INFLUENCE OF MARKETING MIX STRATEGIES ON PERFORMANCE OF MICROFINANCE INSTITUTIONS IN NAIROBI COUNTY

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RESEARCH SUBMITTED TO THE FACULTY OF BUSINESS, COMPUTER SCIENCE AND COMMUNICATION STUDIES IN PARTIAL FULFILLMENT OF THE PREREQUISITES FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MARKETING OPTION) OF ST. PAUL`S UNIVERSITY

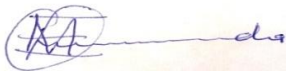
SEPTEMBER, 2021

DECLARATION

I declare that this proposal is my personal work and as such, it has never been presented to any institution for the award of academic qualifications.

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This proposal is submitted with our permission as supervisors having successfully worked with the researcher as per the requirements of the institution.

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DEDICATION

I dedicate this study to my family members: Dr. Tom Osundwa, Mohammed Khayundi, Roseline Igesa as well as my friends in the auctioneering fraternity Denis Kirui and Margaret Igare, for their unwavering support, encouragement, and direction during the study.

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LIST OF ABBREVIATIONS AND ACRONYMS

AIDA	Attention Interest Desire Action
ASO	App store optimization
BSC	Balanced Score Card
CBK	Central Bank of Kenya
IMC	Integrated Marketing Communication
KNBS	Kenya National Bureau of Statistics
MFI	Micro –Finance Institution
MMM	Marketing Mix Model
RBT	Resource Based Theory
ROI	Return on Investment
SME	Small and Medium Enterprises
SPSS	The Statistical Package for Social Science.

OPERATIONAL DEFINITION OF TERMS

Performance: this is the total out action occasioning a change in size, volume or an attribute over time. The study regards performance in terms of growth in customer base, increase in loan volumes and growth in profit margins.

Price: The amount customers are willing to pay for the service or goods, in financial services regarded as the cost of borrowing. The study recognizes price as the interest rate and other charges levied by the Microfinance institutions on top of the amount borrowed.

Promotion: This constitutes all activities relating to communicating the product attributes to target market. They include advertising, personal selling, public relation and digital platforms.

Product: This is the physical, psychological and social satisfaction customers derive from the purchase and consumption of the goods or services. They include packaging, branding and product differentiation.

Place: this refers to the physical presence and the distribution channels. These include location and modes of delivering the product to the customers.

Marketing mix Strategies: Refers to the components of marketing such as price, product, Promotion and place (4Ps): They constitute the independent variables of the study.

ABSTRACT

Microfinance institutions (MFIs) play a key role in Kenyan economy by providing financial support to the middle working class and the low-class individuals. Some of the notable MFI`s include Platinum Credit, Mwananchi Credit, Momentum Credit, My Credit, among others. With the many hidden costs such as loan penalties, tracking, insurance costs, repossessions by auctioneers of the charged securities, Covid-19 pandemic, MFIs still manage to offer stiff competition to the mainstream banks and other financial service providers. With the many hidden costs such as loan penalties, tracking, insurance costs, repossessions by auctioneers of the charged securities, Covid-19 pandemic, MFIs still manage to offer stiff competition to the mainstream banks and other financial service provides. The necessity to investigate the marketing mix factors employed by MFIs to obtain and maintain a competitive advantage edge in the highly competitive market was prompted by these evident inconsistencies. This study examined the influence of marketing mix Strategies (4Ps) on the performance of MFIs operating within Nairobi County. The objectives of the study included examining the influence of product, promotional, price and place on performance of MFIs in Nairobi. The study analyzed several theories and how they are connected to the study variables. These theories were the marketing mix theory, Hierarchy of effects Theory, AIDA Model and Resource-Based Theory (RBT). The study utilized a descriptive research design with the study population consisting of the 49 MFIs located in Nairobi and 98 respondents selected from all the selected Microfinance institutions. The primary data collection instrument was questionnaires, which was tested for validity and reliability using a sample pilot study. During the pilot, five Microfinance institutions were involved. The Data collected was analyzed using SPSS and subsequently presented in the form of graphs and tables. The study established that all the variables had positive relationships with the performance of MFI institutions. Predictors: (Constant), Promotion, location, product, and price, and r values of.741, .735, 608, and.595 respectively. Regression analysis revealed that the regression model was reliable because it was statistically significant based on the outcomes of the ANOVA (table 4.10). The unbiased study revealed that the study variables accounted for 63.3% of the factors affecting the performance of MFIs. The linear regression model revealed that unit changes in product, promotion, price, and place impacted MFI performance. According to the findings, MFI should increase budgetary allocation for promotion, product differentiation, alternative pricing strategies, eliminating hidden costs, and maintaining their current location while using customer requirements to guide changes in their distribution channels, ensuring customer retention and growth through acquisition of new customers.

CHAPTER ONE

INTRODUCTION

This chapter explored the background of the study, problem statement, objectives, research questions, significance, scope, and limitations of the study.

1.1 Background of the study

The concept of marketing mix has attracted global attention from business people, and scholars who seek to examine its implications on performance. Kotler and Armstrong (2010) define marketing as a process of creating, communicating and delivering value to a target market at a profit. The concept of marketing is anchored on three principles: customer satisfaction, the integration and coordination of efforts to attain desired consumer satisfaction and the firm's ability to focus on long term success (McDonald & Wilson, 2016). Strategies of marketing mix are a collection of tools that complement each other in attaining desired response from the target market. They are place, promotion, product and price also referred to as 4Ps. Several scholars have established that marketing leads to superior organization performance through better understanding and meeting customer needs. The process of marketing is a complex matrix made up of the product, service, customer, the people and marketing mix elements (Riaz, 2011). It is the responsibility of the marketer to devise the most effective programs that create, communicate value to the target customers.

Micro financing is the process of providing financial and finance-related services to the excluded populace (Kotler, 2006). This population consists of the poor who are unable to meet the requirements for borrowing from mainstream banks. As early as 15th Century in Europe the monks started the first microfinance group with the aim of reintegrating the poorest of the populations into community life. MFIs being service providers, the use service differentiation to achieve superior service delivery to their customers. These attributes include timely delivery, quick and better respond to customer queries and faster resolution to client complaints (Saunders, 2012). To operationalize the 4Ps the marketers in the service sector use the people and internal organization procedures to achieve competitive advantage in the marketplace.

The concept was of modern microfinance was originated in 1970 by an economics professor Muhammed Yunus in a small village called Jobra in Bangladesh with the objective liberating. The

concept of modern microfinance was developed in 1970 by an economics professor, Muhammed Yunus in a small village called Jobra in Bangladesh with the objective liberating people's dreams and assisting the poor to live with dignity. Poverty eradication was the primary objective. In Africa, loans were a preserve of the white colonial masters. The native Africans survived on merry go round (chamas) formed around neighborhood, religious gathering and clans. The first micro credit was muted in 1970 by the government as agencies to provide to the excluded population (Kabiru, 2002). Microfinance has undergone tremendous change since 1990s with the Microfinance Act being passed in 2006. By 1999 the microfinance penetration in Kenya was at record 10.4m of the population and loan portfolio of 2.3 billion (Dondo 2001). According to AMFI report, by 2010 MFIs provided $1.5 million to over 100,000 borrowers. With the mainstream banks avoiding the low-income earners, MFIs are considered the ultimate solution to credit access to all and an important weapon for poverty eradication. In 2018, 139.9 million borrowers benefited from MFI services worldwide.

This study revolved around the four principles of marketing mix also referred to as the 4Ps. They will constitute the independent variables of the study. The research sought to establish the influence of change in each of the Strategies will cause on performance of the MFIs as the dependent variable of this study. As defined by Londhe (2015), marketing mix is a matching process, one that pairs the capability of a firm and the wants of customer. In marketing, what is given attention is the creation of a unique value proposition to potential customers and acquisition of sustained competitive advantage. Studies reveal that marketing mix is not a recent phenomenon; it is a marketing tool that has been used for effective marketing of products within a firm (Kamau, Waweru, Lewa & Misiko, 2015). The continued transformation of marketing mix Strategy has led to its modification with changes in consumer behavior and firm attitude over the years prompting marketing experts to continue exploring new theoretical approaches while at the same time expanding marketing mix scope.

It is essential to recognize that marketing mix Strategies can have influence on performance of MFIs depending on the nature of business. In every business strategy, there are marketing mix Strategies and business focus of delivering products and services to the market as superior value propositions to serve their purpose profits maximization.

According to Murray (2008), a well-defined marketing strategy affects the performance of MFIs in different ways because it has the ability to influence process management in creating as well as communicating superior value propositions that not only meet customer needs but do satisfy customers' needs to ensure repeat business. This study analyzed the association that exists between the Strategies of marketing mix (product, Price, Place, promotion, and people) as independent variable and the performance of MFIs as the dependent variable. Marketing mix is the process of identifying a marketplace, availing the product on demand, at a desired location, at the right times time and the right price (Dargi, 2005).

By 2019, 49 MFIs were registered by the Association of Microfinance institutions. These are divided into two categories: deposit taking and non-deposit taking, both of which are controlled and overseen by the CBK. Performance indicators that are used include general institutional attributes, interests on deposits, financial performance, profitability, outreach, and sustainability (World Bank report, 2009). Additional performance indicators include loan repayment rates, number of savings accounts, and number of loans issued (Tendler, 2009). Equity on asset ratio, operation self-sufficiency, at risk portfolio, repayment rate, and outreach can be used in performance assessment. It can also be mapped by utilizing the 3Es (efficiency, efficacy and economies) as manifestation forms. According to MihaiRistea (2002), the 3Es significantly impact performance. Marketing mix is perceived as the approach to transforming planning in the market into actual practice and should be integrated in the MFI function and strategic plan. Wongleedee (2015) in another study on marketing mix and the ability of consumers to purchase products at a traditional market observed that performance is influenced by buying behavior especially customers attitude towards marketing mix determinants – Price, sellers and place. Product Strategy is defined as goods or service combinations of firm offerings to target customers (Kotler and Armstrong, 2010). They are classified based on their quality, attributes and characteristics that gives the ability to meet customer needs satisfactorily. These attributes include product design, product packaging and branding. Firms making decisions will consider various options. These include: development of new products and product related opportunities in the market. Utilize product design to come up with products that evoke superior customer response (Yu et al., 2014). Innovation of the famous Logbook loan now synonymous with MFIs is one such clear example of product Strategy as used by MFIs.

Branding is a product attribute applied on both existing products and new ones. It involves identifying possible names through a well-organized research exercise. The names should communicate the product image or identity to the prospective customers in a superior manner. The process of branding involves careful and innovative choosing of brand elements that are easy to remember and attention catching. They include brand name, logos and symbols. MFIs utilize the component more often than commercial banks. The clear examples are Citizens Credit, Platinum Credit, Mwananchi Credit, among others. Positioning is the concept where marketers seek to plant their product in the minds of their customers.

Price encircles a definite amount of money a customer is required to part within order to obtain a desired product. In the identified marketing mix Strategies, price is the only one that generates revenue. It's the only component of the marketing mix that generates revenue for the firm (Bucklin & Hoban, 2017). Some of the pricing strategies include: penetration pricing, promotion pricing, psychological pricing and skimming. The study will use price as one of the independent variable. MFIs use pricing Strategies to grow their profits and revenue. In setting prices for services MFIs consider a myriad of factors in the marketplace. These include cost of production, competitor prices and fair price. Price is established in line with set out objectives of survival, profit maximization and market share augmentation (Chang & Chen, 2014). MFIs apply pricing on the interest rates charged on their facilities, insurance fee, tracking charges and loan default penalties. These can be established from the high cost of MFI loans as compared alternative offered by commercial banks. The study will attempt to determine whether or not clients can sustain their operations, retain, and develop their customer base (Prajogo, 2016).

The marketing mix matrix is a diagram that depicts the many components of the marketing mix. The Location Strategy, which is an independent variable in the study, refers to operations that supply products to clients. They include decisions about the firm's location, service delivery channels, and branch websites. These are high customer contact activities and they structured handling will increase the success rate (Wahab et al., 2016). Though online distribution faces numerous challenges and data collection opportunities they stand high chances of determining the viewership and purchase of their products. Use of well-structured distribution network can be a source of competitive advantage. Marketers with superior network strategies will know how well to communicate and deliver their products to the target market (Arthur et al., 2013). Online channels such as social media, M-Pesa platforms, websites, emailing have become the most reliable channels

for MFIs. Online loan application, appraisal, approval and disbursement are an emerging trend for financial solution. MFIs use this component in delivering their products to customers (Mao, 2010). Quick cash, a product of Platinum Credit is processed and delivered through Mpesa platform to existing clients with clean accounts and an emergency product secured and loaded on the existing loan.

Promotion as independent variable of this study entails activities that enhance communication, as well as the delivery of value-oriented products and services, in the market to improve the purchasing of customers. Kotler and Armstrong (2010) carried out a study to evaluate the effect of promotion on marketing mix strategies. The study revealed that promotional activities are essential in marketing, and they include objectives, advertising, direct marketing, public relations, sales promotions, personal selling, and advertising. Additional studies have also established a statistically significant link between the effects of promotion on the performance of a business (Francis & Collins-Dodd, 2004). MFIs apply this variable in communicating and delivering products to their customers in a superior way. The most outstanding form of promotion used in this industry is advertising. MFIs deliver loans within 24 hours at no additional costs being the most popular format used by these institutions.

Marketing mix for service goes beyond the 4Ps and calls for internal and interactive processes (Hussein, 2016). This requires firms to re-orient themselves and enhance employee-customer relations that are focused on consumer satisfaction. Interactions imply that service quality is dependent on the encounters between buyers and sellers. In this regard, the marketers of service are required to be knowledgeable on interactive marketing skills. This led to the marketing mix being extended to include: people, processes and physical presence (3Ps). Marketing mix is utilized by administrative management in gaining and sustaining competitive advantage. In addition to the 4Ps, the marketplace has been extended by Physical evidence, Process, and People (McCarthy, 2001).

1.2 Performance of MFIs

The changes in performance with respect to alterations in the independent variables (4Ps) are at the core of the study.

Richard (2009) defines performance as constituting three key areas that include return on investment, product performance, and financial performance. Weighed on a balanced score card successful organizations will record positive output in all the three spheres. Balance scorecard is used to enforce good behavior in organizations by isolating the four aspects of performance

earmarked for analysis (Tjader, 2014). The performance parameters are as follows: The financial performance of a business will reveal its financial stability, return on investment, and overall debt level of credit worthiness. Market performance will show if the MFI gained more customers or gained market share, developed new products or upgraded the existing products after injecting the loan into the business operations.

Balanced scorecard was first introduced by Kaplan & Norton (1992) as performance measurement matrix that measured both non-financial and financial component. Financial performance of MFIs is crucial in determining economic growth distribution of capital money related securities and manufacturing and service sector (Beck, Demirguc-Kunt & Maksimovic, 2004). MFI's performance can be measured using balanced Score Card. It provides for a holistic evaluation of organizations total output. These parameters are Financial, Market growth and Shareholder value. Financial performance will show the entity`s financial stability, return on Investment and the overall debt level of credit worthiness of an organizations. Marchant and Van der Stede (2012) observe that the measurement of financial performance is expressed as market share, accounting or a combination of both. Firms link marketing mix to performance in a manner that ensures the use of the best blend of the marketing mix Strategies to enhance performance.

Marketing is an ever-changing process that calls for the best mixture of the marketing Strategies to ensure the firm`s future business. Marketers must carefully consider and integrate all market mix in the right portions to give customers the desired results. Firms consider the attributes of different products in accordance to how they benefit customers, as well as promote them using the best combination of promotion mix Strategies to impact on the organizations profitably. The indicators of MFI performance are profitability, growth in revenue, customer base growth and increase in the loan volumes.

1.3 Context of the Study

1.3.1. Global Microfinance Industry

Micro financing is the process of providing financial and finance-related services to the excluded populace (Kotler, 2006). This population consists of the poverty-stricken group that cannot meet the conditions for borrowing in the mainstream banks. As early as 15th Century in Europe the monks

started the first microfinance group with the aim of reintegrating the poorest of the populations into community life. In 1970, an economics professor named Muhammed Yunus founded modern microfinance in a small Bangladeshi town called Jobra with the goal of releasing people's hopes and aiding the underprivileged to live with dignity. Poverty eradication was the primary objective. In Africa, loans were a preserve of the white colonial masters. The native Africans survived on merry go round (chamas) formed around neighborhood, religious gathering and clans. The first micro credit was muted in 1970 by the government as agencies to provide to the excluded population (Kabiru, 2002). Microfinance has undergone tremendous change since 1990s with the Microfinance Act being passed in 2006. By 1999 the microfinance penetration in Kenya was at record 10.4M of the population and loan portfolio of 2.3 billion (Dondo 2001). AMFI report, by 2010 MFIs provided $1.5 million to over 100,000 borrowers. With the mainstream banks avoiding the low-income earners, MFI are considered the ultimate solution to credit access to all and an important weapon for poverty eradication (Tilahun & Dereje, 2012). In 2018, 139.9 million borrowers benefited from MFI services worldwide. A few studies have been done in this sector. However, not much research has been done on marketing strategies and Microfinance institutions. It is worth noting that the rapid growth of Mfi`s under the current hard economic times poses many questions to be answered through research.

1.3.2. Local Microfinance Industry

The Kenyan microfinance industry includes institutions and regulations that have been evolving since the early 1900s (Njue et al., 2016). The Kenyan Microfinance Act was passed in 2006, even though it was activated in 2008. By 2010, there were a total of 24 “major” microfinance institutions that availed a total of $1.5 billion to interested borrowers. Equity Bank and Kenya Women Finance Trust (KWFT) provided the largest share of loans dominating the local market by 73.5% and 12.06% respectively (Reed, 2019).

Other institutions include K-Rep Bank, Faulu, and Jamii Bora Bank, among others. Similar to global microfinance institutions, the eligibility criteria encompass a wide range of metrics that include being the institution’s customer, ability to repay a loan, a functioning business, Kenyan identification, age and gender (Kiarie, 2017). Microfinance Institutions are also governed by the Central Bank of Kenya (CBK), the Banking, and the Companies Act. The banking systems and monetary policies are regulated by the CBK that also publishes information on financial institutions,

banking guidelines and interest rates. Service provided by these institutions includes loans for education, agriculture, emergencies, groups, and women (Mahmud et al., 2017).

Common problems affecting the operation of microfinance institutions in Kenya include corruption, political instability resulting in economic disturbance, and infrastructure issues. Particularly, the corruption aspect is a grave problem for the institutions considering that Kenya was ranked 137 in the International Corruption Index as of 2018. The lack of transparency results in questioning the efficacy of provisions by certain acts and regulations. Most of the Kenyan microfinance institutions provide standardized products to customers, a phenomenon that limits the subsequent satisfaction levels (Abdullah et al., 2014). Customers prefer availability of products that are tailored to meet their specific needs, a phenomenon that is lacking within the Kenyan microfinance institutions (Kamau et al., 2015). The current situation is that all variables have a positive relationship with performance of Microfinance institutions and other financial institutions. Whereas MFI`s grapple with capital to sustain their operations with a good number of new once closing shop within the first one year of business.

1.4 Problem Statement

Microfinance institutions play critical role in boosting economic well-being of the low-income population and poverty eradication. They provide financial services inform of logbook loans, emergency loans, school fees loans, salary advances among others. The overriding objective of making credit services accessible to the low-income population that has been ignored by mainstream banks. Ideally Microfinance should provide affordable products to the low and middle class individuals. This is achieved through marketing strategies that combines the strategies of marketing mix in a balance proportions to enhance performance.

However, this is not the situation on the ground. According to the Central Bank report (2014), microfinance products attract high interest rates of between 30-72%. These products have continued to gain popularity among the low-class individuals amid the glaring risks they attract. The numerous repossessions and harassments by auctioneers appear not to deter the clients to go for different MFI products.

Studies done by (Owomoyela et al, (2013); Theodosiou & Leonidou, (2003), revealed that there is significant relationship between marketing mix and performance of MFIs. Leonidou, Katsikeas and Samiee (2002) conducted a study on the relationship between marketing strategies and performance in the export sector. The study showed a significant relationship between marketing strategies and performance. Khatabi 2005) found that the marketing mix elements complement each other in attaining business or environmental needs of the market to create an effective marketing system. Previous studies have revealed the relationship between marketing mix and the performance of MFIs (Owomoyela et al, 2013; Theodosiou & Leonidou, 2003). Leonidou, Katsikeas and Samiee (2002) conducted a study to investigate the association that exists between performance and marketing strategies in the export sector. The findings showed a significant relationship between marketing strategies and performance. The Strategies of marketing mix are characterized by manageability and mutual relationships. Decision-making on a single element directly affects the others. The Strategies complement each other in attaining business or environmental needs of the marketplace that could result in the creation of an effective marketing system.

With little research having been done on microfinance performance and marketing mix Strategies, there is need for further studies to provide answers to these pending questions. It is becoming increasingly difficult for the general public to believe that MFI loans are more expensive than those offered by traditional commercial banks High mortgage rates, fierce rivalry from large banks, repossessions, and auctioneer harassment are all factors to consider. This study is motivated by the desire to understand the force behind the popularity of MFI products amid the glaring challenges and hence the better understand the Emerging trends in customer management. This study on the Influence of marketing mix elements on performance of microfinance institutions in Nairobi County seeks respond to the gaps.

1.5. Objectives of the Study

1.5.1 General Objective

The general objective of the study was to examine the influence of marketing mix Strategies on performance of MFIs in Nairobi County.

1.5.2 Specific Objectives

i. To examine the influence of product Strategies on performance of MFIs in Nairobi County.

ii. To assess the influence of promotion Strategies of market mix and performance of MFIs in Nairobi County.
iii. To determine influence of price Strategies on MFI performance in Nairobi County.
iv. To examine the influence of place Strategies on performance of marketing mix of MFIs in Nairobi County.

1.6 Research Questions

i. How does product Strategies of marketing mix impact on performance of MFIs in Nairobi County?
ii. To what extent does promotion Strategies of marketing mix influence performance of MFIs in Nairobi County?
iii. How does price Strategies of marketing mix influence performance of MFIs in Nairobi County?
iv. How does place/ distribution Strategies of marketing mix influences performance of MFIs in Nairobi County?

1.5 Scope of the Study

The scope of study was limited to investigating the influence of marketing mix elements on performance of microfinance institutions in Nairobi County. The marketing combination Price, Promotion, Product, and Place, also known as the 4Ps, were used as independent factors in the study, while the performance of microfinance institutions in Nairobi County was used as a dependent variable. The study involved 49 registered microfinance institutions in Nairobi County at the time of the study with 98 respondents two drawn from each Microfinance institution. The study was conducted in a period of three months.

1.6 Significance of the Study

The study sought to present knowledge to entrepreneurs on how to market MFI products. MFIs will have data on the current performance with respect to the marketing mix Strategies and develop different marketing strategies that will facilitate the attainment of competitive advantage. The findings will be useful to legislators in developing regulations and policies that protect MFIs and their customers. The study will lead to development of scholarly knowledge critical in solving market related problems in the industry.

1.7 Limitations of the Study

The microfinance sector has witnessed an increasing competition and considering the study focuses on marketing mix Strategies, obtaining data may be challenging because some institutions may become skeptical for fear of their marketing strategies being exposed to their competitors. To mitigate this, the researcher wrote to different institutions and informed them about the study's purpose and assured them of confidentiality. Covid -19 pandemic had severe effect on business with companies allowing staff to work from home while others scaled down their operations. To mitigate this researcher had to change his previous mode of data collection from the physical meeting with the respondents to emailing the questionnaires to the respondents. This study focused on MFIs in Nairobi which may have unique demographic characteristics from other counties. Therefore, generating the findings was a challenge and affected how the findings from this study can be used to inform the sector. Organization bureaucracy and hierarchical rigidity in the MFI`s top management turned out to be a challenge in getting approval relating to the study.

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CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The chapter focused on theoretical and empirical reviews as they pertain to the study. The theoretical review and conceptual framework were guided by the objectives of the study.

2.2 Theoretical Review

The following theories were used in the research to connect the study variables; the marketing mix theory, Hierarchy of effects Theory, AIDA Model andProduct- Market Growth Matrix.

2.2.1 Marketing Mix Theory

Jerome McCarthy, an American marketer, is credited for the development of this theory in 1964. The marketing framework was defined by the 4Ps (McCarthy, 2005). Kotler and Armstrong (2011) defined it as a collection of strategic marketing and effective control of the 4Ps that firms blend to attain desired market responses. Buklin & Hoban, (2017) confirm that these elements help in quantifying the different marketing inputs and their impact on sales or market share. Goi (2009) associates marketing mix with the price Strategy of the economic theory. The theory postulates that the potential of a firm to address customer needs in the ever changing and competitive market management must be adapting to providing an upgraded marketing mix. Provision of an effective marketing mix leads to effective management of the firm's resources to achieve organization desired objectives (Ziaz, 2011). The success of a firm entirely depends on how well it combines the marketing mix Strategies. MFIs apply the model in crafting their marketing strategies to deliver superior product propositions to its customers. Companies operating in an ever-changing market environment and marketers must cope by setting up product that meets the needs of customers with superior value propositions. However, the theory has been highly criticized for its limitation in its application in B2B business ventures. More product focus than service and hence leading to further studies and invention of additional 3Ps of People, Process and Physical presence.

As aforementioned, the marketing mix theory complemented the price component of marketing mix Strategies. According to the theory, pricing is an essential aspect that determines the approach to competition for most firms. Takata (2016) asserts that the monetary value of products or services

determines the perception of the final consumers since customers are more aware of the value for money. Price, and the value for money, is used in determining the quality associated with a specific product. Sekeran and Bougie (2013) explains that price determines the marketability of any product, a phenomenon that validates the association of the marketing mix theory with the price Strategy of the study.

2.2.2 Hierarchy of Effects Theory

This is a marketing-oriented theory developed by Gay A. Stainer in 1961. The theory provides for how marketers should prepare advertisements. He states that a good advertisement should go through six stages: awareness of the consumer, knowledge a customer has about the product, liking, Preference, conviction and purchase. Awareness is the most important step in the hierarchy. Brands must ensure customers are aware of their particular brand in the segment. Knowledge is critical in ensuring that consumers can compare product attributes with your competitors from a point of information. This can be affected through internet, retail outlets, product design and packaging. Customers will begin to like your product if they have sufficient knowledge. During this stage an emotional connection between the consumer and the product is built. The consumer commits to the product for life. If your customers don't like your product, find out why and fix the problem.

The preference stage makes consumers to focus on the product. At the conviction stage any doubts about the brand should be converted into action.

To dispel uncertainties, marketers employ a variety of tactics to gain customer confidence, which in turn generates a desire to acquire the goods. Free samples and test-driving sessions are possible options. The buying point is the final stage. Finally, the customer consumes the product. Although Barry (2002) agreed with the theory, he did point out that; the hierarchy of effects theory complemented the place Strategies of the study variables. According to the theory, the knowledge of the market, that is, the customers, facilitates effective determination of the place (Festa et al., 2016). Noteworthy, place examines the approaches used by customers in obtaining products, also called the distribution.

Similar to the Strategy of promotion, customers' opinions determine the ways through which organization avail their products (Isoraite, 2016). Continuous interaction with customers enhances

the optimization of tools that avail a company's products. Apart from interaction with customers, marketing channels such as retailers and wholesalers also provide reliable data and information since they also have direct contact with customers (Lofsten, 2016).

2.2.3. Resource-Based Theory (RBT)

Barney J B is credited for the development of the theory in 1991. It has been used in marketing field to explain and predict competitive advantage and performance outcome (Hitt, Carnes & Hu, 2016). The theory explains that a firm with a robust internal marketing capability can realize high finance performance as compared to those that focus operational capabilities (Kambuj, Gayol & Rahman, 2015). Firms succeeded by focusing on their internal resources. These resources include tangible and intangible resources, and they easily give a firm a competitive advantage. RBT gives resources a big role in pushing companies to greater performance. On the one hand, tangible resources include capital, equipment, machinery, and land. On the other hand, intangible resources include brand, trademarks, intellectual property right and people or staff skills and competencies. The resources owned by firms vary from company to company. Subsequently firms can never attain perfect competition. Barney developed a procedure of evaluating resource referred to as VRIN criterion. This stands for Valuable, Rare, Imperfectly and Non-substitutable (Makadok, 2001). This theory complements resource utilization in capacity building.

The RBT complemented the product Strategy of study variables. The sale of products facilitates the generation of revenue required to sustain business operations (Chang & Chen, 2014). Products are offered to the market through place for consumption, acquisition, and attention. All these uses of products focus on satisfying the needs of available customers in the market. Optimization of resources facilitates generation of greater revenue from product sales (Hussein, 2016). Resources in all industries are always scarce. As such, it is evident that optimization during product production is necessary to sustain competitive advantage. Consumers buy products based on their availability and price (Mao, 2010). Resource optimization boosts production, a phenomenon that improves the efficiency of the elements outlined above (Prajogo, 2016).

These Strategies of price and place are resource-based since they depend on the amount resources utilized in production.

2.2.4 AIDA Model

This is a purely communication biased model. It is derived from the steps an advertisement goes through to persuade and win a sale. These are Attention, Interest, Desire and Action (AIDA). Founded by an advertising guru, Elias St. Elmo Lewis in 1925, he believed that an effective advertisement should contain the four components. This model was hypothesized by Palmer (2005) that an advertising message should create attention in the prospect, interest your prospect, prompt desire in your prospect and entail action from the prospect. The model accounts for the impact of promotional element on the perception of consumers with regard to products and services (Kelly & Hyde, 2002). When advertising, direct selling, and public relations are used to promote a product, the four qualities are met, and the product is determined to be beneficial in improving performance. The study's independent variable is promotion strategy, and the model will give the researcher a better understanding of the variable when applied to the conceptual framework.

The model is narrow in approach and only suitable in the service industry and would yield undesired results in pure product market. It turns to be costly as you need resources and time to reach the broad market base and educate the target market about your products. The model was associated with the promotion Strategy of the study variables. Promotion entails all the efforts to increase the awareness of a product (Arthur et al., 2013). Moreover, promotion encourages market exchange by communicating to the public and the potential stakeholders. This phenomenon is facilitated through the roles executed by promoters and communicators. Particularly, communication appeals to all the four elements of the model in determining the appropriate promotion strategies for different market segments (Bucklin & Hoban, 2017). Utilization of appropriate communication tools optimizes the promotion aspect by clearly disseminating accurate information on the product. Promotion is at the core of marketing owing to the fact that it avails all the necessary information to be used for the other elements through continuous customer interaction (Leverin & LiLjander, 2006). This model corroborates the promotion Strategy as a variable.

2.2.5 Product- Market Growth Matrix

The model was developed by a business manager but was popularised by H. Igor Ansoff, a mathematician, in 1957. It was subsequently published in the book `Corporate Strategy` in 1967. The model focuses on two factors in driving business growth strategies. It considers markets and

products as sources of business growth. They include diversification, market development, product development, and market penetration. Customers are defined as markets, and products are defined as sold items sold to customers, according to Lynch (2013). The goal of market penetration is to increase sales and market share in an existing market. This marketing strategy helps firms to sell more of them from its current clients by modifying its products and increasing the market campaigns. The development of products is focused on the introducing new products to an existing market. MFIs use this model to come up with new products like the Quick cash by Platinum credit, which is a new product, loaded onto the logbook loan of a client whose account is not in arrears. The quick cash uses the logbook as its security meaning it's a loan added to an existing loan. Market development is the development of new markets for existing products to achieve growth. MFIs use the strategy by opening branches in other regions for its existing products while diversification entails moving to completely new markets with new products. The strategy is rarely applied by MFIs. The theory enhances the entire marketing strategy and subsequently all the Strategies of marketing mix.

2.3 Empirical Review

Previous studies have revealed the relationship between marketing mix and the performance of MFIs (Owomoyela et al, 2013; Theodosiou & Leonidou, 2003). Leonidou, Katsikeas and Samiee (2002) conducted a study to investigate the association that exists between performance and marketing strategies. Performance of the organization divided into two features that are business and market performance. The Strategies of marketing mix are characterized by manageability and mutual relationships. Decision-making on a single component directly affects the others. The Strategies complement each other in attaining business or environmental needs of the marketplace that could result in the creation of an effective marketing system (Katabi, 2005). Kathomi, Kimani, Kariuki (2017) conducted a study on Interest rate regulation and sustainability of microfinance institutions in Nairobi County. Muranguri (2014) in her study on the Role of marketing mix on performance of MFI in Nairobi County established that sales promotion, publicity and advertisement had the greatest influence on MFI performance.

It revealed a negative relationship between interest rate and MFI sustainability. Chibole (2014) investigated effect of microfinance loans, capital structure, liquidity on the growth of SME`s in Nairobi, with 311 SMEs sampled using the stratified random sampling technique with 20% target

population 62 respondents were interviewed. The research findings showed that capital structure, organization's ownership and liquidity affected the growth of SME`s in Kenya.

The findings account for the conclusion that strategy differentiation enhances innovation outcomes leads to improved innovations, creativity and resulted in strong brands In Nairobi County. Karanja, Muathe, and Thuo (2014) investigated how marketing capability affects mobile service provider performance. The distribution route, pricing, promotion, and product development were all investigated as part of the integrated marketing communication process. According to Mamoun (2012), product significantly impacts customer satisfaction. Addo and Kwarteng (2012) assessed the service acceptability and the factors affecting consumer satisfaction in Ghanaian private banks, from the quality perspective. The sample of the study consisted of 140 respondents who examined the 5 aspects of quality in Ghanaian banks. The study adopted descriptive statistics, inferential statistics, and factor analysis. The study revealed that the five dimensions that define service quality impacted customer satisfaction. Mohammad (2015) investigated the influence of the elements of marketing mix on the satisfaction of tourists and discovered that the relationship was statistically significant. Also, Mylonakis (2009) examined the satisfaction of banking customers on loyalty, and it was discovered that advertising was essential. Surveyed bank customers on bank satisfaction factors and loyalty and the findings show that advertising) is generally accepted by people. However, Bena's (2010) study revealed that the relationship between promotion and satisfaction was inversely related. Management should invest in promotion to improve the literacy of customers. Banks are also required to utilize promotion through incentives including lower banking charges and loan discounts. Therefore, there is a significant association between customer satisfaction and the promotion element.

Aremu (2021) studied into the impact of marketing strategy on business performance in the Oluyole local government area of Ibadan, Nigeria, with a focus on chosen small and medium enterprise owners. Marketing techniques (product, location, price, packaging, and after-sales service) were revealed to be important independent and joint determinants of business performance in the study. Promotion, on the other hand, has no substantial positive effect on business success, according to the study. Except for the finding of promotion, which is opposed to past research studies, the study agrees with Shaharudin et al. (2009); Muhammed, et al (2011); Sajuyigbe et al (2013); Francis & Collins-Dodd (2004); Shamsuddoha and Ali (2006); Chiliya et al. (2009) and Owomoyela et al. (2013). However, Bena's (2010) study revealed that the relationship between promotion and

customer satisfaction was inversely related. Previous studies by Amine and Cavusgil (2001) and Francis and Collins-Dodd (2004) have found a strong link between promotions and business performance.

2.3.1 Performance of Microfinance

Performance of Microfinance institutions is considered to be its ability to hold financial stability, while financing its operations without external support. Richard (2009) defines performance as constituting four key areas namely financial performance, growth and learning, internal business processes and customer.

This study seeks to utilize the Balance scorecard model in performance measurement. A balance Score Card (BSC) is a modern instrument to measure performance by integrating measure derived from organization strategy. A balance scorecard assesses the company's financial performance while also introducing a way to assess future performance. Customer, internal processes, growth and learning, and financial perspectives are some of these drivers. Successful firms will have positive production in all four areas when measured using a balanced scorecard. According to Kaplan, (2005) balanced Score Card used by management in directing both present and future performance. It is a robust system that is utilized in upgrading the strategy of an organization, obtaining feedback, and testing. The Balance Score Card retains under the financial perspective measure the economic consequences of an organization performance. The financial objective of the firm relates to profitability, in plain language whether the firm is operating at a profit or loss. Some of the parameters used are the level of operating income, return on capital employed, growth in the shareholder value and cash flow growth. Customer perspective: With the continuous changing and evolution in the marketplace, firms have changed their marketing strategies with main focus on the customer as a key player in the business. Strategies have been tailored to satisfy customer needs. Building strong customer relationship that not only ensures retention but also acquisition of new customers.

2.3.2. Product Element and Performance of MFIs

Researchers have built up connection between customer satisfaction and the product element. For instance, Alhemoud (2010) carried out a study on the factors affecting the satisfaction of customers in Kuwait's retail banks. The study involved 605 respondents who were both non-citizens and citizens of Kuwait. The study revealed that clients satisfied by the quality provided by Kuwait

banks. In another study, Dang (2015) reported that the product element of the marketing mix is one of the most essential. Moreover, Kotler and Armstrong (2010) assert that product refers to market offerings that address the needs of customers by capturing their attention. Samiee (2002) explains that product element dominates literature and as such, it should be widely studied.

Although these studies focused on the banking sector, it is important for this study because there are some characteristics shared among banks and microfinance institutions and it would be good to investigate how product influences performance of MFIs. The influence of products, and the related factors, on performance has been studied extensively over the recent past. Aremu and Lawal (2012) conducted a study that utilized performance measures that are composite in nature. The study focused on the design of products and discovered that company performance is enhanced by the pursuit of marketing to inspire product adaptation pursuing global marketing in that it can serve product adaptation, and subsequent differentiation, in improving satisfaction.

2.3.3 Price Elements and Performance of MFIs

Price affects consumers because it is associated with product value. The price of a company's products is used in the regulations of a company's marketability by defining the valuability (Owomoyela, Olasunkanmi, Oyeniyi (2013). According to Singh (2012), price changes, advertising costs, distribution costs, marketing strategies, and the cost of product determine the resultant prices in the market. Owomoyela et al. (2013) and Doole et al. (2006) argue that the relationship between price and performance is statistically significant. The price set for a particular product significantly determines its marketability. 41 additional studies reveal that the price difference between manufacturer and private label brands accounts for the divide in terms of success in the marketplace (Kapferer, 2008; Sethuraman, 2013). Consumers have a lower expectation of private as compared to manufacturer brands (Sethuraman, 2010). Further, research has identified price as a determinant of success in private label brands (Lien, Wen, Huang, & Wu, 2015). Consumers frequently purchase products through careful planning and comparison of style, quality, and price.

MFIs use price element to shake competitors off the market share by positioning their product as the product of choice, with the best attributes, delivered and communicated in a superior manner. Despite their products being considered expensive compared to similar products in the commercial

banks. They have still managed to convince customers using other attributes on the superior value proposition of their products. As observed by the Central Bank report of 2018, MFI products remain expensive though still considered most efficient and quick fix to financial emergencies.

However, with the effects of Covid 19 pandemic becoming a reality on the global economy. The world major financial service providers such the World Bank and the IMF currently providing cheap loans of 1% interest rate to countries across the globe. The government of Kenya through the post Covid 19 economic stimulus plan announced by the President has made available access to affordable credit for SMEs. It will not be business for MFIs. The National wide curfew and lock down SMEs scaling down their operations and downsizing their manpower.

2.3.4 Place Strategy and Performance of MFIs

Place entails the firm's efforts to avail the products to the target customers. According to Matola (2009), place inspires actions and decisions that impact the movement of goods to the final consumer. Place constitutes a network of processes that deliver products to the ultimate consumers. The client's center is the means by which he gets the items based on their perspective. It is for the advertiser to design and convey them to the market. Lenka et al. (2009) completed a study that evaluated the relationship between quality of service and the loyalty of consumers within commercial banks in India. The findings of the study revealed that human aspects improved customer satisfaction as compared to technical aspects. Management is responsible for harmonizing the distribution of services to improve the satisfaction of customers. MFIs in Kenya utilize this component of the marketing mix to move their products in the market through an elaborate distribution network.

2.3.5. Promotion Strategy and Performance of MFIs

Al-Sharif, Qwader, and Al-Slehat (2017) in their study of how promotion strategy influences Islamic Banks in Jordan reports that customer performance, financial, and sales are attained by identifying growth opportunities from problems that are solved by cultivating coordination, providing timely responses, personalizing relationships, and improving communication. The promotion element of the marketing mix increases the awareness of customers with regard to the

products, thereby leading to loyalty and higher sales. Promotion tool facilitate the dissemination of information, which impacts decision-making as it pertains to purchasing.

Kotler (2007) in his study of marketing strategies observes that promotions continue to become an important factor of marketing that is comprised of direct marketing, public relations, sales promotion, personal setting and advertising tools utilized in pursuit of marketing. According to Francis & Collins-Dodd, (2004), there is a significant relationship between the performance of businesses and the promotion element. Literature reveals that extensive distribution improves the performance of firms (Yoo et al., 2000). Private label brands are appealing because they focus on brand equity throughout their distribution processes. As such, consumers have better awareness and exposure to private label brands that are distributed in large numbers. This phenomenon accounts for consumer satisfaction in private labels, thereby improving the convenience of purchasing.

2.4. Conceptual Framework

The conceptual framework depicts the relationship between independent variables (4Ps) and the dependent variable (performance of MFIs). The independent variables are product, place/distribution, price and promotion. Product decisions are varied depending on the type of product. In this study, they will include new product development; this entails great deal of research to identify opportunities or new products. The new product must be uniquely designed to evoke superior customer response in the market. Branding as an aspect of product element involves identifying the most suitable product name /identity that will effectively communicate the intended product image or attributes and product positioning is the process of placing the desired product in the minds of customers as the product of choice. Product element is widely used by MFIs in designing their product such as Logbook loan and quick cash.

Place or distribution channels as independent variable involved evaluation and choice decisions on the locations, distribution channels and partners. Online channels of service delivery are highly favored during moments like the current global pandemic of Covid 19. Promotion element as independent variable has enormous influence of the sales performance of MFIs. For the purpose component of integrated marketing communication such as advertising, personal selling and internet marketing. A well thought out blend of promotion tools is designed by MFIs to communicate and

deliver the products to the target market. Real time application of this element is captured when MFIs process their loan products digitally and deliver within 24 hours as compared to commercial banks who deliver the same product in three weeks. Price element as independent variable is the only variable that generates revenue for the organization. MFIs use price to guard their benefits and in total disregard of their customers and maximize their return on investment. MFIs interest rates ranging between 60-72% annually CBK report (2014).

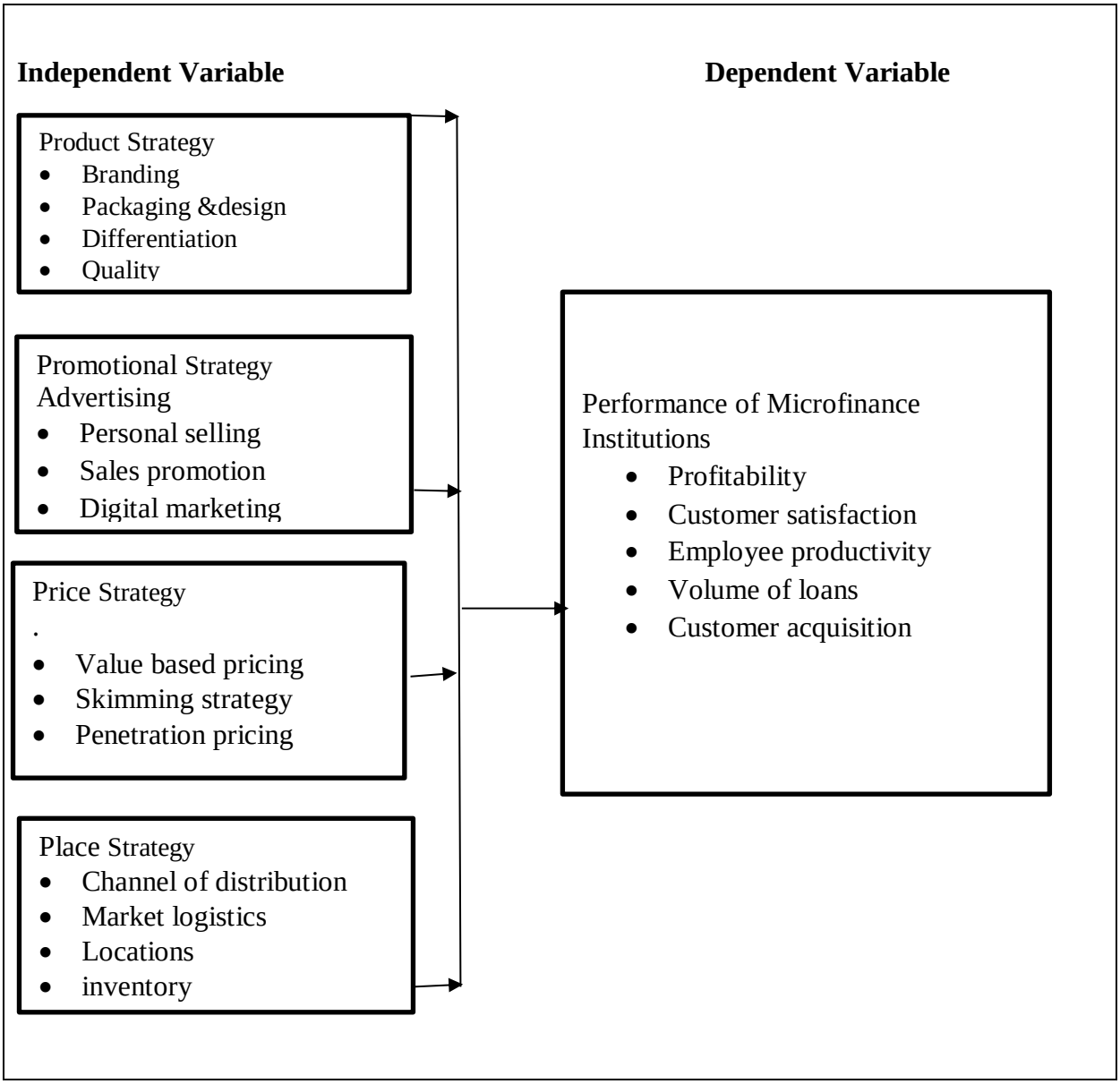


Figure 2.1: Conceptual Framework

Source: Researcher, 2021

2.5 Summary of Research Gaps

Numerous studies have been carried out to investigate the link between organizational success and marketing tactics, particularly in the financial sector with an emphasis on loan and company growth. However, only a little amount of study has been done on the relationship between performance of MFIs and marketing mix elements.

Author	Research topic	Findings	Research gaps	Contribution of the
Birhanu Buyene (2007)	Effects of marketing mix on customer brand preferences. Case study of St.Georges brewery	Findings indicated that marketing mix had significant positive effect on customer brand preference.	The researcher only focused on alcohol sector only whereas this study will look into the financial sector	The study focused on the aspects of marketing performance.
Purity Kanja Murangiri (2014)	Role of marketing mix on performance of mfi in Nairobi County.	That sales promotion, publicity and advertisement had the greatest influence on MFI performance	The study focused more the role element of the marketing mix and opposed to the influence	The study looks into all the marketing mix elements 4Ps, their influence on MFI
Njenje and Bengi (2016)	money related variables that influence the development of MFIs in Bahati Sub-county	Discoveries built up that there is a significant relationship between financial literacy and MFI development.	Njenje and Bengi Studi ed financial factors and growth in MFI whereas	This study focused on the aspects of marketing and MFI performance.
Kathomi, A	Study on interest rate regulation and MFI sustainability	The study revealed a negative relationship between interest rate and mfi sustainability	The study focused on interest and MFI sustainability.	This study was on marketing mix elements on performance of MFIs in Nairobi

Table 2.1 Research Gap Table

Sources: Research Data (2021)

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The study's scientific method to data collecting and analysis was explored in this chapter. It looked at the research design, target population, and data gathering instruments in particular. It investigated the reliability and validity of data collection instruments, as well discussed as ethical considerations.

3.2 Research Design

A study's research design is the road map a researcher takes to attain the study objectives. It explains the procedures and conditions involved in collecting, analyzing, presenting and reporting the finding McMillan (2010). This study employed descriptive research design. This design seeks answers to questions `how` and `why` (Grey, 2014). The design does not provide final answers to the research questions but explores the research topic to varying depth levels. The design entailed data collection through utilization of interviews or administration of questionnaires (Orodho, 2004). The design was suitable as the researcher collected data on events, variables, happening he had no control over. It was preferred since the researcher could report on facts and association between dependent and independent variables while providing foundation for more research in the industry.

3.3 Target Population

The study population constituted all the 49 MFIs registered by the Association of Microfinance Institutions (AMFI) operating in Nairobi. MFI are grouped into various groups; non-deposit taking and deposit taking. The category that included deposit taking MFIs is regulated by CBK Act of 2015, the non-deposit taking are overseen by the ministry of Cooperative development, and credit-restricted MFIs overseen by the ministry of Finance. Two participants were selected using judgmental sampling from the top management to be respondents for the study. A total of 98 respondents were involved in the study. This mode of selection allowed the researcher to use his discretion to pick respondents from the top management. It was presumed that employees in top management were more conversant with the operations of the institution.

3.4 Data Collection Instruments

The primary data collection instrument for the study was a questionnaire. Luck and Rubin (2008) define a questionnaire as a collection of questions that are utilized in obtaining and recording desired information accurately and completely. Data collection, according to Cooper and Schindler (2008), is the systematic and calculated gathering of data based on research variables. Questionnaires were preferred for this study due to their capacity to collect large volumes of information over a short period; Questionnaires uphold confidentiality to reduce the degree of biasness in collected data (Owens, 2002). The study utilized structured questionnaires which enabled the researcher to establish a rapport with respondents hence improve the quality and reliability of the data collected. The questionnaire comprised of two sections, the first section that captured the demographics of the respondents and the second section that explored the study objectives and research questions as they pertain to variables. However, questionnaires are complex to execute and analyze as they offer no detailed information and restrict the respondents to specific line of answers and do not allow for innovative thinking.

3.5 Data Collection Procedure

This is a systematic step undertaken by a study in collecting data from the respondents. The process commenced by the researcher seeking data collection approval from the National Commission for Science, Technology and Innovation (NACOSTI) and the institution. Data collection begun by presentation of the introduction letter to the selected MFI`s. The letter clearly stated the purpose and objective of the study, confidentiality of the information collected, privacy, and anonymity of the respondent's identity during and after the exercise. The clearance was obtained from the selected MFIs by way of response to researcher`s introduction letter. Data collection involved collection of data from two participants from top management in every MFI. The researcher conducted checks to ensure data is collected accurately and from the right respondents.

3.3 Validity

Validity is the extent to which theory and evidence support the findings of the study (Sekaran & Bougie, 2013). The legitimacy of the data collection instrument, that is the questionnaire, entails the degree to which the instrument provides the desired outcomes in terms of measurement. It is the degree to which comes about gotten from the investigation of the information really speak to

generalize the variables identified by the study. The questionnaire was subjected to both face and content validity by way of a pilot study in the neighboring County of Kajiado.

3.7 Reliability

Reliability refers to the ability of the data collection instrument to measure the desired characteristics consistently over time (Sekaran & Bougie, 2013). The measurement of reliability ascertains the stability and consistency of the data collection instrument used in the study. The study measured the extent to which the questionnaire was reliable for the determination of consistency in testing outcome measures, utilizing Cronbach's Alpha for internal consistency. The choice of Cronbach's Alpha for the measurement of internal consistency was based on the fact that it could be used for both continuous and discrete data. This procedure was be conducted through the pilot test and its outcome was be used to modify the questionnaires and ensure accurate and reliable data is collected.

3.8 Data Analysis

The resultant data was transformed to information that answered the researcher`s study objectives. This process involved validation, coding, and data entry. Validation involved checking whether the accurate sample has been collected and carefully reviewed the questionnaires in line with the instructions and procedures and verified the causes of the errors. Editing entailed checking for errors of omission and where possible correct. The study utilized descriptive and inferential statistics in analyzing the collected data. Qualitative and quantitative approaches were used in the analysis of the resultant data (Luck & Rubin, 2008). The regression model of analysis was used to examine the degree of change with which the independent variables changed the dependent variable. The Statistical Package for Social Sciences (SPSS) was used in coding and analyzing quantitative data from the questionnaire. The package offered a system of integrated computer programs that were flexible and simple to use.

3.9 Analytical Model

A multiple regression analysis model was used in measuring the impact of the 4Ps in the performance of MFIs. Irun, Rehana, and Muhamed (2012) improved the linear regression model to capture credit information sharing holding as the additional constant variable.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_3 X_{3+} \epsilon$$

Where:

Y = predicted value of the dependent variable y (Performance of MFIs)

The study elaborated its purpose as purely academic to the respondents and how the selected organization benefited from the study. The choice of participants taking part in the research was voluntary and one had the right to either accepts or decline hence, the researcher ensured full consent is obtained from respondents prior to the study and further the protection of the respondent's privacy was respected. In addition, the study sustained confidentiality by

X_1 =Product Strategy (Independent variable)

X_2 = Promotion Strategy (Independent variable)

X_2= Price e Strategy (Independent variable)

X_2 = Place Strategy (Independent variable)

ϵ =is the error term

β1, β2, β3, β4 was used to represent coefficients of the variables.

3.10. Ethical Considerations

The researcher ensured that anonymity of individual participants and organizations stood out as the primary considerations. The study ascertained that the research materials received, and data collected from respondents was kept confidential. It ensured that no information gathered was used either directly or indirectly for the interviewer's self-gain. Cohen, Manion, and Morison (2007) reiterate that interviews are considered an intrusion into the respondents' privacy with respect to time and sensitivity of the questions. The researcher maintained scientific objectivity, integrity, confidentiality and respect to research subjects' rights to privacy and dignity. Finally, the study was conducted in strict adherence to government guidelines and directives on combating Coronavirus (Covid 19).

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1. Introduction

This chapter looked at the results of the data analysis performed on the primary data gathered using the collection instrument. The study's demographic data, inferential statistics, and descriptive statistics were all presented in the analysis.

4.2 Response Rate

As examined in Chapter 3 under the target population section, the study had 98 respondents who drawn from the 49 MFIs operating within Nairobi County. The study targeted the top management since they were directly involved with the operational activities of the organization. The questionnaires were delivered to all the 98 respondents, and they were given adequate time to provide reliable information. However, only 90 respondents returned correctly filled questionnaires that were included in the analysis. Against this background, it was evident that the study's response rate was 92%, which met the required threshold to guarantee the completion of a credible research. Particularly, three of the respondents failed to submit their questionnaires completely, while five returned partially filled questionnaires. The partially filled questionnaires were eliminated during analysis to avoid the materialization of outliers that could skew the accuracy of collected information.

4.3. Reliability Analysis

Cronbach's Alpha was used in examining the reliability of the questionnaire in SPSS through the pilot study done in Kajiado County

and Table 4.1 presents the results.

Table 4.1: Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.971	.977	5

Source: Research Data (2021)

The findings presented in Table in 4.1 reveal α-value of .971, which is greater than the conventional .07. The α-value reveals that the questionnaire is consistent since if it was to be re-administered, 97.1% of the outcomes from the five scales would be the same.

4.4. Demographic Information

The demographic components of the study analyzed were gender, age, education, and working experience. The resulting outcomes were essential in determining the reliability of the selected sample for the attainment of external consistency.

4.4.1: Gender Distribution

The study examined the gender composition of the respondents, and the outcomes were presented in Table 4.2

Table 4.2: Gender Distribution

Gender	Distribution	Percentage
Male	55	61.1%
Female	35	38.9%
Total	90	100

Source: Research Data (2021)

The outcomes of Table 2 revealed that the MFI industry has relatively incorporated gender equality, even though it was not to a great extent. The balance is evidenced by 38.9% of the study's respondents being female, which was more than the one-third rule that is required for most fields. A third of the respondents were 30, but the female composition was 35, which meets the general requirement. Modern fields promoted gender balance in building their employee teams.

4.4.2 Age

The study examined the age distribution of the respondents was evaluated and the findings were presented in Figure 4.1

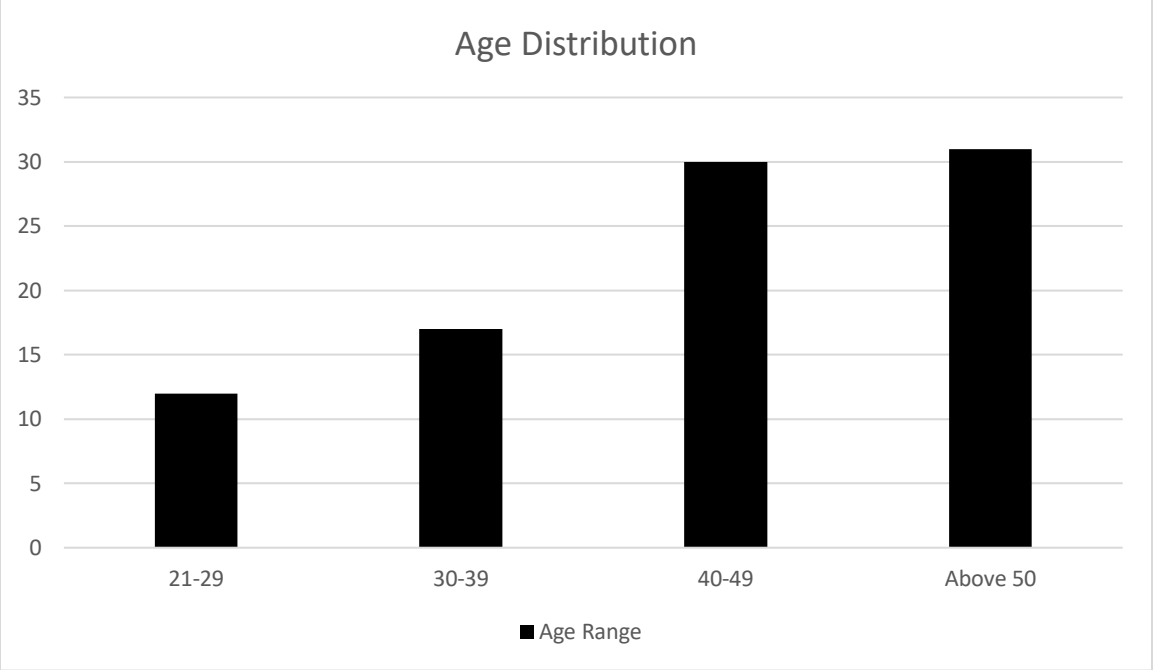


Fig 4.1: Age Distribution

Source: Research Data (2021)

The results in Figure 4.1 revealed that more than half of the top management in MFIs was above the age of 40 years. This singularity could be associated with the need for experience that was a requirement for employability in modern fields, including business. Older professionals presented greater valuable experience that is not common with their younger counterparts. These professionals collaborated with the "younger" ones to gain the required experience.

4.4.3 Educational Attainments

The study examined the level of education possessed by all the respondents and the outcomes were presented in Figure 4.2.

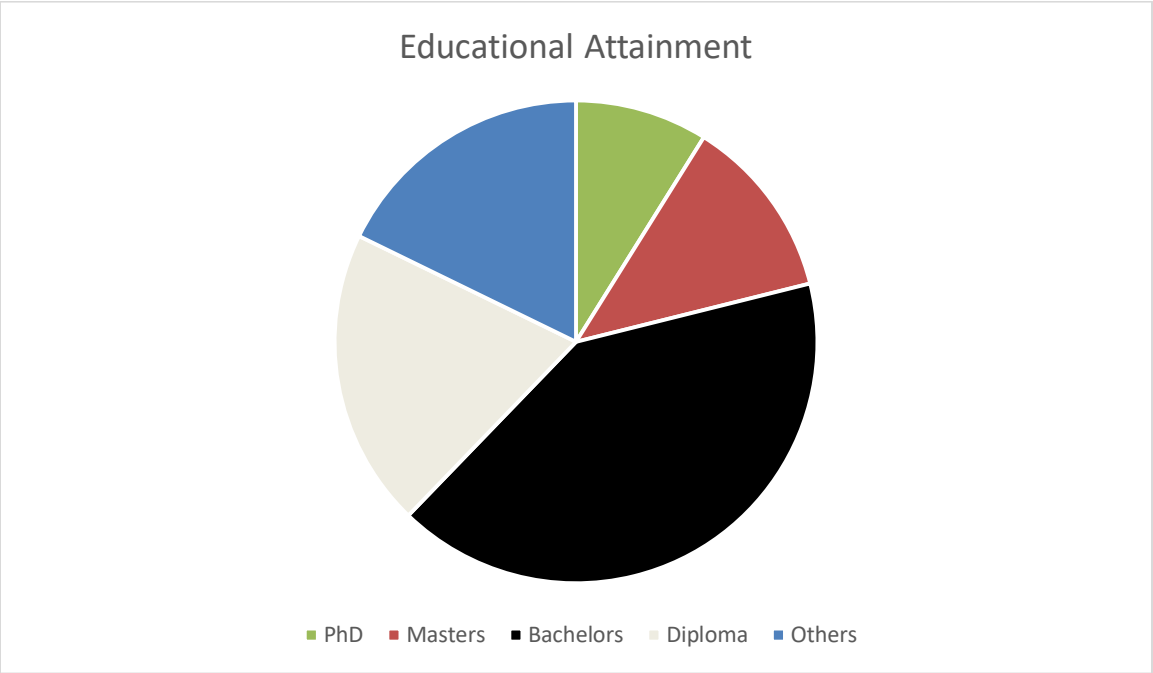


Figure 4.2 Educational attainment

Based on the outcomes presented in Figure 4.2, it is evident that most of the top-level management in MFIs was holders of bachelors' degrees, i.e., 41%. Also, a significant number of respondents have completed their doctorates, which accounts for the inclusion in the top-level management teams. It is worth noting that some of the respondents (18%) registered their educational attainment as "others." The hands-on experience provided by certification courses has increased their popularity with professionals from different fields. For finance professionals working in MFIs, common certification courses include Chartered Investment Counselor (CIC), Chartered Alternative Investment Analyst (CAIA), and Certified Management Accountant (CMA). The educational composition of the respondents validated the accuracy and reliability of the data collected.

4.4.4 Working Experience

The study required its respondents to record their working experiences and the results were analyzed in Figure 4.3.

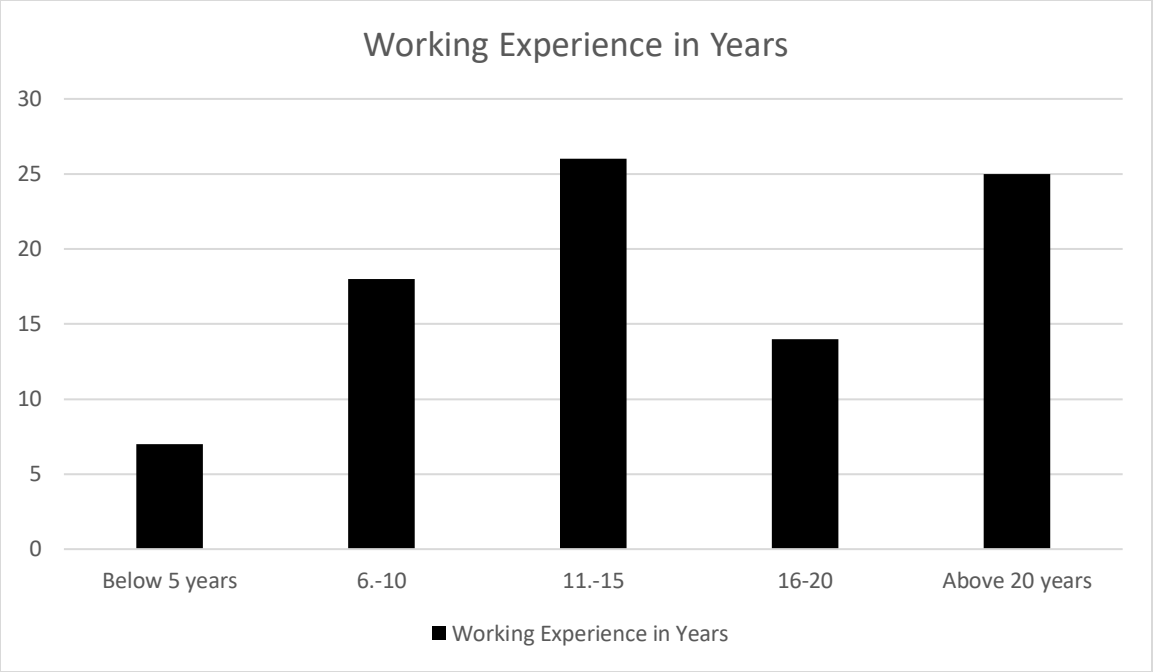


Figure 4.3: Working Experience

Source: Research Data (2021)

The results in Figure 4.3 reveal that most of the respondents have more than 10 years working experience with the registered MFIs. Particularly, the highest number has 11-15 years, with a significant number of respondents presenting more than 20 years. The working experience is particularly useful for the top-level management since they are responsible for leading operations and multidisciplinary teams. The experience distribution complements educational attainment in validating the reliability of the study outcomes

4.5 Performance of MFIs

The respondents were required to present their opinion of the current performance of the respective MFIs. The outcomes were presented in Table 4.3

Table 4.3: Performance of MFIs

	Mean	SD
The firm realises positive growth in Sales Revenue	4.11	1.1009
We always focus on reducing the Cost of Goods or Services	3.73	1.2003
Our firm has been able to record Gross Profit over the last five financial years	3.89	1.1215
Our firm always record Net Profit in its operations	3.89	1.1180
The firm focuses on achieving a more than 5% Return on Equity	2.62	0.9711
Over the last five years, we have growth our Assets significantly	3.18	0.9485
Over the last five years, our Liabilities have significantly reduced	2.91	1.0301
Our organization has grown in employee retention	2.18	0.9948

Source: Research Data (2021)

The findings presented in Table 4.3 are an indication of widespread opinions regarding the current performance of MFIs in Nairobi. This result is based on the high variation of both the means and standard deviations. Notably, most of the respondents agreed that their firms often recorded an increase in sales, which in turn boosts their revenue (Mean= 4.11, SD = 1.1009). The high standard deviation is an indication of differentiated opinions irrespective of the fact that the respondents agreed. Most of the respondents noted that they are constantly innovative in reducing the cost of their goods and services (Mean = 3.73, SD= 1.2003). The mean, 3.73, is an indication that there were a significant number of respondents who were neutral with regard to pricing their goods or services. A larger percentage of the respondents noted that they have recorded gross profit over the past five financial years (Mean= 3.89, SD= 1.1215). Subsequently, a large number of the top-level management noted that they also registered net profit over the same duration of time (Mean = 3.89, SD= 1.1180). The responses on the recording on profit with MFIs were moderately distributed as evidenced by the respective means and standard deviations. A limited number of respondents agreed that their respective firms achieved more than 5% of their returns on equity (Mean = 2.62, SD = 0.9711). The low mean is an indication of high variation in the responses. Similarly, only a few

respondents recorded a significant increase in their assets (Mean= 3.18, SD= 0.9485). A moderate number of the respondents indicated that their liabilities reduced significantly over the past five years (Mean= 2.91, SD= 1.0301). This distribution of asset and liability responses could be associated with the increased scarcity of resources required to facilitate effective execution for firm operations. Only a few respondents recorded significant growth in employee retention (Mean = 2.18, SD= 0.9948). This phenomenon could be attributed to increase in the number of MFIs, as well as independent entities that provide similar products.

4.6 Product Strategy and the Performance of MFIs

The respondents were required to record their opinions on the influence of the product element on the performance of MFIs. The outcomes were presented in Table 4.4

Table 4.4: Product Strategy and the Performance of MFIs

	Mean	SD
Would you say your customers were satisfied by the product design	4.71	0.7461
Would you agree that your customers were satisfied by the product packaging or combinations?	4.81	0.6105
Would you say were your customers were satisfied by the product uniqueness/ differentiation	4.71	0.7654
Would you consider introducing more products in the current market	4.74	0.8101
Do you feel your competitors are offering better alternatives to the market	4.56	1.0672

Source: Research Data (2021)

The distribution of means and standard deviations in Table 4.4 is an indication of minimal variation in the responses from the top-level management respondents. Most of the respondents indicated that their customers were satisfied by the designs of their products (Mean= 4.71, SD = 0.7461). Also, the MFI clients were satisfied with the product combinations, which are significantly influenced by the packaging (Mean= 4.81, SD= 0.6105). A significant number of the respondents noted that their clients were happy with their product differentiation approaches (Mean = 4.71, SD= 0.7654). Product differentiation is essential in an industry that does not have a wide range of products to pick from, even though competition requires differentiation.

A significant number of the responded indicates that they were willing to consider the addition of products into the existing market (Mean = 4.74, SD= 0.8101). The need to continuously add innovative products into the finance market is guided by constant changes in the clients' financial needs. Most of the respondents noted that their competitors were offering better alternative to the same market (Mean = 4.56 SD=1.0672). This response validates the willingness of most of the MFIs to increase their product offerings in the financial market.

4.7 Promotion Strategy and the Performance of MFIs

The study required its respondents to express their opinions on the impact of promotion and the performance of MFIs. The results were analyzed in Table 4.5.

Table 4.5: Promotion Strategy and the Performance of MFIs

	Mean	SD
Would you confidently say your customers satisfied with your Advertisement	4.51	1.0667
Can you say your customers satisfied with the performance of your sales personnel	4.69	0.8738
With the current revenue, would you advice your firm to increase promotion advertisement budget	4.77	0.6650
Would you consider social media as a viable promotion tool to help reach out to large customer base	4.81	0.6999

Source: Research Data (2021)

The outcomes presented in Table 4.5 present a clustering of responses by most of the study's respondents concerning the impact of promotion on the performance of MFIs. Noteworthy, most of the respondents were confident that their customers were satisfied with their approaches to advertising (Mean = 4.51, SD= 1.0667). This response is attributed to the numerous advertising channels, especially social media that have been availed with the technological advancement of internet growth and access to mobile devices. The respondents also noted that their clients were satisfied with the efforts made by their sales teams in promoting their products (Mean = 4.69, SD= 0.8738). However, most of the respondents also considered advising their firms on increased investment of their promotion budgets (Mean = 4.77, SD= 0.6650). The consideration to increase

product offerings to the market complements the need for increased spending on advertising, especially for increased awareness on new products. Majority of the respondents considered social media as a viable marketing tool in reaching wider customer bases (Mean= 4.81, SD= 0.6999). This response could be associated with the fact that most social platforms offer practically free advertising, with the only cost being hiring the required manager and product influencers.

4.8 Price Strategy and the Performance of MFIs

The respondents were required to present their opinions on the impact of price on the performance of MFIs in Nairobi. Table 4.6 analyzes the outcomes of the responses.

Table 4.6: Price Strategy and the Performance of MFIs

	Mean	SD
Were your customers satisfied with your prices	4.72	0.7999
Were your customers satisfied with your other charges	4.75	0.7359
Were your customers satisfied with your interest rates	4.75	0.7053
Do your competitors take away customers from your firm due to charging lower rates	4.62	0.9493
Under the current economic situation occasioned by the global Covid 19 pandemic, would you consider price reduction for your customers	4.69	0.8625

Source: Research Data (2021)

The data presented in table4.6 indicates little to no variation in the responses collected by the study as it pertains to the impact of price on the performance of MFIs. A large number of the respondents indicated that their clients were content with the pricing of their products (Mean= 4.72, SD= 0.7999). Subsequently, majority of the respondents also indicated that their clients were happy with their charges (Mean= 4.75, SD= 0.7359) and interest rates (Mean= 4.75, SD= 0.7053). Competition from larger financial institutions, such as commercial banks, warrant the need to minimize charges and interest rates by MFIs so as to attract more clients who are willing to buy their products at "cheaper" prices. Most of the respondents noted that lower interest rates significantly contributed to the loss of clients to competitors (Mean= 4.62, SD= 0.9493). Continuously revising interest rates based on external factors, especially economic implications, complements the efforts of introducing new products to the market in attempts to promote customer retention. Finally, a significant number of the respondents considered price reduction, especially for their existing clients, amidst the global

Corona virus pandemic (Mean= 4.69, SD = 0.8625). This singularity focuses on matching financial products to the harsh economic times to increase access by a wider client base.

4.9 Place Strategy and the Performance of MFIs in Nairobi

The respondents were queried on the impact of place on the performance of MFIs in Nairobi. The resultant responses were presented in Table 4.7

Table 4.7: Place Strategy and the performance of MFIs in Nairobi

	Mean	SD
What would you say was the level of satisfaction of your customers on the distribution channels?	4.63	0.9592
Would you say your customers satisfied with your location?	4.81	0.5922
Would you say your customer were your customers satisfied with customer turnover in your firm	4.80	0.6669
In your own assessment did you reach your customer target	4.88	0.5103

Source: Research Data (2021)

The data in Table 4.7 indicates a technical consensus on the responses associated with the impact of place on the performance of MFIs in Nairobi. Most of the respondents indicates that their clients were satisfied with their distribution channels (Mean = 4.63, SD = 0.9592). The standard deviation presents a moderate variation on the responses. Most of the top-level management responses also indicated that their clients were happy with their locations (Mean = 4.81, SD= 0.5922). The respondents also indicated that their clients were satisfied with the client turnover in their respective firms (Mean = 4.80, SD= 0.6669). This singularity is an indication of quality service, which increases customer interactions with the MFIs. Based on the assessments of the respective respondents, most of them did reach their target customers either using their products, promotional strategies, or locations (Mean= 4.88, SD= 0.5103).

4.10 Correlation Analysis

The study utilized Pearson Correlation in examining the nature of the relationship the variables that facilitated completion of the research. The r values assumed a conventional range of -1 to 1, with 0 being an indication of lacking a relationship between the variables. The positive r values, that is, 0-1, were indicators of a direct or positive relationship where a rise in one variable was matched by an increase in the other. The negative r values, that is, -1-0, represented an inverse relationship where

an increase in one variable was associated with a decrease in the other. The exact nature of the relationship in terms of the strength was recorded by proximity of the r values to the extreme ends of the scale, that is -1 and 1. Subsequently, the P-values were used as indicators of attaining identical outcomes with the r value being a constant 0. The ordinary P-value is 0.05, with any less value being evidence of statistical significance between the variables. The assumption of the Pearson correlation was that the data did not present any outliers, a phenomenon that was accounted for in eliminating the questionnaires that were partially filled. The correlation also assumed that the data values were monotonic. The outcomes of the correlation analysis were presented in Table 4.8 below.

Table 4.8: Correlation Analysis

		MFI Performance	Product	Promotion	Price	Place
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	90				
Product	Pearson Correlation	.608**	1			
	Sig. (2-tailed)	.001				
	N	90	90			
Promotion	Pearson Correlation	.741**	.998**	1		
	Sig. (2-tailed)	.000	.000			
	N	90	90	90		
Price	Pearson Correlation	.595**	588**	.566**	1	
	Sig. (2-tailed)	.002	.000	.000		
	N	90	90	90	90	
Place	Pearson Correlation	.735**	.998**	.999**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	90	90	90	90	

**. Correlation is statistically significant at the 0.01 level (2-tailed)

Source: Research Data (2021)

The results in Table 4.8 revealed a moderate positive relationship between product and the performance of MFIs (r = .608, P=.001). The P-value of .001 is less than the conventional .05,

which implies that the relationship between product and the performance of MFIs in statistically significant. This relationship is an indication that the product element of the marketing mix could solely influence MFI performance.

Correlation analysis revealed a strong positive relationship between promotion and the performance of MFIs (r= .741, P= .000). The P-value of .000 is less that the ordinary .05, and indication that the relationship between promotion and MFI performance is statistically significant. As such, it is evident that promotion as a standalone variable can influence the performance of MFIs.

Pearson correlation revealed a moderate positive relationship between price and the performance of MFIs (r = .595, P= .002). The P-value is less than the conventional .05, an indication that the relationship between price and MFI performance is statistically significant. Price as a variable could significantly impact the performance of MFIs.

Finally, the correlation analysis revealed a strong positive relationship between MFI performance and the place component of the marketing mix (r = .735, P= .000). The P-value of .000 is an indication that the relationship between place and MFI performance is statistically significant.

4.11 Regression Analysis

Linear regression was conducted in depicting the extent to which the variables the independent variables, that is, product, promotion, price, and place, impacted the dependent variable, that is, MFI performance. The underlying assumptions that influenced utilization of the model include normality, observation independence, and the relationship between X and Y presented a linear relationship. The functionalities presented by the assumptions allowed the model to predict the nature of one variable if all the rest were known. The logistic regression model was also examined but it was not appropriate for the study because its variables are highly correlating. The conventional linear regression model was used: $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_3 X_{3+} \epsilon$

4.11.1 Model Summary

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795[a]	.633	.535	.5292037

a. Predictors (Constant) Place, Price, Promotion, Product

Source: Research Data (2021)

The R-value of the model, that is, .795, validated the existence of a strong positive relationship between the variables of the study. The value of R Square, .633, was an indication that variable used in the study, that is, product, promotion, price, and place, accounted for 63.3% of the factors affecting the performance of MFIs in Nairobi.

4.11.2 ANOVA

Table 4.10: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.230	4	1.808	6.454	.003[b]
	Residual	4.201	15	.280		
	Total	11.431	19			

a. Dependent Variable: MFI Performance

b. Predictors: (Constant), Place, Price, Promotion, Product

Source: Research Data (2021)

Analysis of variance is typically used for studies that involve the formulation and testing of hypotheses. The studies compare the values of F tabulated and F calculated in determining the rejection or acceptance of hypotheses that guided the completion of research. The current study found significance in including the table, irrespective of the fact that the formulation and calculation of hypotheses was not completed. Particularly, the P-value presented in the table, 003, is less than the conventional .05. This singularity validates the reliability of the regression model.

4.11.3 Regression Model

Table 4.11: Coefficients[a]

Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

1 (Constant)	.371	.149		2.493	.025
Product Strategy	.682	.2640	1.517	.258	.800
Promotion Strategy	1.493	2.097	3.322	.712	.487
Price Strategy	.948	1.098	1.078	.452	.358
Place Strategy	-2.647	1.866	-6.171	-1.419	.176

a. Dependent Variable: MFI Performance

Source: Research Data (2021)

The coefficients presented in Table 4.11ascertained that the chosen linear regression model MFI performance based on a unit change in the product, promotion, price, and place variables.

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_3 X_{3+} \epsilon$

Where:

Y = Performance of MFIs (predicted value of the dependent variable y)

X_1 =Product Strategy (Independent variable)

X_2 = Promotion Strategy (Independent variable)

X_2= Price Strategy (Independent variable)

X_2 = Place Strategy (Independent variable)

ϵ =is the error term

β1, β2, β3, β4 will be used to represent coefficients of the variables.

The final linear regression model is:

$Y = .371 + .682X_1 + 1.493X_2 + .948X_3 – 2.647X_{3+}.149$

The current MFI performance is.371 when all research variables are held constant. This singularity indicates that while all other factors are held constant, MFI performed at 37.1 percent as a standalone component. Hence the remaining independent variables would constitute to 63% effect on MFI performance Increasing products by a single unit impacts the performance of MFIs by a factor of .682. Raising the current promotional standards by a unit affects MFI performance by a factor of 1.493. Increasing the unit price will impact the performance of MFIs by a factor of .348. However, increasing the place component of marketing mix by a unit had insignificant impacted MFI performance by a factor of .176. Essentially, MFIs should stick to their current locations and distribution channels for the convenience of the customers. Respondents indicated that customers were satisfied by the location and mode of disbursement of their products as currently structured.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5. Introduction

This chapter covered the study summary, conclusions, recommendations, and suggestion for further studies based on the outcome of the data analysis.

5.1 Summary

The study interrogated the influence of marketing mix Strategies on performance of Microfinance Institutions in Nairobi County. It was revealed that mature MFI`s had improved performance. These performance indicators included profitability, operational efficiency and self-sustainability. The study did confirm that over 90% of the MFI`s involved in the study met their operational cost without loans, grants or external subsidies. However, they were not able to neither retain employees (SD. 0.9948), nor acquire more assets (SD. 0.9485) and it was established that their liabilities increased (SD. 1.0301).

The study uncovered that promotion element of the marketing mix influenced performance significantly. Most of the respondents attributing advertising as the highest ranked attribute of promotion (Mean = 4.51, SD= 1.0667) followed by the sales teams at (Mean = 4.69, SD= 0.8738). Most respondents considered advising their institution to increase their budgets on promotion activities such as advertising and social media promotions (Mean = 4.77, SD= 0.6650) and (Mean= 4.81, SD= 0.6999) respectively. These finding agree the study by Francis & Collins-Dodd, (2004), that there is a significant relationship between the performance of businesses and the promotion element. The findings are corroborated by Mylonakis (2009) who examined the satisfaction of banking customers on loyalty, and it was discovered that advertising was essential. Surveyed bank customers on bank satisfaction factors and loyalty and the findings show that advertising) is generally accepted by people.

The study established a significant relationship between price and MFI performance.

A large number of the respondents indicated that their clients were content with the pricing of their products (Mean= 3.72, SD= 0.3999). Majority of the respondents indicated that their clients were happy with their charges (Mean= 3.75, SD= 0.4359) and interest rates (Mean= 4.75, SD= 0.7053). Most of the respondents noted that lower interest rates insignificantly contributed to the loss of

clients to competitors (Mean= 4.62, SD= 0.5493). Finally, a significant number of the respondents considered price reduction, especially for their existing clients, amidst the global Corona virus pandemic worth adopting (Mean= 3.69, SD = 0.5625). This singularity focuses on matching financial products to the harsh economic times to increase access by a wider client base. Though advertising was the most important factor in MFI's success other elements too affected performance.

The study showed that there was a technical consensus on the replies related to the impact of location on MFI performance in Nairobi. The majority of respondents said their customers were happy with their distribution methods (Mean = 4.63, SD = 0.9592). The standard deviation shows that the responses vary moderately. The majority of top-level management respondents said that their clientele were satisfied with their sites (Mean = 4.81, SD = 0.5922). The respondents also stated that their clients were satisfied with their firms' client turnover (Mean = 4.80, SD= 0.6669). This one-of-a-kindness is a sign of high-quality service, which boosts customer satisfaction.

The distribution of means and standard deviations in Table 4.4 shows that the responses from top-level management respondents are quite consistent. The majority of respondents stated that their clients were satisfied with their product designs (Mean= 4.71, SD = 0.7461). In addition, MFI clients were pleased with product combinations that were influenced significantly by packaging (Mean= 4.81, SD= 0.6105). The majority of respondents said their clients were pleased with their product differentiation strategies (Mean = 4.71, SD= 0.7654). In an industry with a limited number of items to choose from, product differentiation is critical.

5.2 Conclusion

This study sought to establish the relationship between marketing mix elements namely price, place, product and promotion on performance of Microfinance Institutions in Nairobi. Earlier studies had to a great extent demonstrated a positive relation. This study revealed that customers are least concern about the pricing component and the hidden costs of MFI products. They instead preferred this highly price over the cheaper products from the main banks. Subsequently price had the least influence on performance of MFI. However in the long run if price are not moderated then they will negatively impact on the performance of players in the financial sector. Promotion element had the most outstanding impact on performance of Microfinance institutions with the main player being the digital and social media forums. This therefore calls for greater concern by the main banks that

thrived on low pricing of their products as a selling point. More innovations in digital marketing strategies should dictate how institutions in the financial manage the emerging customer trends in the marketing arena. Modification of product by differentiation making the MFI products unique has a positive impact on performance. Customers prefer new products on the market as compared to the old rigid products from mainstream banks. Customers give least attention to where the MFI are located and would not mind location. However, there was more attention the mode of delivery. Most MFI products were delivered within hours from the time of application. This is corroborated by studies by (Owomoyela et al, 2013; Theodosiou & Leonidou, 2003), which revealed that there is significant relationship between marketing mix and performance of MFI`s.

5.3 Recommendations

MFIs should build well-structured marketing mix plans that answer to client needs, according to the report. Because the variable has been found to have a significant impact on their performance, these methods should include enhancing their budgeting activities promotion efficacy. They should enhance advertising budgets in particular to ramp up underlying activity such as banners, pop-ups, and interstitials on sites frequented by those looking for buying guides. Make use of social media as a key component of getting their items to the right people. They should experiment with different price methods in order to boost the number of items and services they sell. MFIs should diversify their product offerings to increase their uniqueness, which will increase their appeal to clients. Continuously changing interest rates in response to external events, particularly economic repercussions, they should complement efforts to retain customers by providing new items to the market.

If MFIs want to grow, product diversification should be a primary priority. MFIs should have a better awareness of modern customer behavior, as well as developing market trends including the impact of technology on business. If they want to succeed, they must consider the implications of Covid 19 on business. Mainstream banks should move quickly to modify their products to match client needs, rather than continuing with their current marketing strategies, which subject customers to internal procedures and delays in loan processing throughout the service delivery process.

5.5 Suggestions for Further Studies

The study variables, namely promotion and price, account for 63.3 percent of the factors impacting MFI performance in Nairobi, according to the model summary. This finding supports the necessity for more research into the study's subject to determine who made up the other 36.3 percent. Future research should look into the impact of technology and technical developments on performance of the financial sector. More Studies should be done on the government regulation in Kenya and its implication on MFI performance. More research should look into the impact competition amongst established financial institutions like commercial banks on the performance of MFIs. Studies should be carried out on the effects of the Covid- 19 epidemic on the microfinance industry.

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APPENDIX I: INTRODUCTION LETTER

ST. PAUL'S UNIVERSITY
P.O. BOX 00217 LIMURU
MBADIST/2769/19
30/4/2021

Dear sir/ Madam
RE: INTRODUCTION LETTER

I am Maurice Murunga Osundwa from St. Paul`s University an MBA student seeking permission to carry out research on the influence of marketing mix Strategy on performance of MFIs in Nairobi County. Your organization has been selected for this research. In this regard I seek your consent to allow me to contact this research in your organization. Please note that the information provided shall be kept confidential and only used in this research. The two participants selected for the study shall be interviewed in private and the data collected treated with utmost confidentiality as stated inter alia. The identity of the participants shall be kept anonymous.

We are well aware of the effects of Covid- 19 pandemic and its effects. In compliance with government directives on the subject, we undertake to observe social distancing, wearing of face masks, frequent washing of hands and sanitizing.

It my humble request that you consider my request and be party of this important exercise.

Yours faithfully
Maurice Murunga Osundwa
(Researcher)

Date------/------/2021

APPENDIX II: QUESTIONNAIRE

INFLUENCE OF MARKETING MIX STRATEGIES ON PERFORMANCE OF MICROFINANCE INSTITUTIONS

Date _____

INTRODUCTION LETTER

I am a Master of Business Administration student at St. Paul's University, and I am conducting a study as a pre-requisite for the aforementioned academic honors. The primary objective is to examine **Influence of Marketing Mix Strategies on Performance of Microfinance Institutions in Nairobi County, Kenya.** Your responses will be confidential and will also be used for academic purposes only. I hereby request your permission to include you as part of study's respondents.

Yours faithfully,
Maurice Murunga Osundwa
MBADIST/2769/19

Please read all the questions/statements and tick ☑ the appropriate box as it corresponds to your opinion.

SECTION A: Demographic information

1. Gender

   Male [ ] Female [ ]

2. Age bracket

   21-29 [ ] 30-39 [ ] 40-49 [ ] Above 50 [ ]

3. Highest level of academic qualification

   PhD [ ] Masters [ ]

   Bachelors [ ] Diploma [ ]

   Others [ ]

4. Number of years you have worked in the institution

   Below 5 yrs. [ ]

   6-10 yrs. [ ]

   11-15 yrs. [ ]

   16-20 yrs. [ ]

   Above 21 yrs. [ ]

SECTION B:

a) PERFORMANCE OF MFIS

The following statements are about performance of MFI. For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
The firm realises positive growth in Sales Revenue					
We always focus on reducing the Cost of Goods or Services					
Our firm has been able to record Gross Profit over the last five financial years					
Our firm always record Net Profit in its operations					
The firm focuses on achieving a more than 5% Return on Equity					
Over the last five years, we have growth our Assets significantly					
Over the last five years, our Liabilities have significantly reduced					
Our organization has grown in employee retention					

b) PRODUCT STRATEGY OF THE MARKETING MIX

For each of the following statements, indicate your opinion by marking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Would you say your customers were satisfied by the product design					
Would you agree that your customers were satisfied by the product packaging or combinations?					
Would you say were your customers were satisfied by the product uniqueness/ differentiation					
Would you consider introducing more products in the current market					
Do you feel your competitors are offering better alternatives to the market					

c) INFLUENCE PROMOTION STRATEGY OF THE MARKETING MIX OF MICROFINANCE INSTITUTIONS IN NAIROBI COUNTY.

For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Would you confidently say your customers satisfied with your Advertisement					
Can you say your customers satisfied with the performance of your sales personnel					
With the current revenue would you advice your firm to increase promotion / advertisement budget					
Would you consider social media as a viable promotion tool to help reach out to large customer base					

d) PRICE STRATEGY OF THE MARKETING MIX

For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Were your customers satisfied with your prices					
Were ere your customers satisfied with your other charges					
Were ere your customers satisfied with your interest rates					
Do your competitors take away customers from your firm due to charging lower rates					
Under the current economic situation occasioned by the global Covid 19 pandemic , would you consider price reduction for your customers					

e) PLACE STRATEGY OF THE MARKETING MIX OF MFI`S IN NAIROBI COUNTY

For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
What would you say was the level of satisfaction of your customers on the distribution channels?					
Would you say your customers satisfied with your sales teams/ personnel					
Would you say your customer were your customers satisfied with customer turnover in your firm					
In your own assessment did you reach your customer target					

APPENDIX III: LIST OF MICROFINANCE INSTITUTIONS IN KENYA

1. AAR Credit Services
2. Aga Khan Foundation
3. Assistance Programme (RETAP)
4. Biashara Factors Finance
5. Blue Limited services
6. Canyon Rural Credit Ltd
7. Century DTM Ltd
8. Credit Limited
9. Empowerment Foundation
10. Faulu Kenya Limited
11. Focus Capital Limited
12. Fountain Credit Services Ltd
13. Fusion Capital Ltd ACK
14. Greenland Fedha Ltd
15. Indo Africa Finance
16. Jitegemee Credit Scheme
17. Jitegemee Trust K-Rep Centre
18. Juhudi Kilimo Co. Ltd
19. KEEF-Kenya Entrepreneurship
20. Kenya Women Finance Trust
21. Kikinga House, Kiambu Town
22. K-Rep Development Agency Ltd
23. Micro Africa Ltd
24. Microensure Advisory Services
25. Milango Financial Services
26. 26.Mini Savings & Loans Ltd
27. Molyn Credit Ltd
28. Musoni Kenya Ltd
27. 29. Nairobi Yehu Microfinance Trust
28. 30. Nationwide Credit Kenya Ltd
29. 31. Ngao Credit Ltd
30. 32. One Africa Capital Ltd
31. 33. Opportunity Kenya
32. 34. Pamoja Women Development Programme
33. 35. Platinum Credit Limited
34. 36. Rafiki Deposit taking Microfinance Ltd
35. 37. Remu DTM Ltd
36. 38. Renewable Energy Technology
37. 39. Rupia Microfinance Ltd
38. 40. Samchi Credit Limited
39. 41. Select Management Services Ltd
40. 42. SMEP DTM
41. 43. Springboard Capital
42. 44. Sumac Credit DTM Ltd
43. 45. Taifa Options Microfinance Finance House
44. 46. U&I Microfinance Ltd 1st Floor
45. 47. Uwezo DTM Ltd
46. 48. Women Enterprise Solutions Development House
47. 49. Youth Initiatives – Kenya

Source (AMFI report 2020)

APPENDIX IV: BUDGET

No.	Item Description	No. of units	Unit cost in Ksh.	Total cost in Ksh.
1.	Notes books	6	200	1200
2.	Pens	10	30	300
3.	Rulers	10	20	200
4.	Spring files	4	120	480
5.	Stapler	2	600	1200
6.	Staple pins	1	100	100
7.	Research Assistants	6	2,000	60000
8.	Data entry, data cleaning	3	1,500	4500
9.	Typing, printing & photocopy		18,000	18000
10.	Miscellaneous		20,000	3376
	Total			89356

APPENDIX V: TIME SCHEDULE

Activity	**Feb**	**March**	**April**	**May**	**June**
Concept note development					
Proposal writing, preparing questionnaires and presentation					
Data collection and analysis					
Writing of the draft and final thesis					
Presentation of findings					

APPENDIX VI: DESCRIPTIVE STATISTICS

SECTION B: PERFORMANCE OF MFIS

The following statements are about performance of MFI. For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
The firm realises positive growth in Sales Revenue	6.7%	2.2%	8.9%	37.8%	44.4%	4.11	1.1009
We always focus on reducing the Cost of Goods or Services	8.9%	6.7%	15.6%	40%	28.8%	3.73	1.2003
Our firm has been able to record Gross Profit over the last five financial years	5.6%	6.7%	15.6%	37.8%	34.3%	3.89	1.1215
Our firm always record Net Profit in its operations	4.4%	2.2%	35.6%	15.6%	42.2%	3.89	1.1180
The firm focuses on achieving a more than 5% Return on Equity	13.3%	28.9%	44.5%	8.9%	4.4%	2.62	0.9711
Over the last five years, we have growth our Assets significantly	2.2%	17.8%	53.4%	13.3%	13.3%	3.18	0.9485
Over the last five years, our Liabilities have significantly reduced	6.7%	31.1%	33.3%	22.2%	6.7%	2.91	1.0301
Our organization has grown in employee retention	28.9%	35.6%	26.6%	6.7%	2.2%	2.18	0.9948

SECTION C: PRODUCT STRATEGY OF THE MARKETING MIX

For each of the following statements, indicate your opinion by marking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
Would you say your customers were satisfied by the product design	1.1%	2.2%	4.4%	8.9%	83.4%	4.71	0.7461
Would you agree that your customers were satisfied by the product packaging or combinations?	0.0%	3.3%	1.1%	6.7%%	88.9%	4.81	0.6105
Would you say were your customers were satisfied by the product uniqueness/ differentiation	0.0%	5.6%	2.2%	7.8%	84.4%	4.71	0.7654
Would you consider introducing more products in the current market	2.2%	2.2%	3.3%	4.4%	87.9%	4.74	0.8101
Do you feel your competitors are offering better alternatives to the market	5.6%	2.2%	4.4%	6.7%	81.1%	4.56	1.0672

SECTION D:

PROMOTION STRATEGY OF THE MARKETING MIX OF MICROFINANCE INSTITUTIONS.

For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
Would you confidently say your customers satisfied with your Advertisement	3.3%	5.6%	7.8%	3.3%	80%	4.51	1.0667
Can you say your customers satisfied with the performance of your sales personnel	3.3%	2.2%	1.1%	8.9%	84.5%	4.69	0.8738
With the current revenue, would you advice your firm to increase promotion advertisement budget	0.0%	3.3%	3.3%	6.7%	86.7%	4.77	0.6650
Would you consider social media as a viable promotion tool to help reach out to large customer base	0.0%	5.6%	0.0%	2.2%	92.2%	4.81	0.6999

SECTION E:

PRICE STRATEGY OF THE MARKETING MIX

For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
Were your customers satisfied with your prices	3.3%	20.0%	2.2%	10%	64.5%	4.72	0.4999
Were your customers satisfied with your other charges	1.1%	2.2%	4.4%	5.6%	86.7%	4.75	0.4359
Were your customers satisfied with your interest rates	0.0%	4.4%	12.2%	7.8%	75.6%	4.75	0.4053
Do your competitors take away customers from your firm due to charging lower rates	2.2%	73.5%	13.3%	5.6%	5.6%	4.62	0.9493
Under the current economic situation occasioned by the global Covid 19 pandemic, would you consider price reduction for your customers	**1.1%**	**4.4%**	**16.7%**	**10.0%**	**67.8%**	**4.69**	**0.5625**

SECTION F:

PLACE STRATEGY OF THE MARKETING MIX OF MFI`S IN NAIROBI COUNTY.

For each of the following statements, indicate your opinion by ticking appropriately.

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)	Mean	SD
What would you say was the level of satisfaction of your customers on the distribution channels?	2.2%	5.6%	4.4%	2.2%	85.6%	4.63	0.9592
Would you say your customers satisfied with your locations	0.0%	3.3%	0.0%	8.9%	87.8%	4.81	0.5922
Would you say your customer were your customers satisfied with customer turnover in your firm	0.0%	3.3%	4.4%	1.1%	91.2%	4.80	0.6669
In your own assessment did you reach your customer target	0.0%	2.2%	1.1%	3.3%	93.4%	4.88	0.5103

APPENDIX VII: RECOMMENDATION LETTER

ST. PAUL'S UNIVERSITY

Private Bag 00217 LIMURU, KENYA
Email: office@spu.ac.ke
Website: www.spu.ac.ke

Tel Office: +254 (0) 20 - 2020505/10
Mobile: +254 (0) 728 - 669000
(0) 736 - 424440

21st April 2021

National Commission for Science and Technology,
P.O. BOX 30623-00100,
Nairobi.

Dear Sir/Madam,

RE: RECOMMENDATION FOR MAURICE MURUNGA OSUNDWA- MBADIST267919 TO CONDUCT RESEARCH

This letter confirms the above named person is a student of the Master of Business Administration program at St. Paul's University.

The second year consists of a major research work leading to a dissertation. The student's selected topic is *'Influence of marketing mix elements on performance of microfinance institutions in Nairobi County'.*

Kindly grant this student the required permit.

Yours Faithfully,

Dr. Julius Kahuthia
Director, Board of Postgraduate Studies

APPENDIX VIII: NACOSTI PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **808429**

Date of Issue: **29/April/2021**

RESEARCH LICENSE



This is to Certify that Mr.. MAURICE MURUNGA OSUNDWA of St. Paul's University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF MARKETING MIX ELEMENTS ON PERFORMANCE OF MICROFINANCE INSTITUTIONS IN NAIROBI COUNTY for the period ending : 29/April/2022.

License No: **NACOSTI/P/21/10275**

808429

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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