

INFLUENCE OF MARKETING TURNAROUND STRATEGIES ON PERFORMANCE OF UCHUMI SUPERMARKET IN NAIROBI COUNTY, KENYA

Abstract

Many retail outlets in Kenya are facing declining performance due to myriad of challenges from changing business environment. One of the major variables threatening their performance is marketing aspects. The organizations work hard in their distress for survival. To effect this, they initiate and implement marketing turnaround strategies to attain recovery and sustainable performance. This article is an effort to study and establish the relationship between marketing turnaround strategies and organizational performance. Specific marketing turnaround strategies studied included aggressive marketing stance of the company's products, development of new products, marketing of new products, marketing of the company's history, adoption of relationship marketing strategy, adoption of multichannel marketing strategies, market acquisition strategies through promotions, market retention strategies through promotions, marketing of the company values such as home-grown, and marketing of the company's service elements. The objective of the study was the relationship of marketing turnaround strategies on performance of Uchumi supermarket. The study used a casual research design. The investigation was carried out using open ended, closed ended questionnaires and interviews. The theories underpinning the study were Resource Based View, Dynamic Capabilities Theory, Open Systems Theory, and competitive theory. The target population is 450 Uchumi supermarket staff members respectively. The sample size of the study was 82 employees. The validity of the questionnaire was examined using the face and content validity while the reliability was examined using the Cronbach alpha coefficient. Data analysis was carried out using descriptive statistics (means, frequency

distribution and standard deviations) and inferential statistics (linear correlation and multiple linear regressions). The null hypothesis was rejected since $F(10, 58) = 17.413$, $p < 0.05$. Since p value is 0.000, it implied that there is a 0.000% likelihood or probability that the model gave a wrong prediction and therefore the model was found to a good fit of the data. Therefore, the alternative hypothesis that marketing strategies have significant influence on organizational performance of Uchumi supermarket was adopted.

Keywords: MARKETING STRATEGIES, ORGANIZATIONAL PERFORMANCE, EVALUATION

Introduction

Marketing strategies are not used equally in all companies and are more effective in some companies than others. Firms undertake market penetration strategies to acquire and consolidate its market share by aggregation of the potential and available customers' demand for the products or services which the customer regards as being capable of satisfying the same need (Ruth & Nabatanzi, 2012).

Uchumi focused on marketing strategies implementation to boost their performance by getting an increasing market share with time. Nyariki, (2014) argued that market share is the proportion of actual sales (either volume or value) within a specified target market. Wachira (2013) further defined market share as the consumer's preference for a product over similar products. There are several determinants of market share of a business; the standard benefits, company benefits, and differential benefits (Kagunga, 2010). The standard benefits are those product features that are not unique to the product but are standard across the industry through making the customers know of these features may give it advantages if the other firms' are not mentioning it (Omollo, 2013). The company benefits related to the specific features that the customer benefits from

compared to him buying similar products from other service providers (Peter, 2014). Finally, the differentiation benefits relate to the benefits that the organization's products or services provide (Kagunga, 2010). The company must actively market the standard benefits, company benefits, and differentiation benefits to gain and consolidate its market share.

Firms that have are having a declining performance are often also afflicted with poor customer service and organizational inefficiencies that collectively undermine its brand value and positioning within customers' minds. As part of the market share acquisition and market penetration strategies, the companies must work on its brand positioning. "The brand positioning is the systematically planned and implemented process of creating and maintaining a favourable reputation" (Connolly & Moore, 2010). Mwanzia (2012) noted that brand positioning is the creation of point of similarities and points of differences in consumer's mind. Therefore, the focus of branding is the perception of brand features which can either be positive, neutral, or negative. There are several advantages associated with brand positioning including the ability to influence the market environment positively, creation of value for the customers, and enable company to leverage on the tangible and non-tangible assets (Kariuki, 2014). In conclusion, Idris (2012) argues that the brand positioning in the marketplace was influenced by communication of the benefits and product attributes to its consumers and users. The ultimate aim of the brand positioning is the ability of the firm to differentiate itself based on price, quality, product traits, distribution and usage occasions.

Munya (2015) noted that Kenol Kobil undertook aggressive marketing for it to acquire and protect its market share. Amongst the strategy it undertook in this regard included introduction of a fueling card that offered motorists the fuel at a discount and therefore locking them into the firm. Obonyo (2013) suggests that marketing strategies are very important in determining the

performance level of the supermarket industry. The author noted that promotional strategies help to communicate the products and services offered by a company and hence creating customer awareness regarding their goods and services. Promotion has an emotional effect of consumers hence causing them to buy products and services from a particular company. The authors noted that aggressive marketing helps in product development because there is a wide customer base for the produced goods and services. The authors further noted that aggressive marketing creates customer awareness helping to create a demand for the produced products and services. However, Murthi and Rao (2012) noted that marketing is important in organizational performance. The authors noted that companies should use price strategy in acquiring and retaining customers.

Uchumi supermarket facing poor performance in Kenya had implemented different marketing strategies on their firms. Despite various marketing being implemented by diverse companies, not all of them have been successful (Otieno, 2015). The unsuccessful marketing initiatives often resulted into wasting of resources, destabilized workforce and management changes amongst other effects (Ngati, 2009). Uchumi supermarket in 2006 initiated turnaround strategies to resuscitate its distressed business. However, several branches were closed after and even exited its international business.

Methodology

The study opted to use mixed method approach. The target population was 450 Uchumi supermarket staff members from 9 branches in Nairobi. A sample size of 82 participants was involved in the study. Questionnaire and interview schedule were used to gather information from the respondents. The validity of the questionnaire was examined using the face and content validity while the reliability was examined using the Cronbach alpha coefficient. Data analysis was

carried out using descriptive statistics (means, frequency distribution and standard deviations) and inferential statistics (linear correlation and multiple linear regressions).

Result

Table 1: Organizational performance showing mean calculations and Std. Dev Calculations

	N	Mean Calculations		Std. Dev. Calculations	
		Mean	Respondents on average tended to;	Std. Dev.	Responses distributed;
Aggressive marketing stance of the company's products	69	3.4203	Uncertain	.96109	Moderately
Development of new products	69	3.6667	Agree	.93410	Moderately
Marketing of new products	69	2.6232	Uncertain	.97168	Moderately
Marketing of the company's history	69	3.2029	Uncertain	.83278	Moderately
Adoption of relationship marketing strategy	69	2.9275	Uncertain	.86294	Moderately
Adoption of multichannel marketing Strategies	69	3.5362	Agree	.77800	Moderately
Market acquisition Strategies through promotions	69	3.5362	Agree	.94837	Moderately
Market retention Strategies through promotions	69	3.3188	Uncertain	.86590	Moderately
Marketing of the company values such as home-grown	69	3.5507	Agree	.97824	Moderately
Marketing of the company's service elements	69	3.6812	Agree	.91544	Moderately

The means and standard deviations of marketing strategy were examined with a view of gaining more insights into marketing strategy. All the marketing metrics had the respondents on average tending to agree that the specific marketing metric led to organizational performance due to means that lay between 3.5 and 4.5 as illustrated in Table 1. This was true except for aggressive

marketing stance of the company's products, marketing of new products, marketing of the company's history, adoption of relationship marketing strategy and market retention strategies through promotions which had the respondents tending to be uncertain due to means between 2.5 and 3.5. In the context of standard deviations, all the metrics were moderately distributed around the mean due to standard deviations of between 0.5 and 1.0.

Table 2: Model Summary for Uchumi supermarket Marketing

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866 ^a	.750	.707	.24762

a. Predictors: (Constant), Marketing of the company's service elements , Development of new products , Marketing of the company's history , Adoption of relationship marketing strategy, Adoption of multichannel marketing Strategies , Marketing of the company values such as home-grown , Marketing of new products , Aggressive marketing stance of the company's products, Market retention Strategies through promotions , Market acquisition Strategies through promotions.

The multiple correlation coefficient (R) of marketing metrics was positive indicating the cumulative effect of marketing on the Organizational Performance. The multiple correlation coefficient of 0.866 indicates a very strong positive correlation between marketing metrics and the Organizational Performance of Uchumi supermarket. The coefficient of determination (R Square) indicates the variance of the Organizational Performance of Uchumi supermarket that was determined or explained by the marketing. In this context, the coefficient of determination of 0.750 indicates that marketing aspects account for 75.0% of the variance in the organizational performance of Uchumi supermarket.

Table 3: ANOVA for Uchumi supermarket marketing

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	10.677	10	1.068	17.413	.000 ^b
Residual	3.556	58	.061		

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Marketing of the company's service elements , Development of new products , Marketing of the company's history , Adoption of relationship marketing strategy, Adoption of multichannel marketing strategies ,Marketing of the company values such as home-grown , Marketing of new products, Aggressive marketing stance of the company's products, Market retention strategies through promotions , Market acquisition strategies through promotions

The study findings agreed with Obonyo (2013), Murcott, Belasco and Jackson (2013), and Murthi and Rao (2012) that marketing strategies impact the organizational performance of retail sector. As mentioned by Obonyo (2013), aggressive marketing and marketing company values help in acquiring new customers and development of new products in the retail sector. It was argued that for a company to excel in the market, it must ensure that its products and services are well known by customers; marketing strategies increased the profitability level of an organization.

However, Gibson and Billings (2010) had a contrasted this view by indicating that development and marketing of new products have higher effect on organizational performance as compared to aggressive marketing in the retail sector. Sakwa and Oloko (2014), Ondieki (2011), and Nzuki (2016) agreed that marketing strategies have significant influence on organizational performance of KCB bank. It was noted that the performance of KCB bank relied on the marketing strategies employed by the company. Enterprises have to embrace the marketing strategies to get profits

Organizational performance of Uchumi supermarket

$$OP = 1.678 + 0.144(x_1) + 0.060(x_2) + 0.024(x_3) - 0.114(x_4) + 0.040(x_5) + 0.165(x_6) + 0.224(x_7) + 0.033(x_8) - 0.029(x_9) - 0.0014(x_{10}) \text{ where}$$

x_1 = Aggressive marketing stance of the company's products

x_2 = Development of new products

x_3 = Marketing of new products

x_4 = Marketing of the company's history

x_5 = Adoption of relationship marketing strategy

x_6 = Adoption of multichannel marketing Strategies

x_7 = Market acquisition strategies through promotions

x_8 = Market retention Strategies through promotions

x_9 = Marketing of the company values such as home-grown

x_{10} = Marketing of the company's service elements

The coefficient for the intercept is 1.678 which indicates that if the marketing metrics are at zero then organizational performance of Uchumi supermarket would stand at 1.678. The regression model indicates that a unit increase in aggressive marketing of the company's products, development of new products, marketing of new products, adoption of relationship marketing strategy, adoption of multichannel marketing strategies, market acquisition strategies through promotions, and market retention strategies through promotions would lead to a 0.144, 0.060, 0.024, 0.040, 0.165, 0.224, and 0.033 increase in organizational performance at Uchumi supermarket respectively. The study found that aggressive marketing and promotional strategies are more effective in improving the organizational performance. This was in agreement with Sakwa and Oloko (2014)'s study found that the performance of KCB bank was determined by the ability of the company to develop new products, conduct aggressive marketing campaigns, adoption of multichannel marketing strategies, and market retention strategies through promotions. Uchumi supermarket should employ these marketing strategies for they produce positive performance. However, Aliata et al. (2012) gave a contrasting view by noting that marketing strategies depend on the target market. The authors noted that promotional strategies are used in developed markets while aggressive marketing campaigns are used in new markets.

The authors based their arguments from Porter's generic strategies approach to assert that strategies used in mature markets may not be applicable in new markets and hence different companies do not have similar outcomes for their marketing strategies.

On the other hand, a unit increase in marketing of the company's history, marketing of the company values such as home-grown, and marketing of the company's service elements would lead to 0.114, 0.029 and 0.0014 decreases in organizational performance of Uchumi supermarket respectively with the other metrics kept constant. This implies that these metrics individually are not able to positively influence organizational performance. In his study Ondieki (2011) noted that the performance of KCB bank is influenced by acquisition strategies through promotions and marketing of the company values such as home-grown.

Table 4: Multiple Linear Regression of Uchumi supermarket Marketing

	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	1.678	.269		6.232	.000
Aggressive marketing stance of the company's products	.144	.049	.303	2.963	.004
Development of new products	.060	.037	.122	1.605	.114
Marketing of new products	.024	.034	.051	.702	.486
Marketing of the company's history	-.114	.040	-.208	-2.87	.006
Adoption of relationship marketing strategy	.040	.038	.076	1.063	.292
Adoption of multichannel marketing Strategies	.165	.045	.281	3.702	.000
Market acquisition Strategies through promotions	.224	.081	.464	2.777	.007
Market retention Strategies through promotions	.033	.062	.063	.535	.595
Marketing of the company values such as home-grown	-.029	.033	-.063	-.887	.379
Marketing of the company's service elements	-.004	.079	-.009	-.054	.957

Based on the research findings indicated in Table 4 above, market acquisition strategies through promotions and aggressive marketing stance of the company's products had high effect on the dependent variable because of their beta values (0.464 and 0.303 respectively). The study findings indicated that marketing of the company's service elements (0.009) had the least effect on the dependent variable. The study findings agreed with Obonyo (2013) and Murcott, Belasco and Jackson (2013) that aggressive marketing and promotional strategies are more effective in improving the organizational performance. This study agreed with Ondieki (2011) on that KCB bank adopts similar strategies with other banks in the market but the process of implementation is different. KCB bank faced a declining challenge and it effectively implemented marketing strategies such as acquisition strategies through promotions and aggressive marketing strategies in order to regain its market position. Obonyo (2013), Murcott, Belasco and Jackson (2013), and Murthi and Rao (2012) found that marketing strategies impact the organizational performance of retail sector. It was noted that marketing strategies employed by an organization influence customer satisfaction, customer retention, market share acquisition and development of new products.

On the contrary, the study findings contrasted with Gibson and Billings (2010) who asserted that development and marketing of new products have higher effect on organizational performance as compared to aggressive marketing in the retail sector. However, Aliata et al. (2012) argued that the quality of services offered in the banking sector influence the decision of customers and hence influence the organizational performance of the sector. The authors noted that some banks collapse in the market due to provision of low quality services and since the level of competition is very high in the market, customers shift to other banks. Therefore, provision of quality customer services influenced customer satisfaction, customer retention, market share acquisition and profitability level of the banking sector.

However, Obonyo (2013) had a contrasting view by asserting that adoption of relationship marketing was the least mentioned in the study. Obonyo (2013) examined the marketing strategies used by various supermarkets in the Kisii town such as Naivas, Tuskys, Nakumatt, and Oshwal and concluded that relationship marketing is gaining momentum in the Kenyan retail market. The author noted that marketers need to relate with customers to increase customer acquisition and retention. The author argued that customer retention was a major challenge facing the retail sector in Kenya and hence companies with relational marketing strategies are able to attract and retain customers. Murcott, Belasco and Jackson (2013) argued that marketing company values and company's service elements help in acquiring and retaining customers.

To examine on whether the individual metrics of marketing aspects were significant predictors of Organizational Performance at Uchumi supermarket the p-value method were used. In this context, aggressive marketing stance of the company's products, marketing of the company's history, adoption of multichannel marketing strategies, and market acquisition strategies through promotions had their p-values less than 0.05 and hence were significant predictors of organizational performance of Uchumi supermarket.

Conclusion

The effect of marketing strategy on the organizational performance was examined using ten metrics; aggressive marketing stance of the company's products, development of new products, marketing of new products, marketing of the company's history, adoption of relationship marketing strategy, adoption of multichannel marketing strategies, market acquisition strategies through promotions, market retention strategies through promotions, marketing of the company values such as home-grown, and marketing of the company's service elements.

The means and standard deviations of marketing strategy were examined with a view of gaining more insights into marketing strategy. All the marketing metrics had the respondents on average tending to agree that the specific marketing metric led to organizational performance due to means that lay between 3.5 and 4.5. This is except metrics for aggressive marketing stance of the company's products, marketing of new products, marketing of the company's history, adoption of relationship marketing strategy, and market retention strategies through promotions which had the respondents tending to be uncertain due to means between 2.5 and 3.5. In the context of

standard deviations, all the metrics were moderately distributed around the mean due to standard deviations of between 0.5 and 1.0. . Recommendations managerial practice

Going by the findings of this study fast moving consumer goods retail outlets facing declining performance should least apply marketing turnaround strategies; they have least impact on organizational performance.

Recommendations for further research

This study was only carried out in fast moving consumer retail outlet (Uchumi supermarket). Further studies should be carried focusing in additional sectors such as agricultural, manufacturing, construction, learning institutions for effective comparisons. This would provide for diversity, increasing the statistical relevance due to difference in the background, organizational culture and directions.

From the empirical evidence and conclusions drawn turnaround strategy implementation are becoming popular. Therefore further research can compare the turnaround strategies in two or more selected firms dealing with fast moving goods say Uchumi and Naivas or in five financial institutions say KCB bank, Equity bank, Family, Bank of Africa and Cooperative Bank. This would be used to ensure more accuracy and reliability of data in comparing the results.

Specifically, the study concentrated on the relationships that marketing had on the organizational performance. The study were definitely not exhaustive and further research could be carried out to find out how other turnaround strategies; technological, creativity and innovations turnaround strategies can be applied to change the fortunes of declining financial and retail outlets.

Consent

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

UNDER PEER REVIEW

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