

Research Article

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Effects of Marketing strategy on competitiveness of Saccos in Imenti North Sub-County, Meru, Kenya.

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Abstract

The competitive environment is largely uncontrollable and very wide in scope. The success of every organization is determined by its responsiveness to the environment. Organizations adequately and promptly respond to challenges of competition in the environment for success. There is the need for organizations to match their strategies to the level of competitiveness in the operating environment. This aim of the study was to establish the effects of marketing strategy on competitiveness of SACCOS in Imenti North Sub-County, Meru Kenya. The study employed a descriptive survey research design. Simple random sampling method was used for pick the accountants and purposive sampling for managers. All analysis was be done by use of SPSS version 22.0. Findings indicated that majority of the respondents 61.25% strongly agreed that the SACCOs hold products promotions every six months, 26.25% of the respondents agreed, 5% of the respondents were neutral did not comment while 3.75% of the respondents indicated they strongly disagreed SACCOs hold promotion every six months. 54% of the respondents strongly agreed that the SACCO has set strategic marketing strategies, 90% of respondents strongly agreed that SACCOs have strategies for controlling prices of products and Services such as withdraw fees from the counter. 31.25% financial constraints, 13.75% language barrier, 31.25% afraid of taking loans, 3.75% a facilitated transport mode. **Recommendations:** SACCOs should plan for different Marketing strategies. For example SACCOs should hold products promotion more than twice per year, bylaws of the SACCO concerning prices should be discussed before implementation.

Keywords

marketing strategy,
SACCOS,
Meru Kenya,
financial constraints.

Introduction

Strategy is the direction and scope of an organization over the long-term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations. Strategy answers the fundamental questions of where

the organisation is now; where it want to go and how it will get there? Response strategies are concerned with decisions and actions meant to mitigate against business environmental turbulence with a view to achieving business objectives and purpose. Strategic responses as the set of resolutions and actions that result in the

formalization and implementation of plans designed to achieve a firm's objectives. Therefore, it is a response to what is happening in the economic atmosphere of organizations. Well-developed and targeted strategic responses are formidable arms for a firm in acquiring and nourishing a competitive edge. These strategic responses include reorganization, marketing, information technology, and culture change (Barney, 2011).

One of the areas of SACCOs requiring strategy is marketing. Marketing is vital of any business in any country in the world which include in both developing and developed countries. Marketing is where the customers are informed on product quality, promotion, price, products types among others. Therefore, any SACCO should have strategies showing on how they are intending to market its products. In United States and Canada SACCOs use internet services such as websites social media such as; Instagram, Facebook to market their products. Here, prices are displayed, quality and whether there is/will be a promotion (Kiechel, 2010). Similarly, in Denmark, Japan and Chinese SACCOs have shown not to have any strategic plan in marketing because most of the SACCOs members belong to specific industries and no member is allowed to come from outside the industry (Harvard Business Review, 2012).

In this case these SACCOs find no relevance of marketing their products because they have already the customers within the compound. Therefore, this isolates this type of SACCOs from competitive environment because the SACCO cannot compete for customers directly but indirectly where they also need to inform their members about the products. These products can be known to the consumers through marketing even though membership is internal. Competitive strategies adopted by various SACCOs in Meru County as a result of poor /inappropriate marketing strategy, may leads to poor powers for competition around the competitive edge. This will lead to some of these SACCOs having no market share, low profit and have cost reduction. The point is that the studies would give insights on what makes some firms succeed while others fail given the same environmental competition conditions that they all operate in. Imenti north Sub County is chosen due to its large size and rapid expansion of the SACCOs within the Sub-County.

Materials and Methods

The study integrated the descriptive research design into the cross-sectional survey design. This is because the

variables under study was measured as they naturally occur and were not manipulated or controlled. According to Cooper &Schindler (2006) if the research is concerned with finding out what, when, and how much of the phenomena, descriptive research design is found to be appropriate. The researcher used this design because the study aimed at collecting information from respondents on their thoughts, attitudes, and opinions in relation to SACCOs strategic responses and how the variables under study influences their competitiveness of SACCOs. The design used both quantitative and qualitative approaches. Quantitative approach emphasizes measurement and data is analyzed in a numerical form to give a precise definition. Qualitative approach will also be used by the study because qualitative data is more in depth and provides detailed answers. It provides information about the phenomenon being studied and established patterns, trends and relationships from the information gathered. It also provides greater depth to responses and understanding which forms a link with respondents. It was suitable because it offered researcher a profile to describe relevant aspects of the phenomena from an individual organization and industry oriented perspective. The study employed a descriptive survey research design to establish the effects of Strategic responses on competitiveness of Sacco's in Imenti North Sub-County Meru County.

Target Population

This refers to an entire group of individuals, events or objects having a common observable characteristic (Mugenda & Mugenda, 2003). It entails all cases or even individuals who are to be affected by the study. All people under consideration in any field of inquiry constitute a universe or targeted population (Kombo, 2006). The target population of this study consisted of all the 46 managers and 92 accountants employed by SACCOs in North Imenti, Meru County.

Sampling Procedure and Sample Size

According to Kombo (2006), sampling is the procedure a researcher uses to select people, places or things to study. It is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of characteristics found in the entire group. The researcher selected all managers of the 46 SACCOs because they are the people with knowledge on strategic responses. The researcher used (Cooper & Schidler, 2006). Recommendation that in a survey, a sample of 100 subjects is adequate as long as none of the subgroups

is less than 20. Consequently the researcher used 80 respondents. The 74 subjects were drawn from the 46 SACCOs in north Imenti Sub-County.

Piloting Research Instrument

The researcher used questionnaires as the instrument for the study. The pilot study had one set of questionnaires, which was used to collect data from managers and the accountants. Collection of this information helped in getting preliminary information before getting actual information. Pilot study was done Imenti south Sub County, which is in Meru County. Imenti south Sub County was chosen because of convenience and it borders north Imenti Sub County and they might be sharing some characteristics.

Validity and Reliability of Instruments

Validity is the degree to which a test measures what it purports to be measuring. In this reference, the supervisor's appraisal of the instrument was sought. A pilot study was carried out to appraise the questionnaires, soundness of the items in the instruments and to estimate the time scheduled to tackle the items. Adjustments were made where necessary with relevant consultations. Reliability test was done through test-retest method. Results from the two tests were correlated using Pearson moments correlation method, reliability coefficient was 0.75 which was acceptable according to the rule of the thumb if (X is 0.70, the acceptable minimum).

Logistical and Ethical Issues

Permission to carry out the study was sought from the National Council of Science and Technology (NCST) and the research ethical team School of Business and Economics of Meru University. The Managers and other junior workers were informed the purpose of the research by the researcher before administering the questionnaire.

Data analysis

The nature of data collected was qualitative. Data was analyzed using the contextual analysis. The questionnaire was edited for completeness and consistency and coded to classify responses into meaningful categories to enable data to be analyzed. The data was analyzed by looking at the challenges faced and strategic responses applied. The result was tabulated for ease of comparison and interpretation of findings.

Results

From the findings, majority of the respondents (61.25%) strongly agreed that the SACCOs hold products promotions every six months, 26.25% of the respondents agreed, 5% of the respondents were neutral (did not comment) 2.5% disagree while 5% of the respondents indicated they strongly disagreed SACCOs hold promotion every six months. From these findings we can therefore deduce that the SACCOs hold promotion every six months.

Table 4.1 Promotion Every Six Months.

	Frequency	Percentage
Strongly agree	49	61.25
Agree	21	26.25
Neutral	4	5
Disagree	2	2.5
Strongly disagree	4	5
Total	80	100

Figure 4.1 Findings, majority of the respondents (61%) strongly agreed that the SACCO never had promotion activities, 4% of the respondents agreed, 5% of the respondents did not comment, 6 respondents disagreed while 6% of the respondents indicated they strongly disagreed that SACCOs have promotion activities. From these findings we can conclude that the SACCOs have promotion activities.

According to the findings, Figure 4.1 majority of the respondents (54%) strongly agreed that the SACCO has set strategic marketing strategies, 22% of the respondents agreed, 2% of the respondents did not

comment. From the findings the researcher concluded that the SACCOs have set strategic marketing strategies. This could mostly be attributed to decreased fees due to competition from other financial institutions. Similarly, in Denmark, Japan and Chinese SACCOs have shown not to have any strategic plan in marketing because most of the SACCOs members belong to specific industries and no member is allowed to come from outside the industry (Harvard Business Review, 2012).



Figure 4.1 extent of SACCOS Having Marketing Strategy

From the findings, majority of the respondents (90%) strongly agreed that SACCOS have strategies for controlling prices of products and Services such as withdraw fees from the counter, 5% of the respondents agreed, 2.5% of the respondents were neutral while

2.5% of the respondents indicated they strongly disagreed. From these findings we can therefore deduce that SACCOS have strategies for controlling prices of products and Services such as withdraw fees from the counter.

Table 4.2 Controlling Prices of Products and Services such as Withdraw Fees from the Counter

	Frequency	Percentage
Strongly agree	72	90
Agree	4	5
Neutral	2	2.5
Disagree	2	2.5
Strongly disagree	0	0
Total	80	100

Information on table 4.4 majority of the respondents (31.25%) strongly agreed that by laws of my SACCO concerning prices are discussed before, 50% of the respondents agreed, 7.5% of the respondents were neutral, 5% disagree while 6.25% of the respondents

indicated they strongly disagreed. From these findings we can therefore deduce that by laws of the SACCO concerning prices are discussed before implementation.

Table 4.3 Bylaws of the SACCOS Concerning Prices are discussed before Implementation

	Frequency	Percentage
Strongly agree	25	31.25
Agree	40	50
Neutral	6	7.5
Disagree	4	5
Strongly disagree	5	6.25
Total	80	100

Information on table 4.5 majority of the respondents (66.25%) strongly agreed that by laws of the SACCO concerning prices are discussed before, 26.25% of the respondents agreed, 1.14% of the respondents were

neutral, 2.50% disagree while 5% of the respondents indicated they strongly disagreed. From these findings we can therefore deduce that Quality of services provided by the SACCO influences its Performance.

Table 4.4 Quality of services provided by SACCO influences its Performance

	Frequency	Percentage
Strongly agree	53	66.25
Agree	21	26.25
Neutral	1	1.14
Disagree	2	2.50
Strongly disagree	4	5
Total	80	100

The researcher also wanted to find out what challenges experienced in involvement during marketing of the SACCOs products. From interview schedule, it was clearly indicated that 20% indicated that inadequate information offered by the SACCOs, 31.25% financial constraints, 13.75% language barrier, 31.25% afraid of taking loans, 3.75% un facilitated transport mode.

In marketing, various strategic approaches have arisen over the years. These include the shift from product-driven demand to customer or marketing-driven demand, the increased use of self-service approaches to lower cost, changes in the value chain or corporate structure due to globalization (e.g., off-shoring of

production and assembly), and the internet (Porter, 2010). One of the indicators in marketing is pricing. Pricing of SACCOs services and products have highly attracted managers in over the world. These findings are comparable to those done in study done in Canada (Porter, 2010) where it was established that SACCOs have highly invested in pricing. This is because pricing is what determines the benefit of the consumer and profit maximization. One theme in strategic competition has been the trend towards self-service, often enabled by technology, where the customer takes on a role previously performed by a worker to lower the price.

Table 4.5 Challenges Experienced in Involvement during Marketing of the SACCOs products

	Frequency	Percentage
Inadequate information	16	20
Financial constrains	25	31.25
Language barrier	11	13.75
Fear of loans	25	31.25
Un facilitated transport	3	3.75
Total	80	100

Reasons for setting fair prices low for the SACCOs. The study found out that SACCOs do this so that More members apply for more loans (32.5%), Raise sale volume (37.5%), More customers to join the SACCO (13.5%) and to compete with other SACCOs (16.5%). The findings reviewed that SACCOs do lower their prices for their products so that they can be able to market themselves and by doing so they will attract more members, these members will apply for more loans, their sale volumes will be increased and they will be able to compete with other SACCOs and banks. These results concurs with those of (Kimani, 2015) who found out that SACCOs do lower their prices of their products so that they can attract more

members, more loan application , to increase sale volumes and able to compete with other SACCOs and banks. Setting fair prices low for the SACCOs was significant for various reasons (F=103.17, df=2, P=0 .002).

Data in figure indicates reasons why promotions are important in the SACCO. The findings indicated that (32%) to improve quality management, 21% to inform customers about their products, 28% to encourage more members to join the SACCOs, 2% to inform customers about their new products and 16% to encourage employees. The findings reviewed that the promotions are important for the SACCOs because

they can be able to market their products, to managements, encouragement of new members, encourage employees and inform the public on their products. These concurs with (Porter, 2010) who published that promotions are important; to market their products, to managements, encouragement of new members, encourage employees and inform the public on their products. The findings are as follows;

most 66.25% of the respondents strongly agreed that by laws of the SACCO concerning prices are discussed before, 26.25% of the respondents prices agreed, 1.14% of the respondents were neutral, 2.50% disagreed while 3.75% of the respondents indicated they strongly disagreed. From these findings we can therefore deduce that Quality of services provided by SACCO influences its Performance.



Figure 4.2 reasons for setting fair prices low for the SACCOs

Summary of the Research Findings

Different SACCOs have different Marketing strategies. The findings indicated that 87.25% of the respondents strongly agreed that the SACCOs hold products promotion twice per year while 5% of the respondents did not comment and 3.75% of the responds strongly disagreed that SACCOs hold promotion every six month. More than three quarters of the respondents 95% strongly agreed that SACCOs have strategies for controlling prices of products and Services such as withdraw fees from the counter while 2.5% of the respondents disagreed that their SACCOs had no strategies. However 2.5% of the respondents indicated they were neutral.

The findings tried to find out whether bylaws of the SACCO concerning prices are discussed before implementation. The findings found out that majority 81.25% of the respondents strongly agreed that bylaws of my SACCO concerning prices are discussed before.

On the other hand, 7.5% of the respondents were neutral, 5% disagree while 6.25% of the respondents indicated they strongly disagreed. Further the study identified challenges experienced in involvement during marketing of the SACCOs products. From interview schedule, the study pointed out that 20% had inadequate information offered by the SACCOs, 31.25% financial constraints, 13.75% language barrier, 31.25% afraid of taking loans, 3.75% un facilitated transport mode.

The study found out that SACCOs had marketing strategies so as to have more members applying for more loans (32.5%), Raise sale volume 37.5% , More customers to join the SACCO (13.5%) and to compete with other SACCOs 16.5%). The findings indicated that 32% of the respondents helped to improve quality management, 21% to inform customers about their products, and 28% to encourage more members to join the SACCOs, 2% to inform customers about their new products and 16% to encourage employees.

Conclusion

The study concludes that Different SACCOs have different Marketing strategies. SACCOs hold products promotion twice per year. More than three quarters 95% of the respondents strongly agreed that SACCOs have strategies for controlling prices of products as marketing strategies and Services such as withdraw reduced fees from the counter. However there was a small section of the respondents indicated they were neutral. The findings conclude that majority 81.25% of the respondents strongly agreed that bylaws of my SACCO concerning prices are discussed before. The remained section of respondents while a small section of the respondents indicated they strongly disagreed. The study pointed out challenges experienced in involvement during marketing of the SACCOs products. These were; inadequate information offered by the SACCOs, financial constraints, language barrier, afraid of taking loans, un facilitated transport mode when officers are doing marketing . The study found out that SACCOs had marketing strategies so as to have more members applying for more loans, Raise sale volume, and more customers to join the SACCO and to compete with other SACCOs. The findings reviewed that the promotions are important for the SACCOs because they can be able to market their products, to managements, encouragement of new members, encourage employees and inform the public on their products.

Recommendations Based on Research Findings

Based on the findings made in the course of this study, the following recommendations are hereby suggested: SACCOs should plan for different Marketing strategies. For example SACCOs should hold products promotion more than twice per year, bylaws of the

SACCO concerning prices are discussed before implementation.

Recommendations for Further Studies

This study has explored the purpose of the study was to investigate the effects of strategic responses on competitiveness of SACCOS in Imenti North. There is need to research on challenges facing management of marketing strategies, adopting modern technology and training on strategic responses on competitiveness of SACCOS.

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