

Our Ref: MBA/BE/05027/2013

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FAX: 254-057-351153/351221
Email: sgs@maseno.ac.ke

Date: 20th June, 2017

TO WHOM IT MAY CONCERN

RE: PROPOSAL APPROVAL FOR PRISCA NTHUMO—MBA/BE/05027/2013

The above named is registered in the Master of Business Administration Programme of the School of Business and Economics, Maseno University. This is to confirm that her research proposal titled "Influence of Marketing Strategies on Financial Performance of Commercial Banks in Kenya" has been approved for conduct of research subject to obtaining all other permissions/clearances that may be required beforehand.

MASENO UNIVERSITY
19 JUN 2017
DEAN SCHOOL OF GRADUATE STUDIES
P.O. BOX PRIVATE BAG MASENO

Prof. J.O. Agure
DEAN, SCHOOL OF GRADUATE STUDIES

Maseno University ***ISO 9001:2008 Certified***