ROLE OF MARKETING MIX ON PERFORMANCE OF MICROFINANCE INSTITUTIONS IN KENYA - A CASE STUDY OF SELECTED MICROFINANCE INSTITUTIONS IN KENYA.

BY:

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DECLARATION

I declare that this research project is my original work and has not been previously published or presented for the award of a degree in any University.

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This is to certify that this research project has been submitted for consideration with my approval as the chairman of the department.

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DEDICATION
This work is dedicated to my loving husband Gerishon and daughter Joy and to the entire Murangiri’s family for their encouragement and their continued support during the period.
ACKNOWLEDGEMENT

I am gratefully indebted to many people who assisted us in various ways in order to complete this study. My first gratitude goes to my supervisor MR BETT who dedicated a lot of his time and effort to my work. This undertaking would not have been possible without his sincere comments, advice, positive criticism and suggestions. I also acknowledge the effort of my other supervisor Mr Nzulwa.

There are others whose efforts cannot pass unappreciated who include the entire Kenyatta University Community and my fellow classmates in the Business Administration for their companionship during the entire period. There are also friends and relatives who prayed and wished me well during the course, to them I say thank you. But above all, I wish to acknowledge the guidance, strength and encouragement from God in whom I live and trust.
ABSTRACT
Marketing mix play a key role in the performance of any institution. Previous studies attempting to link the role of marketing mix and its consequences on microfinance performance have not been conducted. Therefore the purpose of this study was to assess the role of marketing mix on performance of MFls. Objectives of the study were: to determine how products and services affect performance of microfinance institutions, to establish the effect of promotion on the performance of microfinance institutions, to find out the extent to which pricing affects performance of microfinance institutions, and to examine the relationship between the distribution and performance of microfinance institutions. The study adopted descriptive design. The target population of this study was derived from the five selected microfinance institutions. The target population considered were the marketing managers who are based in head office in each of five institutions and the business development officers who are involved in marketing and selling of products on daily basis. A sample size of 13 marketing managers were selected purposively while 60 business development officers were selected randomly from the population. The study used questionnaire to collect the primary data. Piloting was carried out to test the validity and reliability of the instruments. Data was then coded, entered into a computer and was subjected to SPSS 19.0 for analysis. The study found out that majority of the respondents rated their institutions good or average in profitability. Sales promotion had the highest influence on performance of MFI followed by publicity, the third element of promotion mix which influenced the performance of MFls was advertisement. Public relation did not strong association with performance of MFIs. Other factors that had significant influence though with weaker level of association were personal selling and display of products. Pearson correlation analysis between the pricing strategies used and the MFI performance indicated that, the pricing strategies had negative relationship with the profitability, pricing strategies had a weak negative relationship with the number of clientele served, similarly a positive correlation exists between pricing strategy and market share. The study therefore concluded that design, packaging and delivery of products and services in microfinance institutions highly impact on the performance of the institution by building the clientele, increasing the amount of loan sold, enhancing loan repayment and profitability. The suitability of product to the customer needs enhance sales, attract more customers and minimize the
amount of loan repayment defaults thereby enhancing performance of MFLs. Poor pricing strategies result to inflated interest rates, that turn away potential clients and reduce the amount of loan demanded. This study therefore recommended to MFLs to have well articulated, marketing mix incorporated in their marketing plans as a way of enhancing their performance. It also recommended that for MFLs to achieve better results in building the clientele base, amount of loan sold, and improved profitability, they can leverage on the current developments in the banking industry especially adoption of mobile banking and agency banking.
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LIST OF ACRONYMS AND ABBREVIATIONS

ROA- Return on Assets
CEO- Chief Executive Officer.
KWFT- Kenya Women’s Finance Trust
MFI- Micro Finance Institution
NGO- Non-Governmental Organization
SMG Strategic Marketing Goals
SPSS- Statistical Package for Social Sciences
PAR- Portfolio at risk.
DEFINITIONS OF TERMS

The following are operational definition of various terms as used in the proposed study:

Institutions: are systems such as schools, churches and alike, which have an explicit goal of generating meaning in the society where they exist.

Micro-finance: refers to a provision of financial services (credit, savings, insurance, leasing, remittances and alike) to lower income individuals who do not have access to mainstream financial services.

Marketing: is the process of profitably matching organizational capabilities to the requirements of chosen customers.

Marketing mix - this refers to a planned mix of controllable elements of a products’s marketing plan commonly termed as the 4ps i.e product, price, place and promotion.

Clients: the term is used to refer to the members of the various women groups who access loans and other financial benefits from the MFIS.

Customers: the term is used interchangeably with the term clients as defined above.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study
In today’s world, the importance of marketing accrues rapidly because of the rough market conditions. Companies need to find the best way to access the customers and make sure that they are satisfied with their own products and services. The companies’ way of serving their product directly affects the companies’ market performance and it leads to financial success or failure (Chen, H et al., 2009).

When market management is considered, the major issue that needs to be addressed is the demography of the target market and the potential of the market affordability and other related issues. Marketing management is concerned, with specific strategic decisions for individual products and the day-to-day activities needed to execute these strategies successfully. At the operating level, marketing managers must focus on the four Ps of the marketing mix: price, product, promotion, and place.

According to Kotler and Armstrong (2008), companies create value for customers and build strong customer relationship in order to capture value from customers in return through an integrated process. Marketing is used to identify the customer to keep the customer and to satisfy the customer. The term marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

The marketing mix helps you define the marketing elements for successfully positioning your market offer. These four P’s are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that center the four P’s on the customers in the target market in order to create perceived value and generate a positive response.
Therefore, marketing mix is a good place to start when you are thinking through your plans for a product or service, and it helps you avoid these kinds of mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of small enterprises (Longenecker, et al., 2006). Marketing strategies and practices, commonly used for decades by most industries, are already being applied by some microfinance institutions.

However, success comes if the application of these practices is carefully executed keeping in mind the particularities of the microfinance customer and the fragmented market where microfinance institutions operate, facing strong local competitors. Efficient financial markets are essential for economic development. They allow economic growth through resource mobilization and investment, trade facilitation, risk diversification.

Even poor people can benefit from efficient financial markets: with access to savings, credit, insurance, and other financial services. This is of importance because a large majority of people living in developing countries of the world are deprived from credit and saving facilities (Robinson et al., 1995). A major obstacle faced by these people who want to improve their livelihood is lack of capital. Without capital people cannot invest in the productive activities, improve existing businesses, and fulfill consumption needs when needed, thus limiting their chances of escaping poverty (Gonzalez-vega et al., 1995).

The challenge facing Kenya today is to reduce poverty and archive sustainable economic growth. Hence, the government has embarked on a program to encourage microfinance institutions to avail affordable microcredit to micro and small enterprises to enable them expand their businesses thus reducing poverty. One such micro finance institution is the Kenya Women Finance Trust. As its name suggests, the Kenya Women Finance Trust is a microfinance institution established by a group of Kenyan professional women in 1981.

Their vision was to set up a financial Institution devoted to addressing solely financial needs of women. The early years of the Kenya Women Finance Trust were rocky and this was attributed to the fact that the management was weak and there were reports of
widespread insider lending among the Board of Directors. In 1991, the trust’s original donors UNDP and the Ford Foundation stepped in to help rehabilitate the trust. Thanks to their help, and that of other donors, Kenya Women Finance Trust was able to resume business using sound marketing strategies.

Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, et al., 2006). Therefore, it could be fatal for companies to ignore the importance of marketing (Salminen et al., 2006).

Today cost-efficiency does not provide long-term competitive advantage for microfinance institutions whereas marketing, when well conducted, does. Especially in the field of strategic marketing, benefits are still largely waiting for realization. Strategic marketing starts by developing a clear understanding of the connection you have with your clients and customers. Well defined strategies can help the microfinance institutions be successful in many ways. Since marketing has the power to manage the process that identifies, anticipates, and satisfies the customers (Murray et al., 2008).

The role of marketing mix on business performance remains elusive, despite an established research tradition (Hooley, et al., 2005). This may be due to the fact that the outcomes of marketing mix are subject to many internal and external influences, making the identifications of cause and effect linkages very hard (Bonoma et al., 1988). Additionally, links to business performance are very often complex and may include some irrationality; for example, success sometimes bases considerably on luck. Difficulty to assess the marketing performance is evident since it depends on external, largely uncontrollable factors, such as customers and competitors (Neely et al., 2002).

It is nevertheless crucial to acknowledge the factors mainly affecting on goodness or badness of performance. If the microfinance is doing poorly, it has to unravel the reasons for the current situation so that it can form a plan for a brighter future. On the other hand, microfinance doing well must know what the most influential factors behind its success are because only accordingly it can sustain its competitive position.
also in the future. It seems that studies attempting to link marketing mix and its consequences on microfinance performance have not been conducted too much hence need for more studies. This study takes these research gaps into consideration and attempts to fulfill them by analyzing the role of marketing mix on the performance of Kenya Women Finance Trust

1.2 Statement of the Problem
Marketing Mix is one of the most fundamental concepts in marketing management. The term, marketing mix, was first pronounced by Professor Neil Borden of Harvard Business School in 1964 and defined as “a related group of activities designated to influence buyer behavior”. Since then probably it has become the most widely used term in marketing literature. (Knillans, G et al., 2008).

Marketing mix is the combination of four basic elements under one head. Product itself is the most important element of marketing mix. Price, place and promotion are the other supporting elements. Even though the traditional marketing science, approves the four components of the marketing mix as distinct concepts from each other, the four components and their subcomponents are highly interrelated (Constantinides et al., 2002).

Marketing mix indicates an appropriate combination of four Ps for achieving marketing objectives. The best composition of marketing mix will enable the increment of customer satisfaction which leads to financial success (Chen et al., 2009). The performance of the marketing mix is possible to be measured by market share and profitability (Brownlie, et al., 1992). However, this requires the implementation of a prepared marketing mix.

In today’s world, the importance of marketing accrues rapidly because of the rough market conditions. Companies need to find the best way to access the customers and make sure that they are satisfied with their own products and services. The companies’ way of serving their product directly affects the companies’ market performance and it leads to financial success or failure (2009, Chen, H., Green, R.D.).
Marketing is the most neglected management function in the microfinance industry. Most microfinance institutions do not properly brand their products, ineffectively communicate its competitive advantage and more often than not have low customer care practices. Developing an integrated marketing plan and generating a successful marketing mix is a complex process that requires a deep understanding of many factors. Optimization of marketing mix is still a non solved considerable marketing problem (Brownlie, et al., 1992).

It seems that studies attempting to link the role of marketing mix and its consequences on microfinance performance have not been conducted too much hence need for more studies. This study takes these research gaps into consideration and attempts to fulfill them by analyzing the effects of marketing mix on the performance of Micro Finance Institutions (MFIs)

1.3 Objective of the Study

The overall goal of the study was to assess the role of marketing mix on performance of MFIs. In order to achieve this, the proposed study was guided by the following objectives:

1.4 Specific Objective

1. To determine how products and services affect performance of microfinance institutions.

2. To establish the effect of promotion on the performance of microfinance institutions.

3. To find out the extent to which pricing affects performance of microfinance institutions.

4. To examine the relationship between the distribution and performance of microfinance institutions.

1.5 Research Questions

The study sought to answer the following questions:
1. How do products and services in microfinance institutions affect their performance?

2. What are the effects of promotion on the performance of microfinance institutions?

3. What is the relationship between the distribution and the performance of microfinance institutions?

4. How does pricing of the products affect performance of microfinance institutions?

1.6 Significance of the Study

Marketing Mix is one of the most fundamental concepts in marketing management. The marketing mix helps you define the marketing elements for successfully positioning your market offer. Marketing mix is the combination of four basic elements under one head. Product itself is the most important element of marketing mix. Price, place and promotion are the other et al., supporting elements.

These four P's are the parameters that the marketing manager can control, subject to the internal and external constraints of the marketing environment. The goal is to make decisions that center the four P's on the customers in the target market in order to create perceived value and generate a positive response.

The results of this study will be useful to the managers of the selected microfinance institutions and also other microfinance institutions. This is because marketing is the most neglected management function in the microfinance industry. Most microfinance institutions do not properly brand their products, ineffectively communicate its competitive advantage and more often than not have low customer care practices. Therefore, it could be fatal for companies to ignore the importance of marketing (Salminen 2006).

Marketing mix indicates an appropriate combination of four Ps for achieving marketing objectives. The best composition of marketing mix will enable the increment of customer satisfaction which leads to financial success (Chen et al., 2009).
Therefore, marketing mix is a good place to start when you are thinking through your plans for a product or service, and it helps you avoid these kinds of mistakes.

1.7 Scope of the Study

The study was a case study of the five selected microfinance institutions in Nairobi. The overall goal of the study was to assess the role of marketing mix on performance of microfinance institutions in Kenya. The study focused on the selected institutions in Nairobi and the respondents included marketing managers who were based in head offices and business development officers who are located in different offices in Nairobi region.

1.8 Limitation of the Study

The researcher faced time challenge during preparation, collection and analysis of data due to the fact that she is a mother, wife and works in a very busy office. To overcome this the researcher took annual leave in order to be able to collect and analyze data. Limited finances to complete the study were also experienced. To counter this the researcher took a loan from the Sacco to sort out the financial problem. Lack of willingness by some marketing managers to give full information could was also challenge. To overcome this the researcher visited them personally to convince them the study was purely academic and that data provided would be treated with confidentiality.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction to Literature Review
This chapter presents a review of theories and studies done in the field of marketing mix and performance. It thus presents a theoretical and empirical background on which the current study will be built. It begins by giving an insight into what is performance and performance indicators in microfinance institution. It then discusses the elements of marketing mix i.e product, price, promotion and place identified as affecting performance by MFIs and provides literature on studies dealing with the growth of MFIs in the world before narrowing down to Africa.

2.2 Past Studies/Main Review
This section looks at various definitions of concepts under the study. The different perspectives of scholars and practitioners are presented here.

2.2.1 Performance
As Micro-Finance Institutions Endeavour to be more client driven amidst stiff competition, focus has shifted to sustainability and profitability. All microfinance providers, whether they are Non governmental organizations (NGOs) with a focus on poverty lending or for-profit commercial institutions concerned with maximizing their return on investment, realize that the existence of a strong and permanent institution is crucial in ensuring the successful provision of microfinance servicemance indicators.

In order to be Able to evaluate an organizations performance, there is need for organization to have specific performance indicators. By analyzing performance indicators, it becomes possible to determine institutional effectiveness and efficiency. Performance indicators provide useful information about the performance of MFI. This is because effective financial management requires periodic analysis of financial performance (Ledgewood, 1999). However there is no standard set of ratios or standard rage of performance of microfinance industry. But there is effort to establish a set of worldwide Microfinance standard (Saltzman, Rock and Salinger, 1998).

According to the world Bank, performance indicators that are use include sustainability, outreach, profitability, Financial performance, interest on deposits and general institutional characteristics.
According to Tendler (1989), number of loans issued, amount saved, number of savings account held, loan repayment rate can be used as performance indicators since they are easily quantifiable. According to NGO microfinance standard, 1998, the following can be used to evaluate performance; outreach, repayment rate, portfolio at risk, operation self-sufficiency and equity on assets ratio.

Christen (2000) argues that financial performance is assessed in terms of overall profitability, through such measures as return on assets, operational self-sufficiency, revenues (portfolio yield), and operational costs. Organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share,) and (c) shareholder return (total shareholder return, economic value added, etc.) Richard et al. (200)

Kotler and Armstrong (2008), argues that companies create value for customers and build strong customer relationship in order to capture value from customers in return through an integrated process. Marketing is used to identify the customer to keep the customer and to satisfy the customer. The term marketing holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions. It proposes that in order to satisfy its organizational objectives, an organization should anticipate the needs and wants of consumers and satisfy these more effectively than competitors.

Scholars have suggested various indicators of profitability which can be classified into internal and external factors. The internal determinants of performance include; increased portfolio size, improved repayment, reduced client loss and increase in profitability. Richard Rosenberg (2009), argues that results of microfinance can be measured in various ways such as; number of clients served, portfolio quality and financial sustainability (profitability).

The number of clients served— is the number of active clients includes borrowers, depositors, and other clients who are currently accessing any financial services. This indicator is more useful than the cumulative number of loans made or clients served during a period. Among other distortions, cumulative numbers make an MFI that
offers short-term loans look better than one that provides longer term loans, even though the latter may be more valuable for borrowers. To reflect actual service delivery, membership-based organizations should report on active clients, not just the number of members: members may be inactive for long periods, especially in financial cooperatives single client may hold multiple accounts. All MFI information systems should be able to track numbers of active accounts, but some are not able to eliminate double-counting so as to arrive at the number of individual clients. In such cases, numbers of accounts is an acceptable indicator.

A market and demand analysis can identify potential target markets for the institution’s product. The objective would be to set up structures that would satisfy the identified market targets. In this regard the institutions must determine and address how the clients perceive the product and how it is delivered. Promotional activities can raise client awareness of the product. A marketing program allows the institution to monitor and analyze customer behavior so that it can anticipate potential problems and proactively address them before clients actually leave. Due to the ever increasing number of MFIs in the market, the KWTF, like any other MFI is at risk of losing its clientele to the competitors.

Loan repayment/portfolio quality-This is a crucial indicator of performance in MFIs. A retail lender’s ability to collect loans is critical for its success: if delinquency is not kept to very low levels, it can quickly spin out of control. Furthermore, loan collection has proved to be a strong proxy for general management competence. Low repayment (high default) is associated with low portfolio quality. The standard international measure of portfolio quality in banking is portfolio at risk (PAR) beyond a specified number of days: The number of days used for this measurement varies. In microfinance, 30 days is a common breakpoint. If the repayment schedule is other than monthly, then one repayment period—e.g., week, fortnight, or quarter—could be used as an alternative. Consumer analysis can help an institution identify the causes for low repayment rates—i.e., inappropriate product design, external shocks, poor delivery—so that the appropriate solutions can be put in place. This is achieved by sound marketing mix.
Profitability- this refers to financial benefit that is realized on the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity. Profitability ratios measure the profitability of an organization. They include gross profit margin, operating profit margin, net profit margin and return on equity ratio. Sustainability is the ability of a MFI to cover it operating cost i.e achievement of operational self sufficiency. Its measured by the ratio of operating income to the expenses and provision of loan losses (Ledgewood,1999). Sustainability of MFI is a major institution goal since it carries with it all the benefits f recovery costs. In addition, it improves it cost effectiveness and long term durability of the entity (Tanburn, 1998).

Sustainability is achieved when returns from credit advances enable the MFI to meet running costs and expansion in the short to intermediate run (Dondo, 1994). In his study on the Kenya’s informal sector, sustainability is achieved in 4 levels. At level 1, the institution is able to cover all its prices cost from revenue. At level 2, all price costs as well as overhead costs are covered. At level 3, the institution is able to cover all branch costs and finally at level 4, there is full self sufficiency and revenue generated by the institution covers both financial and non financial expenses.

Performance is also influenced by macroeconomic valuables that the micro finance literature identifies as possible determinants of performance of MFIs this include valuable such as GDP growth, Inflation, Political stability, Rural population growth, Competition, Regulatory quality and Rule of Law. Allin et al (2010), says that high Economic Growth may result in expansion of MFIs services and it may increase in the demand and profitable expansion opportunities fro MFIs clients. On the other hand, high growth may negatively influence MFIs performance, as it can raise house hold incomes to the level that they are willing and able to part in formal financial services. Inflation is also argued to influence performance since it may lower real returns to MFIs, increases defaults and lending costs.

Percentage of rural population captures MFIs preference to locate themselves in densely populated urban areas in an attempt to reduce operating cost. There is also evidence that suggest MFIs perform better in economies with better institutional
quality. Financial developments of a Country is also shown to contribute positively on MFIs efficiency (Hermes et al, 2009).

Competition, in most cases, is believed to increase welfare of consumers by promoting allocative and productive efficiency, i.e. lower production costs and lower prices on goods and services. It also encourages the development of new products and efficient technologies (Motta, 2004). We would, therefore, expect similar benefits of competition in microfinance market.

Increased competition may result in more information asymmetry, borrower over-indebtedness and lower expected loan repayment. In order to overcome this problem, ensure higher expected repayment and higher loan portfolio quality, lenders would engage in more screening that raise their operational costs. A marketing program allows the institution to monitor the competition and analyze its effects on clients so that the MFI can keep up with or stay ahead of the competition. Marketing mix of an organization influences performance in that if a good marketing mix is put in place there is good performance. On the other hand if there is poor marketing mix the performance is poor.

2.2.2. Product/Services

Product is the article which a manufacturer desires to sell in the open market. It is the first element in the marketing mix. Product is the most powerful competing instrument in the hands of the marketing manager. It is the heart of whole marketing mix. Managing product component involves product planning and development.

Philip Kotler (2008), says that product is anything that can be offered to a market for attention, acquisition, or use, or something that can satisfy a need or want. Therefore, a product can be a physical good, service, a retail store, a person, an organization, or even an idea. Products are the means to an end wherein the end is the satisfaction of customer needs or wants.

The product mix includes the following variables: Product line and range, Style, shape, design, color, quality and other physical features of a product, Packaging and labeling of a product, Branding and trade mark given to the product, Product innovation, and Product servicing. The product manufactured for market should be as
per the needs and expectations of consumers. If the product is not attractive to the customers, no amount of sales promotion, appropriate channel selection or price reduction will help to achieve the marketing target.

The microfinance industry is one of the few remaining industries in the world that is primarily product rather than market driven. Microfinance institutions provide similar products and services to their customers as formal sector financial institutions. Microfinance institutions have in the past been known to focus on enterprise lending which remains by far today the dominant product offered by microfinance institutions (Nourse et al., 2001).

Today, microfinance institutions have begun to offer additional products, such as savings, consumption or emergency loans, insurance, and business education. (Woller et al., 2001). Although the scale and method of delivery differ in different microfinance institutions, the fundamental services of savings, loans, and insurance are the same. Within the lending function of microfinance, most microfinance institutions have divide loans into enterprise loans and consumption/emergency loans. This is because significant unfulfilled market demand still exists for consumption and emergency loans (Woller et al., 2002).

The demand for consumption/emergency loans is evident in developing countries by the thriving business of the local moneylenders. Along with the lending function, a market for savings exists in many areas in Kenya. Savings services offered by microfinance institutions can be divided into forced and voluntary savings, with forced savings far exceeding voluntary savings. In a forced savings program, microfinance participants are required to save a minimum amount each week. Forced savings ostensibly teaches financial discipline and provides the microfinance institutions with additional information about clients. In practice, forced savings serve primarily as a form of cash collateral. Rules regulating when and how clients may withdraw forced savings are typically highly restrictive.

2.2.3 Price

Price is the amount a prospect is willing to pay for the product. Pricing has an important bearing on the competitive position of a product. The marketing manager
may use pricing as a tool for achieving the targeted market share or sales volume. Pricing can also be used for capturing market and also for facing market competition effectively. Pricing decisions and policies have direct influence on the sales volume and profits of the firm.

Market price of a product also needs periodical review and adjustments. The price charged should be high enough to give adequate profit to the company but low enough to motivate consumers to purchase product. It should also be suitable to face market competition effectively. Price is one of the frequently investigated marketing strategies in microfinance institutions. In consumer perspective, generally a positive relationship between perceived price and quality is expected probably because consumers perceive price as a clue to product quality (Teas et al., 2002).

It is, however, essential for the microfinance institutions to conduct product costing as an integral part of the pricing process. There are several factors that make pricing financial services very different from pricing traditional goods. One of these factors is that customer needs vary considerably and with that customers' willingness to pay for particular service attributes varies. The other thing is that price information is overwhelming meaning that a savings product may pay interest, but have monthly fees, fees for withdrawals, transfers, opening accounts, closing accounts and accepting cheque deposits.

These fees make it difficult for a customer to objectively compare two related financial products. While there are a large variety of bases for pricing financial products those commonly used in microfinance institution are: cost based where prices are based on the cost of the product plus a margin, competition/market based where prices are based on the prices charged by competitors and demand based where prices are based on an assessment of the value of the product to the customer.

2.2.4 Promotion
Promotion is the persuasive communication about the product offered by the manufacturer to the prospect. Promotion mix includes the following variables: Advertising and publicity of the product, Personal selling techniques used, Sales promotion measures introduced at different levels, Public relations techniques used
for keeping cordial relations with dealers and consumers, Display of goods for sales promotion.

Promotional activities are necessary for large scale marketing and also for facing market competition effectively. Such activities are varied in nature and are useful for establishing reasonably good rapport with the consumers. Advertising gives information and guidance to consumers. Brand names are made popular through advertising. Along with advertising, personal selling is also useful for motivating the customers to buy a specific product.

Sales promotions are used by microfinance institutions throughout the world, whenever they make special offers such as waived fees, reduced opening balances or premium interest rates. Typically these promotions are time-bound, activity-based and segment focused. Microfinance institutions use promotion in several ways such as to distinguish its products from those offered by their competitors. They also use it to introduce a new product to its client.

The other method used by the microfinance institutions to promote their services and products is through advertising. Since advertising is recognized as a powerful means of creating strong, favorable, and unique brand associations and elicit positive judgment and feelings (Keller et al., 2003).

Advertising is designed to generate demand for microfinance institution products through non face-to-face communication channels and can also complement corporate branding communications. When designing an advertising campaign, it is important to remember that the level of identification is central to advertising.

Essentially you are seeking to get the prospect to hear the advertisement, identify with it, understand it and remember the advertiser. Often advertising agencies prepare concepts which are too sophisticated for microfinance clients hence it is essential to be simple and literal, with one single message. To minimize wastage microfinance institutions should also test the basic messages before they take them out to the market.
2.2.4 Distribution

Marketing has for a long time been viewed and treated more as an operational rather than strategic function in organizations. It has focused on decisions related to analyzing and selecting target markets, product and brand development, promotion, and channels of distribution (Hunt et al., 2001). This perhaps somewhat biased standpoint presents marketing as a task of creating, promoting and delivering goods and services to consumers and businesses (Kotler et al., 2003). Marketing channels are sets of interdependent organizations involved in the process of making a product and service available for use or consumption (Kotler et al., 2003).

Distribution channels are independent structures that supply products and services to customers when and wherever they want. This situation boosts the perception of quality of the brand and becomes effective in constituting brand equity (Yoo et al., 2000). The number of different segments in which microfinance markets its brands indicates the scope of its product market coverage within the microfinance institution.

Studies of firm diversification suggest that strong marketing links, such as distribution of common brands, among the different segments in which a firm operates, may deliver economies of scope benefits in the firm’s expenditures to create and maintain its brand portfolio (Palic et al., 2000).

Therefore, in distributing its brands across multiple segments, a firm runs the risk that it will dilute their strength, making them less valuable (Morrithy et al., 1999). Because most large firms own multiple brands, to avoid this dilution risk, a firm may choose to distribute different brands in each market segment in which it operates. However, the marketing literature suggests that lowering the risk of entering new markets is an important benefit of owning a brand that a firm can leverage (e.g., Kapferer 1994).

Distribution channels are independent structures that supply products and services to customers when and wherever they want. This situation boosts the perception of quality of the brand and becomes effective in constituting brand equity (Yoo et al., 2000). The perceived intensity of distribution channel means that the number of stores in which the customer encounters the brand is high. The highness of the perceived
intensity of distribution channels will be effective in displaying a better brand image thereby constituting brand equity (Shirivasan et al., 2005). Hence the customers will be satisfied since they can encounter the brands in many places.

2.3 Empirical Literature Review
This section presents literature on the role of marketing mix on performance of MFIs and also looks into the growth of MFIs through the years starting with the worldwide performance before looking at the overall performance in Africa.

Based on the literature review, role of marketing mix appears to be an important factor leading to superior performance in various organizations. The marketing mix helps you define the marketing elements for successfully positioning your market offer. Firms that concentrate on the four marketing mix: price, product, promotion and place are likely to achieve long-term profit by continuously providing superior value to customers through identifying their current and future needs, knowing the strengths and plans of competitors and responding to them in a coordinated manner (Narver and Slater, 1990).

Therefore, marketing mix is a good place to start when you are thinking through your plans for a product or service, and it helps you avoid these kinds of mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of small enterprises (Longenecker, et al., 2006). Marketing strategies and practices, commonly used for decades by most industries, are already being applied by some microfinance institutions.

Based on this positive linkage between marketing mix and institutional performance in various industries, the proposed model emphasizes on the role of marketing mix for achieving high performance by microfinance providers. It is, however, crucial to measure the performance since, as they say, "if you don’t measure it, you can’t improve it". Also other needs are brought up in relation to marketing performance measurement: according to Lehmann (2004), it is a prerequisite in getting marketing function involved to important business decision.
Moss (2005) in his study Report on the performance of microfinance institutions (MFIs) for the period under review points out that Microfinance was pioneered in the developing world as the lending of small amounts of money to entrepreneurs who lacked the kinds of credentials and collateral demanded by banks. According to him, Microfinance as known today is defined as provision of financial services to low income clients including the self employed. He provides a report on the performance of the MFIs worldwide before narrowing down to the performance in Africa.

Over a period of a year between 1November 2001 and 2November 2002, the Operating Self Sufficiency ratio has increased by 2.6%. For the same period the Operating Expense has decreased by 3%, this is suggestive of an improvement in efficiency with growth in profit. The number of active borrowers per personnel has increased significantly by 12.3% which implies an increase in productivity by the industry. Overall performance at the global level reflects an increase in efficiency, productivity and profitability.

He also highlighted the performance of the MFI sector in Africa based on the data from 25 MFIs from Africa. From his study, Over a period of a year between November 2001 and November 2002, the Loans outstanding as a percentage of Gross National Product per capita has increased by 3.6% which indicates that outreach is deepening. Portfolio Yield has increased by 4.4 %, while the Portfolio at Risk has increased by 1.2% for the period under review. Although the industry has improved in covering costs, there is an increasing portion of the portfolio that would be written-off. The active borrowers per personnel have increased significantly by 28.6% reflecting an increase in productivity by the industry.

Microfinance is a type of banking services that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services (Karlan et al., 2001). It was pioneered in the developing world as the lending of small amounts of money to entrepreneurs who lacked the kinds of credentials and collateral demanded by banks. Over the years microfinance has demonstrated it's potential to assist the poor to make significant strides towards reducing their vulnerability, improving their livelihoods, paying for basic health care
and financing their children's education (Littlefield et al., 2003). Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance.

Amid rising competition, microfinance practitioners and researchers are shifting their focus towards market-responsive product design and client retention. Woller (2002) called for a second microfinance revolution, wherein Microfinance Institutions (MFIs) meet clients’ needs rather than institutional needs. In 1990s, clients were merely considered as statistics, measured in terms of repayment and repeat borrowing rates (Cohen, 2002). However, the current microfinance agenda has become client-focused and there is a growing thrust on the quality of microfinance services rendered (Chao-Beroff, 2001).

The Indian microfinance sector has matured considerably, with more venture capitalists and private equity players funding for-profit MFIs. With NGOs getting transformed into non-banking financial institutions and commercial banks downscaling their operations, the sector is characterized by organizational complexity and diversity (Nair, 2005). MFIs operating in competitive regions have begun revamping their strategies due to the entry of profit-oriented players (McIntosh and Wydick, 2005). Innovative loan contracts and management practices have emerged in microfinance markets in countries as diverse as Senegal and Bosnia (Cull et al., 2005).

Given the above context, marketing strategies for MFIs assume significance. Marketing strategies targeting the bottom of the pyramid segment have captured the imagination of both the academicians and the business community. Researchers such as Prahalad and Hart (2002) and Viswanathan and Rosa (2007) have brought to light potential new consumer markets in low income contexts and subsistence marketplaces. Sridharan and Viswanathan (2008) have called for a deeper understanding of consumer psychology in subsistence marketplaces. Market researchers also have a strong thrust on the structure and psychological processes underlying customers’ perception of service quality (Athanassopoulos, 1997). In this study, insights into the bottom of the pyramid segment are primarily drawn from
clients' perceptions of marketing strategy elements of MFIs based in South India. Poverty alleviation can be catalyzed through behavioral change induced by social marketing programs (Dholakia and Dholakia, 2001; and Kotler et al., 2002). Associal marketers, MFIs strive to bring about a behavioral change in their clients, which is measurable in terms of socio-economic outcomes such as increased access to healthcare, housing and greater levels of empowerment. The concept of social performance resonates well with market-driven agenda of the microfinance sector, wherein MFIs tend to be more responsive towards the needs of client. MFIs are comparable to social business enterprises, which, according to Mohammad Yunus, function on market principles but also remain dedicated to improving the lives of the poor (Rashid and Rahman, 2009).

Social marketers can bring about an attitudinal and behavioral change within target markets through the selection of specific communication goals and the development of messages tailored to a specific audience (Amine and Staub, 2009). Market segmentation, consumer research, product concept development and testing, directed communication and incentives can enable social marketers to elicit a favorable response from the target audience (Kotler and Roberto, 1989). It can be inferred that such marketing strategies would also be applicable to MFIs, which strive to bring about a socio-economic change in the lives of the low-income groups. MFIs need to propagate banking among low-income groups, which have been excluded by the mainstream financial services sector. This, in turn, would lead to a desirable socio-economic change in the lives of the BoP (such as greater access to healthcare and primary education). In a study on social marketing campaigns conducted in Sub-Saharan Africa, Amine and Staub (2009) have endorsed the use of relationship marketing through peer-to-peer contacts, viral and buzz marketing campaigns involving opinion leaders, as well as low-cost media. Such marketing techniques would bring about a shift in the beliefs and attitudes, which eventually would contribute to an enhanced quality of life. Thus, one may deduce that MFIs can use their promotional tactics to create and enhance socio-political empowerment of women and also induce clients to allocate their funds towards income-generating and income-enhancing activities.
According to Rothschild (1999), marketing strategies can affect perceived costs and benefits of desired behavior. A similar rationale would be applicable in the microfinance sector, whereby MFIs can develop marketing strategies to reduce the perceived costs of a desirable behavior change among their clientele. Social marketers in the microfinance sector can reduce the psychic costs of enrolling in an MFI by making the loan application procedure less staggered for potential clients and also promoting financial literacy campaigns. MFIs can bring about social capital formation and income-generating activities among the newly enrolled clients.

Savings and Credit Systems has developed a market-responsive social performance methodology wherein, there is a strong thrust on the adaptation of the MFIs’ products and services in accordance with the needs and constraints of the poor. Hulme (2000) has formulated an impact chain, wherein an MFI may modify its products and services after availing technical assistance. The modifications made to the MFIs’ loan products would, as a result, affect the client’s microenterprise activities, which ultimately would lead to an increase/decrease in the microenterprise’s profit level. Product innovation and the development of flexible demand-driven products would enable the poor to direct income generation, help smooth out consumption, invest in longer-term human capital formation and cope with emergencies and life cycle needs (Matin et al., 2002; and Hasan and Iglebaek, 2004).

Studies conducted in Bangladesh reveal that interactions between clients and the MFIs’ field staff enhances the microfinance program’s performance and ensures greater participation of the extreme poor (Hasan and Iglebaek, 2004). The Consultative Group to Assist the Poor (CGAP) has selected social performance indicators based on the millennium development goals, which include the proportion of clients below the line of poverty, the increase in the savings of the clients, improvement in children’s education and reduction of illiteracy, improvement in access to health services, and progress in women’s empowerment (Psico and Dias, 2008).

The marketing strategy elements for the financial services sector can be applicable to
MFIs. Marketing functions have become the mainstay of the financial services industry due to the growing homogeneity of financial services and the lack of differentiation in pricing and promotion (Javalgi and Dion, 1999). Churchill (2000) has pointed out that MFIs in the past witnessed a high demand even for rigid credit products as clients were not discriminating. However, in recent times, clients in mature markets have become more discerning about the product design, as there are a variety of MFIs and financial products to opt for. The impact of service delivery processes on the performance of banks has also been documented in empirical research (Frei and Harker, 1999). Service quality gaps have to be identified by financial service companies (Parasuraman et al., 1985). The importance of reducing the turnaround time for loan processing and the use of technology for expediting service delivery has been brought to light by microfinance researchers (Ivatury, 2004; and Parikh, 2005). Microfinance organizations such as CGAP and Women’s World Banking have also called for an improvement in service delivery systems through the use of technology and the reduction in turnaround time.

Studies conducted in the banking sector link the development of effective relationships with increased levels of customer satisfaction (Petersen and Rajan, 1994; Binks and Ennew, 1998; Ennew and Binks, 1999; and Tyler and Stanley, 1999). Relationship marketing concepts are applicable in the non-profit sector, as charitable organizations seek to forge a relationship with beneficiaries (Bennett and Barkensjo, 2005). In a similar vein, MFIs, many of which have origins in the non-profit sector, can strive to build up a relationship with clients.

The advisory and counseling services in the microfinance sector would encompass financial literacy programs involving loan officers and business development initiatives for microenterprises and social services (legal counseling/access to subsidized healthcare). Positioning, which is an attempt to distinguish a bank from its competitors to target a specific market segment or prospect, has also become an integral part of the marketing tool kit in the retail banking space (Zineldin, 1996). The consultancy Microsave has also used product design, service delivery, client
relationship and positioning strategies as part of a marketing model for MFIs (Wright et al., 2005).

2.4. Summary and Gaps to be filled by the Study

Based on the literature review, role of marketing mix appears to be an important factor leading to superior performance in various organizations. The marketing mix helps you define the marketing elements for successfully positioning your market offer. Firms that concentrate on the four marketing mix: price, product, promotion and place are likely to achieve long-term profit by continuously providing superior value to customers through identifying their current and future needs, knowing the strengths and plans of competitors and responding to them in a coordinated manner (Narver and Slater, 1990).

Therefore, marketing mix is a good place to start when you are thinking through your plans for a product or service, and it helps you avoid these kinds of mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of small enterprises (Longenecker, et al., 2006). Marketing strategies and practices, commonly used for decades by most industries, are already being applied by some microfinance institutions.

Based on this positive linkage between marketing mix and institutional performance in various industries, the proposed model emphasizes on the role of marketing mix for achieving high performance by microfinance providers. It is, however, crucial to measure the performance since, as they say, “if you don’t measure it, you can’t improve it”. Also other needs are brought up in relation to marketing performance measurement: according to Lehmann (2004), it is a prerequisite in getting marketing function involved to important business decisions.

It seems that studies attempting to link the role of marketing mix and its consequences on microfinance performance have not been conducted too much hence need for more studies. This study takes these research gaps into consideration and attempts to fulfill them by analyzing the effects of strategic marketing on the performance of microfinance institutions in Kenya.
2.5 The conceptual Framework

A conceptual framework is a model usually developed by the researcher to determine the interrelationship between variables of the study which is presented graphically and supported by explanation (Mbwesa 2000)

**Independent Variable**

- Products
- Pricing
- Promotion
- Place (distribution)

**dependent variable**

Performance of MFIs
- Profitability
- Clients served
- Loan repayment
- Portfolio quality

**Marketing mix**

**Figure 1.1: Conceptual Framework**

The proposed study will use a conceptual framework that will take into consideration four independent variables ie product, price, place and promotion. These are variables that affect the dependent variable which is performance in this study.

The dependent variable in this study is the end product of marketing mix used by MFIs. This variable is determined by various performance indicators such as number of clients served, portfolio quality and financial sustainability (profitability)
CHAPTER THREE
3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the research design and methodology that was used to carry out the research. It presents the research design, population, sampling technique and the sample size, instruments used, data collection and data analysis procedures, validity and reliability.

3.2 Research Design
Research design refers to the way the study is designed, i.e., the method used to carry out the research (Mugenda and Mugenda 2003). The proposed research was descriptive nature. Descriptive research (Black, 1994) is used if a research is using data gathered on a group to describe or reach conclusions about the same group. The study adopted a survey design. Mugenda and Mugenda noted that survey is an attempt to collect data from members of a population to determine the current status of that population. Survey research design is a self-report which requires the collection of quantifiable information from the sample.

3.2 Population
The population of this study was derived from the five selected microfinances. The target population considered were the marketing managers who are based in head office in each of five institutions and the business development officers who are involved in marketing and selling of products on daily basis. (see appendix 3)

3.3 Sample procedure and sample size
Stratified sampling was used to select the sample. However for the marketing managers a complete census will be used. For the business development officers, 50% of the target population was used. This approach is appropriate as it gives every subject in the population of interest an equal chance of being selected. Mugenda and Mugenda (1999) points out that if there is no estimate available of the proportion in the target population, assumed to have characteristic of interest, 50% should be used as sample size. The selected microfinance institutions, the population and the sample is indicated in the table below:
Table 3.1 Sample size

<table>
<thead>
<tr>
<th>Category of Population</th>
<th>Population Frequency</th>
<th>Sample Rate</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing managers.</td>
<td>13</td>
<td>1.0</td>
<td>13</td>
</tr>
<tr>
<td>Business Development</td>
<td>120</td>
<td>0.5</td>
<td>60</td>
</tr>
<tr>
<td>Officers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|               | 133                  |             | 73          |

As indicated table a sample of 73 was taken using a stratified random sampling. A complete census was taken for marketing managers. 50% has been taken for business development officers.

3.4 Data collection procedures

The study used questionnaire to collect the primary data. Semi structured questionnaire consisting of both open-ended and closed ended questions will be used. The questionnaire were administered using the drop and pick method. Secondary data was collected from materials provided by the institutions.

3.4.1 Validity and Reliability.

Piloting was carried out to test the validity and reliability of the instruments. Validity indicates the degree to which the instrument under investigation (Mugenda and Mugenda 2003). Pilot study was conducted by the researcher taking some questionnaires to the selected institutions filled by some respondents at random. From this pilot study the researcher was able to detect questions that need editing and those that were ambiguous. Reliability is synonymous with repeatability and a measurement that yields consistent result over time is said to be reliable (Kothari, 2008). The test retest method was used to ascertain the reliability.
3.5 Research Analysis

According to Marshall and Rossman (1999), data analysis is the process of bringing order, structure and interpretation to the mass of collected data. Data was checked for accuracy and completeness. Data was then coded, entered into a computer and was subjected to SPSS 19.0 for analysis. The primary data collected through the questionnaire will be analyzed using descriptive statistics such as measures of central tendency which include mean and median, frequency counts and percentages, pearson correlation and pearson chi square analysis. Tables were then used to present the data collected for ease of understanding and analysis.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

4.1 Introduction
This chapter presents the findings of the study analysis and presents the findings in the form of tables and figures.

4.2 Return Rate
Out of the 73 questionnaires issued to business development managers and marketing managers of five selected microfinance institutions 66 were successfully filled and returned. This implies a response rate of 90.4%.

4.3 Demographic Characteristics
Discussed here in this section are the characteristics of the respondents who took place in the study. The section focuses on gender, age, position worked in the organization, highest education level and experience.

4.3.1 Gender of the Respondents
Respondents were asked to indicate their gender and the results are shown on Table 4.1.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>38</td>
<td>57.6</td>
</tr>
<tr>
<td>Female</td>
<td>28</td>
<td>42.4</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The findings indicated that majority of the marketing and business development managers sampled were male 57.6%, female formed minority 42.4%. This implies that although there was near gender parity in recruitment to managerial position in microfinance institutions, the male gender remains dominant.

4.3.2 Age of the Respondents
Further distribution of respondents on their gender was established as shown on Table 4.2.
Table 4.2: Age of the Respondents

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>19-30</td>
<td>21</td>
<td>31.8</td>
<td>31.8</td>
</tr>
<tr>
<td>31-40</td>
<td>26</td>
<td>39.4</td>
<td>71.2</td>
</tr>
<tr>
<td>41-50</td>
<td>10</td>
<td>15.2</td>
<td>86.4</td>
</tr>
<tr>
<td>over 50 years</td>
<td>9</td>
<td>13.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Majority of the respondents 39.4% who held positions of marketing managers and product development managers were in the age bracket 31 – 40 years, those between 19-30 years formed 31.8% while 41-50 years were 15.2%. Minority 13.6% were in the age brackets above 50 years. Based on the age distribution it is evident that microfinance institutions have embraced youth employment and development.

4.3.3 Position Held in the Organization

In a sample size of 73, the study targeted 13 marketing managers and 60 business development officers.

Table 4.3: Position Held in the Organization

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Manager</td>
<td>11</td>
<td>16.7</td>
<td>16.7</td>
</tr>
<tr>
<td>Business Development offices</td>
<td>55</td>
<td>83.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Out of the 13 marketing managers targeted 11 responded, forming 16.7% of the respondents, while 55 out of 60 business development officers responded forming 83.3% of the respondents.

4.3.4 Highest Level of Education

It was also important to know the distribution of respondents based on their education level as presented on Table 4.4.
Table 4.4: Highest Level of Education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Diploma</td>
<td>21</td>
<td>31.8</td>
<td>31.8</td>
</tr>
<tr>
<td>Bachelors Degree</td>
<td>25</td>
<td>37.9</td>
<td>68.7</td>
</tr>
<tr>
<td>Masters Degree</td>
<td>7</td>
<td>10.6</td>
<td>80.3</td>
</tr>
<tr>
<td>other</td>
<td>13</td>
<td>19.7</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Cumulatively those staff who held college diplomas, and bachelors degree formed 68.7% of the respondents, masters degree holders formed 10.6% of the respondents who perhaps mostly were marketing managers. Those with other qualifications not listed were 19.7%.

4.3.5 Experience in Years

Experience of the respondents was captured in terms of the years they worked in the current institution.

Table 4.5: Experience in Years

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td>42</td>
<td>63.6</td>
<td>63.6</td>
<td>63.6</td>
</tr>
<tr>
<td>6-10 years</td>
<td>10</td>
<td>15.2</td>
<td>15.2</td>
<td>78.8</td>
</tr>
<tr>
<td>11-15 years</td>
<td>13</td>
<td>19.7</td>
<td>19.7</td>
<td>98.5</td>
</tr>
<tr>
<td>Above 11 years</td>
<td>1</td>
<td>1.5</td>
<td>1.5</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

The study established that majority 63.6% of the respondents had worked in their current institutions for duration between 1 - 5 years, 15.2% had worked for 6-10 years, while 19.7% worked for 11-15 years. Microfinance business model has not been in the country for a long time which could be the reason why majority of the staff had worked for duration below 5 years.
4.4 Performance of Microfinance Institutions

The current study sought to establish the effect of marketing mix on performance of microfinance institutions. Performance of microfinance institutions was evaluated by asking respondents to rate their institutions on the basis of profitability, the number of clients served, the loan repayment, and the product portfolio quality.

Table 4.6: Performance of Microfinance Institutions

<table>
<thead>
<tr>
<th></th>
<th>Very Good</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
<th>Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>6.1%</td>
<td>28.8%</td>
<td>28.8%</td>
<td>34.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Number of clients</td>
<td>6.1%</td>
<td>36.4%</td>
<td>43.9%</td>
<td>13.6%</td>
<td>0%</td>
</tr>
<tr>
<td>Loan repayment</td>
<td>10.6%</td>
<td>19.7%</td>
<td>30.3%</td>
<td>22.7%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Loan product portfolio</td>
<td>12.1%</td>
<td>40.9%</td>
<td>13.6%</td>
<td>10.6%</td>
<td>22.7%</td>
</tr>
</tbody>
</table>

Majority of the respondents studied rated their institutions good or average 28.8%, in profitability while 34.8% rated them poor 6.1% rated very good while 1.5% rated them very poor. This indicates that microfinance institutions performed on average in profitability.

The performance in terms of the number of clients also ranged between average and good, where majority 43.9% rated their institutions average, 36.4% were rated good, 6.1% very good and 13.6% poor. None of the respondents rated their institution very poor on the number of clients served.

Loan repayment received mixed reactions with majority 30.3% rating their institutions performance on average 19.7% good, 10.6% very good, while 22.7% poor and 16.7% very poor. On the loan portfolio quality, majority of the institutions 40.9% were rated good, 12.1% average, 13.6% average, 10.6% poor while 22.7% rated very poor.

Table 4.7: Mean performance

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>66</td>
<td>3.0303</td>
</tr>
<tr>
<td>Number of clients served</td>
<td>66</td>
<td>3.3485</td>
</tr>
<tr>
<td>Loan repayment by clients</td>
<td>66</td>
<td>2.8485</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>Mean</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----</td>
<td>-------</td>
</tr>
<tr>
<td>Profitability</td>
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<td>Loan repayment by clients</td>
<td>66</td>
<td>2.8485</td>
</tr>
<tr>
<td>product quality</td>
<td>66</td>
<td>3.0909</td>
</tr>
</tbody>
</table>

On average, microfinance institutions were rated to be performing better in terms of number of clients served $\mu = 3.348$, followed by product quality $\mu = 3.09$, profitability $\mu = 3.03$, and the least ranked performance measure was loan repayment $\mu = 2.85$.

When asked to indicate their level of agreement on the level of agreement on whether marketing mix affected performance of microfinance institution, the responses were captured on Table 4.8.

**Table 4.8: Marketing mix and performance of MFIs**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>10</td>
<td>15.2</td>
<td>15.2</td>
</tr>
<tr>
<td>Not sure</td>
<td>16</td>
<td>24.2</td>
<td>39.4</td>
</tr>
<tr>
<td>Agree</td>
<td>21</td>
<td>31.8</td>
<td>71.2</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>19</td>
<td>28.8</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Cumulatively majority of the marketing managers and product development officers 60.6% indicated that indeed marketing mix affected performance of microfinance institutions.

**4.5 Products and Services and Performance of Microfinance Institutions**

To establish the effects of products on the performance of microfinance institutions, first the respondents were asked to rate the products of their institution on variety, speed of processing, interest rates charged on loan and savings, suitability of the products to customer needs, product development, and the amount awarded to clients as loans.
Table 4.9: Rating on MFI products and services

<table>
<thead>
<tr>
<th></th>
<th>Very Good</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
<th>Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Product variety</td>
<td>15.2%</td>
<td>45.5%</td>
<td>21.2%</td>
<td>18.2%</td>
<td>0%</td>
</tr>
<tr>
<td>Speed of processing loans</td>
<td>22.7%</td>
<td>43.9%</td>
<td>28.8%</td>
<td>4.5%</td>
<td>0%</td>
</tr>
<tr>
<td>Interest on loan</td>
<td>6.1%</td>
<td>34.8%</td>
<td>56.1%</td>
<td>3.0%</td>
<td>0%</td>
</tr>
<tr>
<td>suitability of product to</td>
<td>31.8%</td>
<td>33.3%</td>
<td>22.7%</td>
<td>12.1%</td>
<td>0%</td>
</tr>
<tr>
<td>customers needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand image</td>
<td>48.5%</td>
<td>22.7%</td>
<td>25.8%</td>
<td>3.0%</td>
<td>0%</td>
</tr>
<tr>
<td>Frequency of product review</td>
<td>37.9%</td>
<td>40.9%</td>
<td>12.1%</td>
<td>9.1%</td>
<td>0%</td>
</tr>
<tr>
<td>Ammount of loan awarded</td>
<td>40.9%</td>
<td>19.7%</td>
<td>37.9%</td>
<td>1.5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Product variety among the MFIs was rated good by majority 45.5% of the marketing and product development staff surveyed while 15.2% rated them very good. On the other hand, 21.2% rated their organizations product variety on average, while 18.2% thought that their institutions performed poorly in product variety. This indicates that majority MFIs had a wide variety of products for their customers, cumulatively 81.8% rated average and above.

MFIs processed loans for their clients on time, 22.7% rated their organizations very good, 43.9% good, 28.8% average, 4.5% poor. None rated their organizations speed of processing client’s loans very poor while over half considered their organizations speed to be good or very good. Interest charged on loans however was observed by majority 56.1% of the respondents to be on average, while 34.8% considered them good.

Products and services offered to customers by MFIs surveyed were found to adequately suit customer’s needs by majority of the staff surveyed. Those who rated the products Very good on adequacy formed 31.8%, while good forms 33.3%, those who rated average formed 22.7% of the respondents surveyed which generally implies that the products were tailor made to suit client’s financial needs.
Further it was observed that majority of the MFIs studied have strong brands with good image before the customers, when asked to rate their institutions brand image, more than three quarters of the staff surveyed rated their institutions as either very good or good, 48.5% and 22.7% respectively on brand image. Products were also reviewed regularly to suit the needs of the market and in line with the prevailing market conditions 37.9% indicated that the frequency of product review was very good while 40.9% thought that the frequency of product review was good against 9.1% who thought that the frequency was poor.

Finally the study revealed that MFIs leveraged in awarding their clients with loans relevant to suit their individual needs where 40.9% rated their institutions very good on this, 19.7% rated good while 37.9% rated them on average.

4.5.1 How products affect Performance of MFIs

Having the right product and services affects performance of microfinance institutions in various ways. Respondents were asked to indicate how products and services affected the performance of their institutions by indicating their level of agreement as shown on table

Table 4.10: How products affect Performance of MFIs

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

- Having a variety of products leads to a big clientele served 45.5% 27.3% 27.3% 0% 0%
- High quality product attracts many customers. 37.9% 27.3% 34.8% 0% 0%
- A quality brand leads to customer loyalty. 37.9% 48.5% 13.6% 0% 0%
- Quality that exceeds customer expectations result customer loyalty, repeat purchase and profitability 36.4% 53.1% 10.6% 0% 0%
From the findings it was observed that indeed having a wide variety of products was crucial in achieving organizational performance in micro finance institutions in that it allowed for the MFI to have a large clientele base, 45.5% strongly agreed, 27.3% agreed, while 27.35 were not sure. None of the respondents disagreed or strongly disagreed that this was true in their institutions.

Further having high quality products and services was identified as key in attracting customers by 37.9% who strongly agreed, 27.3% who agreed, and 34.8% who were not sure. Product quality therefore lead to highs sales volumes, 37.9 strongly agreed, 48.5% agreed, 13.6% were not sure.

Exceeding the customers' expectations in quality results to high customer improved customers loyalty and repeat purchases in MFIs according to 36.4% who strongly agreed, 53.1% agreed against 10.6% who were not sure. However, packaging did not emerge a critical issue in enhancing performance of MFIs in that majority 40.9% were not sure whether it affects performance or not, 30.3% agreed while 13.6% strongly agreed. this clearly indicated that despite the role played by product packaging in MFIs in enhancing performance, this may not have been well adopted therefore the high number of undecided respondents.

4.6 Pricing and Performance of Microfinance Institutions

Pricing in any business is a key of the marketing mix that highly determines sales volumes. This study therefore sought to establish how pricing affected sales performance and ultimately the overall organizational performance in the microfinance industry. This was accomplished by seeking opinion from the MFIs marketing and product development staff on the pricing strategies applied, their suitability and effect of organizational performance.
Table 4.11: Pricing methods used

<table>
<thead>
<tr>
<th>Method</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost plus</td>
<td>7</td>
<td>10.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Target return pricing</td>
<td>23</td>
<td>34.8</td>
<td>45.5</td>
</tr>
<tr>
<td>Value based pricing</td>
<td>25</td>
<td>37.9</td>
<td>83.3</td>
</tr>
<tr>
<td>Psychological pricing</td>
<td>11</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Majority of the marketing and product development staff surveyed in the MFls 37.9% were of the opinion that their institutions adopted value based pricing while 34.8% thought that their institutions used value based pricing, minority 16.7% were of the opinion that their institutions used psychological while 10.6% cited the use of cost plus. This clearly indicates that there is no one concise pricing strategy that is applied in the MFls studied a factor that could highly expose customers to unfavorable prices.

Further the respondents were asked to indicate whether the pricing strategies adopted by MFls for their products and services were favorable to both customers and the organization and these findings were captured on table 4.12.

Table 4.12: Favorability of the pricing strategies adopted

<table>
<thead>
<tr>
<th>Favorability</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very unfavorable</td>
<td>9</td>
<td>13.6</td>
<td>13.6</td>
</tr>
<tr>
<td>Un favorable</td>
<td>30</td>
<td>45.5</td>
<td>59.1</td>
</tr>
<tr>
<td>Not sure</td>
<td>19</td>
<td>28.8</td>
<td>87.9</td>
</tr>
<tr>
<td>Favorable</td>
<td>3</td>
<td>4.5</td>
<td>92.4</td>
</tr>
<tr>
<td>Very favorable</td>
<td>5</td>
<td>7.6</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Results of the study indicated that the pricing strategies adopted by the MFls were not favorable especially to the clients as termed by majority 45.5% as unfavorable, and 13.6% as unfavorable. Another big proportion 28.8% of the respondents were not decided on whether pricing was favorable or not. As a result, the study sought to
know which of the organizational performance measures were affected by the pricing strategies used. These findings were tabulated on table 4.13.

Table 4.13: Impact of the pricing strategies on banks performance

<table>
<thead>
<tr>
<th></th>
<th>Very Negative</th>
<th>Negative</th>
<th>No Impact</th>
<th>Positive</th>
<th>Very positive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The number of clientele</td>
<td>0%</td>
<td>33.3%</td>
<td>21.2%</td>
<td>33.3%</td>
<td>12.1%</td>
</tr>
<tr>
<td>The number of loan provided</td>
<td>0%</td>
<td>24.2%</td>
<td>16.7%</td>
<td>18.2%</td>
<td>40.9%</td>
</tr>
<tr>
<td>Profitability of the organization</td>
<td>33.3%</td>
<td>25.8%</td>
<td>13.6%</td>
<td>21.2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Loan repayment</td>
<td>0%</td>
<td>0%</td>
<td>15.2%</td>
<td>63.6%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Market share</td>
<td>0%</td>
<td>7.6%</td>
<td>28.8%</td>
<td>43.9%</td>
<td>19.7%</td>
</tr>
</tbody>
</table>

Owing to the fact that majority of the respondents cited that the pricing strategies adopted were not favorable, 33.3% indicated that this had a negative impact on the number of clientele that is they were hindrance to building clientele base. On the contrary, an equal number indicated that the pricing strategies positively affected the clientele build up. On the amount of loans offered however, the pricing were favorable therefore had positive impact according to 18.2%, and very positive impact according to majority 40.9%. This implies that although the pricing strategies in overall terms were not considered favorable, the pricing on loan interests were lenient and favoured the growth of loan accounts for microfinance institutions. This situation was also reflected in the loan repayment where 63.6% indicated that this had positive impact, 21.2% cited very positive impact on loan repayment. However, the these pricing strategies could have focused more on the clients at the expense of the organization in that 33.3% cited very negative impact and 25.8% negative impact on profitability of the MFI. Market share also experienced positive impact (growth) from the existing pricing strategies.

4.6.1 Correlation between Pricing Strategies and MFI Performance

To establish the MFI performance parameters that were adversely affected by the pricing strategies adopted, pearson correlation analysis was done on the rating on the pricing strategy adopted against the rating on performance parameters of MFIs, namely clientele, profitability, loans awarded, loan repayment, and market share as shown on table 4.14.
Pearson correlation analysis between the pricing strategies used and the MFI performance indicated that, the pricing strategies had negative relationship with the profitability ($r = -0.016, p= 0.898$) although not significant at $p < 0.05$. Further the pricing strategies had a weak negative relationship with the number of clientele served by the MFI ($r = -0.056, p= 0.677$) in that most of the respondents rated the pricing strategies as unfavorable therefore this could be the main reason for the negative relation among the MFIIs studied. However the pricing were favorable to the customer in that positive correlation was observed between pricing strategy and loan repayment ($r = 0.580, p= 0.021$). Similarly a positive correlation exists between pricing strategy and market share ($r = 0.115, p= 0.358$) indicating that one of the key determinants of good market share was to have the right pricing strategy favorable to the customers hence high market share.

### Table 4.14: Correlation between Pricing Strategies and MFI Performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Pricing strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>Pearson Correlation</td>
<td>-0.016</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.898</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>63</td>
</tr>
<tr>
<td>Number of clients served</td>
<td>Pearson Correlation</td>
<td>-0.052</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.677</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>66</td>
</tr>
<tr>
<td>Loan repayment by clients</td>
<td>Pearson Correlation</td>
<td>0.580**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.021</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>64</td>
</tr>
<tr>
<td>Market Share</td>
<td>Pearson Correlation</td>
<td>0.115</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.358</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>66</td>
</tr>
</tbody>
</table>

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

*. Correlation is significant at the 0.05 level (2-tailed).
4.7 Promotion and Performance of Microfinance Institutions

Promotion mix basically aims at communication to build and maintain relationships by informing and persuading one or more audiences. The overall role of promotion is to stimulate demand by building and enhancing customer relationships. Focusing customers on information about company’s activities and products. Various elements considered in the promotion mix include: advertising, publicity, personal selling, sales promotion, public relations, and product display especially in the banking halls. First all respondents studied 100% indicated that their institutions adopted one form of promotion strategy or the other.

Further, the study sought to determine the level to which these promotional strategies were applied in the MFI studied by asking respondents to indicate the frequency of usage of each element of the promotion mix on the scale of 1- never used 2- minimal use 3- average use 4- frequently used 5: very frequently used as shown on Table 15.

<table>
<thead>
<tr>
<th>Promotional method</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Advertising</td>
<td>0%</td>
<td>19.7%</td>
<td>36.4%</td>
<td>25.8%</td>
<td>18.2%</td>
</tr>
<tr>
<td>b) Publicity</td>
<td>36.4%</td>
<td>25.8%</td>
<td>33.3%</td>
<td>4.5%</td>
<td>0%</td>
</tr>
<tr>
<td>c) Personal selling</td>
<td>0%</td>
<td>1.5%</td>
<td>22.7%</td>
<td>31.8%</td>
<td>43.9%</td>
</tr>
<tr>
<td>d) Sales promotion</td>
<td>15.2%</td>
<td>25.8%</td>
<td>28.8%</td>
<td>22.7%</td>
<td>7.6%</td>
</tr>
<tr>
<td>e) Public relations</td>
<td>13.6%</td>
<td>43.9%</td>
<td>22.7%</td>
<td>19.7%</td>
<td>0%</td>
</tr>
<tr>
<td>f) Display of products</td>
<td>0%</td>
<td>3.0%</td>
<td>25.8%</td>
<td>22.7%</td>
<td>48.5%</td>
</tr>
</tbody>
</table>

All the respondents cited the use of a combination of promotion mix elements. On advertising majority of respondents 36.4% cited average usage, 25.8% cited frequent use while 18.2% frequently used advertising. Publicity on the other hand according to 36.4% of respondents was never used in their institutions, 25.8% cited minimal usage while 33.3% cited average usage, only 4.5% indicated frequent usage in their institutions. This indicates that publicity was rarely adopted by the MFI surveyed. Personal selling however was widely adopted 43.9% cited very frequent usage, 31.8%
frequent usage, while 22.7% used it on average. Sales promotion are not frequently adopted by MFls according to 15.2% who cited that sales promotion are never used in their institutions, 25.8% indicated that they were used but to a minimum extent, 28.8% cited average while 22.7% and 7.6% indicated frequent and very frequent use in their institutions. This therefore indicates that sales promotion is either unfavorable for the MFls or they have not found proper way of applying sales promotion in their institutions. Similarly, public relations despite the many benefits its presents in marketing majority 43.9% of cited that it’s rarely applied while 19.7% cited average use. Majority of the MFls seem to have embraced the use of product display especially in the banking hall for customers to learn more on new products and the existing one as is the trend in many banking institutions. This is evident in that 48.5% of the respondents cited very frequent usage while 22.7% cited frequent usage. Those who cited average use of display were 25.8%.

4.7.1 Influences of Adoption of promotion strategies on MFI performance

Based on the variations in usage of promotion strategies across MFls, Chi square analysis was done to establish if the use of promotion strategies influenced MFI performance. Frequency of application of various marketing mix was compared with score on MFI performance. The strength of association was established using Cramer’s value.

<table>
<thead>
<tr>
<th>Promotion mix strategies on performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Chi square value</strong></td>
</tr>
<tr>
<td>Advertising</td>
</tr>
<tr>
<td>Publicity</td>
</tr>
<tr>
<td>Personal selling</td>
</tr>
<tr>
<td>Sales promotion</td>
</tr>
<tr>
<td>Public relations</td>
</tr>
<tr>
<td>Display of products</td>
</tr>
</tbody>
</table>

The findings of the study indicated that indeed, there exists a close relationship between the frequency of application of various promotion mix strategies and
performance of MFI. Sales promotion had the highest influence on performance of MFI (Chi-square(24) = 58.541, $P = 0.013$), and cramer’s value of 0.638 indicating very strong and significant association. Publicity follows with significant association (Chi-square(18) = 57.541, $P = 0.000$), and Cramer’s value of 0.538. The third element of promotion mix which influenced the performance of MFIs was advertisement (Chi-square(18) = 50.089, $P = 0.026$), and cramer’s value of 0.503. Although public relation was found to have a high association with performance of MFIs, the association was not significant (Chi-square(18) = 48.365 $P = 0.178$), and cramer’s value of 0.494. Other factors that had significant influence though with weaker level of association were personal selling and display of products (Chi-square(18) = 44.634, $P = 0.043$), and cramer’s value of 0.472 and (Chi-square(18) = 30.967, $P = 0.029$), and cramer’s value of 0.395 respectively. These findings indicate that indeed promotion plays a key role in performance of MFIs and the choice of the right combination of promotion mix could greatly enhance performance.

4.8 Distribution and Performance of Microfinance Institutions
Distribution strategies in Micro finance institutions facilitate the recruitment of clients and loaning to both individuals and members of groups in group lending. Various institutions use different strategies to reach their clientele, which also determine the number of clientele served, loan sold and profitability. In this study, the strategies applied were determined and compared with institutional performance. Application of these strategies were rated on a five point scale 1- Very poor, 2- Poor, 3 – Average, 4 – Good and 5 –Very Good as shown on table 4.17
Table 4.17: Rating on the adoption of distribution strategies

<table>
<thead>
<tr>
<th>Distribution strategies</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of branch networks</td>
<td>3.0%</td>
<td>27.3%</td>
<td>16.7%</td>
<td>33.3%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Adoption of Mobile banking</td>
<td>28.8%</td>
<td>27.3%</td>
<td>18.2%</td>
<td>10.6%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Agency banking</td>
<td>45.5%</td>
<td>39.4%</td>
<td>10.6%</td>
<td>1.5%</td>
<td>0%</td>
</tr>
<tr>
<td>Personalized Selling</td>
<td>0%</td>
<td>0%</td>
<td>10.6%</td>
<td>43.9%</td>
<td>28.4%</td>
</tr>
<tr>
<td>Integration with village saving and loaning groups</td>
<td>0%</td>
<td>0%</td>
<td>37.9%</td>
<td>43.9%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Technology adoption in service provision</td>
<td>6.1%</td>
<td>25.8%</td>
<td>6.1%</td>
<td>31.8%</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

Slightly above half of the respondents indicated that their institutions have adopted branch expansion by rating them 33.3% and 19.7% as good and very good respectively. Mobile banking although it’s one of the most current strategies reaching clients in an economical way regardless of distance, majority of the MFIs studied have not adopted it, 28.8% cited very poor adoption, 27.3% poor adoption while 18.2% rated their institutions average in adoption of mobile banking. Agency banking has also not been very well adopted by MFIs as 45.5% cited very poor, while 39.4% cited poor application. Majority MFIs on the other hand use personalized selling through sales agents and business development officers which was rated by 43.9% and 38.8% as good and very good respectively. This is made possible by integrating with village saving and loaning groups rated by 43.9% and 15.2% as good and very good respectively. Technology in general though it has been adopted there has been a mixed reaction on the extent to which it has been adopted with almost a balance between those who rated their institutions positively and negatively in adoption of technology.
4.8.1 Distribution Strategies and MFIs Performance

To establish how distribution strategies affected performance, respondents were asked to indicate their level of agreement with four statements and indicate any other way they considered distribution strategies affected banks performance on the scale 5 – Strongly Agree, 4 – Agree 3 – Not Sur 2 – Disagree 1 – Strongly Disagree

Table 4.18: Distribution Strategies and MFIs Performance

<table>
<thead>
<tr>
<th>Effect of distribution strategies</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution strategies enhance capturing new clients</td>
<td>0%</td>
<td>0%</td>
<td>21.2%</td>
<td>10.6%</td>
<td>54.5%</td>
</tr>
<tr>
<td>Strategies have increased the company’s market share</td>
<td>0%</td>
<td>9.1%</td>
<td>34.8%</td>
<td>33.3%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Increase numbers of loans sold</td>
<td>0%</td>
<td>0%</td>
<td>22.7%</td>
<td>39.4%</td>
<td>16.7%</td>
</tr>
<tr>
<td>The strategies reduced the cost of reaching and serving clients</td>
<td>0%</td>
<td>37.9%</td>
<td>10.6%</td>
<td>25.8%</td>
<td>74.2%</td>
</tr>
</tbody>
</table>

Distribution strategies influence the number of clients served as indicated by 54.5% of the respondents who strongly agreed, 10.6% agreed and 21.2% who were not sure. Further, the distribution strategy adopted highly determine the market share commanded by the MFIs as cited by 18.2% who strongly agreed, 33.3% who agreed, and 34.8% who were not sure. Effective distribution channels enable business development officers to reach more clients and improve loaning as cited by 16.7% who strongly agreed, 39.4% who agreed and 22.7% who were not sure, none of the respondents disagreed or strongly disagreed to this. Finally the distribution strategies adopted by MFIs have a lot of bearing on the cost of reaching and serving the clients therefore impact a lot on the profitability of the institution as cited by 74.2% who strongly agreed, and 25.8% who agreed.

43
<table>
<thead>
<tr>
<th></th>
<th>Pearson Chi square value</th>
<th>Significance</th>
<th>df</th>
<th>Cramers Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of branch networks</td>
<td>76.563</td>
<td>0.017</td>
<td>24</td>
<td>0.539</td>
</tr>
<tr>
<td>Adoption of Mobile banking</td>
<td>75.663</td>
<td>0.00</td>
<td>24</td>
<td>0.535</td>
</tr>
<tr>
<td>Agency banking</td>
<td>39.847</td>
<td>0.021</td>
<td>18</td>
<td>0.456</td>
</tr>
<tr>
<td>Personalized Selling</td>
<td>35.771</td>
<td>0.010</td>
<td>12</td>
<td>0.570</td>
</tr>
<tr>
<td>Integration with village saving and loaning groups</td>
<td>33.169</td>
<td>0.034</td>
<td>12</td>
<td>0.509</td>
</tr>
<tr>
<td>Technology adoption in service provision</td>
<td>65.134</td>
<td>0.000</td>
<td>24</td>
<td>0.554</td>
</tr>
</tbody>
</table>

From the findings of the findings it is evident that different practices adopted in distribution of MFI products have affect performance of these institutions. First, personalized selling as a distribution strategy was found to have the strongest association with performance of MFIs (Chi-square(12) = 35.771 P = 0.010), and cramer’s value of 0.570. This implies that personalized selling is the most efficient distribution strategy that MFIs can use to effectively boost sales and improve performance. Secondly, integrating technology in all elements of distribution, including communication, and transaction has also greatly improved performance of MFIs (Chi-square(24) = 65.135 P = 0.000, and cramer’s value of 0.554. Branch expansion and adoption of mobile banking followed as the improvements in distribution that had impact on performance of MFIs (Chi-square(24) = 76.563 P = 0.017), and cramer’s value of 0.539 and (Chi-square(24) = 75.163 P = 0.000), and cramer’s value of 0.535 respectively.
CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents a discussion on the impacts of marketing mix on the performance of microfinance organizations. The presentation flows in accordance with the study objectives starting with respondent’s background information. The chapter is divided into four sections, the summary of findings of the study based on the objectives, conclusions, and recommendations. Areas that require further studies to be done are also presented at the tail end of the chapter.

5.2 Summary of Findings
This section presents results from the findings of the study discussion and further comparison with other scholars who have conducted studies in the same area. The discussion follows in accordance with the study objectives and finally the conclusions and recommendations. On the general information of the study, majority of the marketing and business development managers sampled were male 57.6%, female formed minority 42.4%. 39.4% of those who held positions of marketing managers and product development managers were in the age bracket 31 – 40 years, those between 19-30 years formed 31.8% while 41-50 years were 15.2%. Minority 13.6% were in the age brackets above 50 years.

On the distribution based on the positions held, 13 marketing managers targeted 1 who responded, forming 16.7% of the respondents, while 55 out of 60 business development officers responded forming 83.3% of the respondents. Those staff who held college diplomas, and bachelors degree formed 68.7% of the respondents. Masters degree holders formed 10.6% of the respondents. 63.6% of the respondents had worked in their current institutions for duration between 1 - 5 years, 15.2% had worked for 6-10 years, while 19.7% worked for 11-15 years, which implied that the respondents were in a position to adequate information on their organizations.

MFI studied were evaluated in performance on profitability, number of clientele, loans issued and loan repayment. Majority of the respondents rated their institutions good on average 28.8%, in profitability while 34.8% rated them poor. Performance in terms of...
the number of clients was rated average by 36.4% were while loan repayment received mixed reactions with majority 30.3% rating their institutions performance on average 19.7% good, 10.6% very good, while 22.7% poor and 16.7% very poor. On the loan portfolio quality, majority of the institutions 40.9% were rated good, 12.1% average, 13.6% average, 10.6% poor while 22.7% rated very poor.

5.2.1 Products and services on performance of microfinance institutions

Having a wide variety of products plays a very crucial role in achieving organizational performance in micro finance institutions in that it allows for the MFI to have a large clientele base, in this study 45.5% strongly agreed, 27.3% agreed, while 27.35 were not sure. Further having high quality products and services was identified as key in attracting customers by 37.9% who strongly agreed, 27.3% who agreed, and 34.8% who were not sure. Product quality lead to high sales volumes, according to 37.9 strongly agreed, 48.5% agreed, 13.6% were not sure. Delivering beyond customers expectation in quality results to high customer improved customers loyalty and repeat purchases in MFIs according to 36.4% who strongly agreed, 53.1% agreed against 10.6% who were not sure. Packaging did not emerge as critical issue in enhancing performance of MFIs in that majority 40.9% were not sure whether it affects performance or not, 30.3% agreed while 13.6% strongly agreed. this clearly indicated that despite the role played by product packaging in MFIs in enhancing performance, this may not have been well adopted therefore the high number of undecided respondents.

5.2.2 Promotion on the performance of microfinance institutions

The overall role of promotion is to stimulate demand. In this study it was established that a combination of promotion mix elements was adopted by MFIs. The level of application varied from one institution to the other and also rating by the respondents varied in the same institution. On advertising majority of respondents 36.4% cited average usage, 25.8% cited frequent use while 18.2% frequent use. Publicity on the other hand according to 36.4% of respondents was never used in their institutions, 25.8% cited minimal usage while 33.3% cited average usage. Personal selling however was widely adopted 43.9% cited very frequent usage, 31.8% frequent usage. Sales promotion are not frequently adopted by MFIs 15.2% cited never used in their
institutions, 25.8% indicated that they were used but to a minimum extent, 28.8% cited average while 22.7% and 7.6% indicated frequent and very frequent. Similarly, public relations despite the many benefits its presents in marketing majority 43.9% cited that it's rarely applied while 19.7% cited average use. Majority of the MFI seem to have embraced the use of product display especially in the banking hall for customers to learn more on new products and the existing one as is the trend in many banking institutions. This is evident in that 48.5% of the respondents cited very frequent usage while 22.7% cited frequent usage. Those who cited average use of display were 25.8%.

Chi square analysis to identify how adoption of each promotion mix affected the performance of microfinance institutions revealed that sales promotion had the highest influence on performance of MFI (Chi-square(24) = 58.541, $P = 0.013$), and cramer’s value of 0.638 while publicity followed with significant association (Chi-square(18) = 57.541, $P = 0.000$), and Cramer’s value of 0.538. The third element of promotion mix which influenced the performance of MFIs was advertisement (Chi-square(18) = 50.089, $P = 0.026$), and cramer’s value of 0.503. Public relation has a strong association with performance of MFIs, though not significant (Chi-square(18) = 48.365, $P = 0.178$), and cramer’s value of 0.494. Other factors that had significant influence though with weaker level of association were personal selling and display of products (Chi-square(18) = 44.634, $P = 0.043$), and cramer’s value of 0.472) and (Chi-square(18) = 30.967, $P = 0.029$), and cramer’s value of 0.395 respectively.

5.2.3 Pricing affects on performance of microfinance institutions

Pricing in any business is a key aspect of the marketing mix that highly determines sales volumes. In the current study, majority of the marketing and product development staff surveyed in the MFIs 37.9% were of the opinion that their institutions adopted value based pricing while 34.8% thought that their institutions used value based pricing, minority 16.7% were of the opinion that their institutions used psychological while 10.6% cited the use of cost plus. This clearly indicates that there is no one concise pricing strategy that is applied in the MFIs.

The pricing strategies adopted by the MFIs were found to have adverse effects on various performance parameters. The pricing strategies were not favorable to the
clients as termed by majority 45.5% as unfavorable, and 13.6% as unfavorable. Another big proportion 28.8% of the respondents were not decided on whether pricing was favorable or not. 33.3% indicated that this had a negative impact on the number of clientele that is they were hindrance to building clientele base. The pricing strategies however were favorable to loan repayment where 63.6% indicated that this had positive impact, 21.2% cited very positive impact on loan repayment. Market share also experienced positive impact (growth) from the existing pricing strategies.

Pearson correlation analysis between the pricing strategies used and the MFI performance indicated that, the pricing strategies had negative relationship with the profitability \( r = -0.016, p=0.898 \) although not significant. Further the pricing strategies had a weak negative relationship with the number of clientele served by the MFI \( r = -0.056, p=0.677 \). However the pricing were favorable to the customer in that positive correlation was observed between pricing strategy and loan repayment \( r = 0.580, p=0.021 \). Similarly a positive correlation exists between pricing strategy and market share \( r = 0.115, p=0.358 \) indicating that one of the key determinants of good market share was to have the right pricing strategy favorable to the customers hence high market share.

5.2.4 Distribution and performance of microfinance institutions

Slightly above half of the respondents indicated that their institutions have adopted branch expansion by rating them 33.3% and 19.7% as good and very good respectively. Mobile banking although it’s one of the most current strategies of reaching clients in an economical way regardless of distance, majority of the MFIs studied have not adopted it, 28.8% cited very poor adoption, 27.3% poor adoption while 18.2% rated their institutions average in adoption of mobile banking. Agency banking has also not been very well adopted by MFIs as 45.5% cited very poor, while 39.4% cited poor application. Majority MFIs on the other hand use personalized selling through sales agents and business development officers which was rated by 43.9% and 38.8% as good and very good respectively. This is made possible by integrating with village saving and loaning groups rated by 43.9% and 15.2% as good and very good respectively. Technology in general though it has been adopted there is mixed reaction on the extent to which it has been adopted with almost a balance.
between those who rated their institutions positively and negatively in adoption of technology.

Pearson Chisquare analysis revealed that personalized selling as a distribution strategy had the strongest association with performance of MFIs $(\text{Chi-square}(12) = 35.771, P = 0.010)$, and cramer’s value of 0.570. This implies that personalized selling is the most efficient distribution strategy that MFIs can use to effectively boost sales and improve performance. Secondly, integrating technology in all elements of distribution including communication, and transaction greatly improved performance of MFIs $(\text{Chi-square}(24) = 65.135, P = 0.000$, and cramer’s value of 0.554. Branch expansion and adoption of mobile banking followed as the improvements in distribution that had impact on performance of MFIs $(\text{Chi-square}(24) = 76.563, P = 0.017$, and cramer’s value of 0.539 and $(\text{Chi-square}(24) = 75.163, P = 0.000$, and cramer’s value of 0.53, respectively.

5.3 Conclusions

This section is informed by the findings of the study and comparison with other studies reviewed in the literature. First on how products and services affect performance of microfinance institutions it can be concluded that the design, packaging and delivery of products and services in microfinance institutions have a high impact on the performance of the institution by building the clientele, increasing the amount of loan sold, enhancing loan repayment and profitability. This can be achieved through having products designed with customer’s interest at heart, and having effective methods of reaching the customer to deliver the service or product. Having a wide range of product/services increases the number of customers reached across various economic status as MFIs focus on the low income earners and self employed persons across various industries. Regular product developments are also very crucial in line with changing customer needs and trends in the business environment to accommodate both customers and organizational needs in MFIs.

The suitability of product to the customer needs enhance sales, attract more customers and minimize the amount of loan repayment defaults thereby enhancing performance of MFIs. Poor pricing strategies result to inflated interest rates, that turn away potential clients and reduce the amount of loan demanded. An organization can have the right product, that meets customer’s needs, but fail in the costing of the product.
MFI\s should therefore have concise methods of assessing and determining the pricing of their products in line with customers needs at all times.

Promotional activities are necessary marketing in MFI\s in the current market characterized by increased competition. Promotion plays a key role in changing the views, awareness, beliefs and feelings of perspective customers and clients about the MFI\s products and services. For MFI\s to be successful in the implementation of promotion strategies it is important that organizations conduct though assessments to establish the elements of promotion mix that give better results for the products and the markets served. For this particular industry use of sales promotion, publicity, advertisements, public relation, personal selling and display of products on the banking halls and any other strategic places are important for success of MFI\s in Kenya.

Closely intertwined with the promotion strategies are the distribution strategies that MFI\s use to get their products to the customers. As observed in the study, various distribution strategies achieve different results in the organization. The revolotionalization of the banking industry by the current developments in technology play a crucial in enhancing efficiency of distribution channels, easy access to the customer and in cutting down the cost of getting products to the customers. Adoption of mobile banking and agency banking for instance allow customers to transact business without necessarily visiting the MFI, save on cost and offer services conveniently in an economical manner. The number of clients reached by an individual staff is also bigger compared to the traditional distribution methods.

5.4 Recommendations

This study therefore recommends to MFI\s to have well articulated, marketing mix incorporated in their marketing plans as a way of enhancing their performance. The various elements of the marketing mix should be designed with expected outcomes intermesh of organizational performance with tangible deliverables to enable continuous monitoring and evaluation at all times.

Secondly it is recommended that for MFI\s to achieve better results in building the clientele base, amount of loan sold, and improved profitability, they can leverage on
the current developments in the banking industry especially adoption of mobile banking and agency banking. These developments in the key markets at the moment have been widely applied by commercial banks but if adapted by MFIs better performance could be realized amidst increased competition.

5.5 Suggestions for further Study

The findings of the study were limited to the area of study and thus there is need for further studies research on the same field of study using the same methodology in other parts of the country in order to enable proper generalization. Further studies should also be done to establish the impact of competition between commercial banks SACCOs and MFIs on performance of microfinance institutions in Kenya.
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APPENDIX I: INTRODUCTION LETTER

KENYATTA UNIVERSITY

SCHOOL OF BUSINESS ADMINISTRATION

NAIROBI

28th May 2012

Dear Respondents

I am a postgraduate student in Kenyatta University, school of business administration. Am conducting a research on the role of marketing mix on performance of microfinance institutions in Kenya. This is a partial fulfillment of the requirement for the Master of Business administration degree.

Kindly fill the attached questionnaire to the best of your knowledge. The information given will be used purely for academic purposes and will be treated with strict confidence.

Your assistance will be highly appreciated. Thank you.

Yours faithfully,

Purity Kanja

MBA student

Mr. Bett and Mr. Nzulwa

Supervisors
APPENDIX 2: QUESTIONNAIRE

Please note that any information that you give will be used only for this research and will be treated with utmost confidentiality.

Please respond to the questions below to the best of your knowledge.

SECTION ONE: BIOGRAPHICAL INFORMATION

1) Please indicate your Gender.
   ( ) Male ( ) Female

2) What is your age bracket?
   ( ) 19 – 30 Years ( ) 31 – 40 Years
   ( ) 41 – 50 Years ( ) Over 50 years

3) Please indicate your position in the institution.
   ( ) Marketing manager
   ( ) Business development officer.

3) What is your highest level of education?
   Secondary ( ) Masters degree ( )
   College diploma ( ) Others (please state) .................
   University degree ( )

4) How many years have you worked in this institution?
   1-5 years ( ) 16-20 years ( ) 26-30 years ( )
   6-10 years ( ) 21-25 years ( ) Over 30 years ( )
   11-15 years ( )

SECTION TWO: GENERAL ISSUES

5. How do you rate your bank's performance on the following areas? Tick appropriately on the scale 1 – Very Poor, 2 – Poor, 3 – Average 4 – Good, 5 – Very Good

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of clients served</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan repayment rate by clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product portfolio quality</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

6. To what extent do you agree with the following statement: The general marketing mix has an effect on the performance of Kenya Women Finance Trust.
Strongly agree ( ) Agree ( )
Neutral ( ) Disagree ( )
Strongly disagree ( )

7. What is your level of agreement with the following statements that relate to the effect of marketing mix to your company? Use a scale of 1 – 5 where 5= strongly agree and 4 = Agree 3=Neutral 2= Disagree 1= strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The quality of product directly effect on the performance of your institution.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fluctuations in the interest rates have effects on performance.</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance is affected by the promotion strategies applied.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance is not affected by the distribution strategies used.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

SECTION THREE: PRODUCT

6. How can you rate your banks products on the following scale: Tick appropriately on the scale 1 – Very Poor, 2- Poor, 3 – Average 4 – Good, 5 – Very Good.

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Variety in product/services</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Products packaging</td>
<td></td>
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<tr>
<td>Product development</td>
<td></td>
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<tr>
<td>Brand image</td>
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</tr>
</tbody>
</table>

7. To what extent is your institution performance affected by the following elements of marketing mix? Use a scale of 1 – 5 where 5 = very great extent, 4=great extent, 3=moderate extent 2=small extent and 1 = not affected at all.

<table>
<thead>
<tr>
<th>Statement</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Having a variety of products leads to a big clientele served</td>
<td></td>
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<tr>
<td>2 High quality product attracts many customers.</td>
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</tr>
<tr>
<td>3 Quality products leads to high sales volume.</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 A quality brand leads to customer loyalty.</td>
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</tr>
</tbody>
</table>
5 Quality that exceeds customer expectations result
customer loyalty, repeat purchase and profitability.

6 Good packaging attracts customers.

**Pricing**

8. In your opinion which is the **MAIN** pricing strategy used by your institution?

   a) Cost-plus pricing

   b) Target return pricing

   c) Value-based pricing

   d) Psychological pricing

9. Please rate the impact of the identified pricing strategy on banks performance on the following scale

   1- Very Negatively, 2 – Negatively, 3 - No Impact; 4 – Positively 5: Very Positively

<table>
<thead>
<tr>
<th>Issue</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>a) The number of clientele</td>
<td></td>
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</tr>
<tr>
<td>b) The number of loan types provided</td>
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<tr>
<td>c) Profitability of the organization</td>
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<tr>
<td>d) Loan repayment</td>
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<td></td>
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<tr>
<td>e) Market share</td>
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</tbody>
</table>

**Promotion**

10. Does the bank apply promotional strategies in to market their products?

   Yes [ ] No [ ]

11. If yes indicate the frequency with which your institution uses the following promotional methods

1- Never used  2- Minimal Use  3- Average use 4- Frequently used 5: Very frequently used

<table>
<thead>
<tr>
<th>Promotional method</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>g) Advertising</td>
<td></td>
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</tr>
</tbody>
</table>
12. How would you rate you institution on the adoption of the following platforms for distribution channels?

<table>
<thead>
<tr>
<th>Issue</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Expansion of branch networks</td>
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<td>Adoption of Mobile banking</td>
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<td>Agency banking</td>
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<td>Personalized Selling</td>
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<tr>
<td>Integration with village saving and loaning groups</td>
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<td>Technology adoption in service provision</td>
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</tbody>
</table>

12. Do you agree that, the applied distribution strategies have impacted on the following banks performance measures?

5 – Strongly Agree, 4 – Agree 3 – Not Sur 2 – Disagree 1 – Strongly Disagree

<table>
<thead>
<tr>
<th>Issue</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
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<tbody>
<tr>
<td>Distribution strategies have enhanced capturing new clients</td>
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<tr>
<td>Strategies have increased the company’s market share</td>
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<td>There is increased numbers of loans sold</td>
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<td>The strategies have reduced the cost of reaching and serving clients</td>
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