THE STATE OF MARKETING PLANS IN KENYAN BANKS

BY
SALLY GITONGA

UNITED STATES INTERNATIONAL UNIVERSITY
WINTER 2005
THE STATE OF MARKETING PLANS IN KENYAN BANKS

BY
SALLY GITONGA

A Project Report Submitted to the School of Business in Partial Fulfilment of the Requirement of the Degree of Masters in Business Administration

UNITED STATES INTERNATIONAL UNIVERSITY
WINTER 2005
STUDENTS DECLARATION

I, the undersigned declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________  Date: ___________________________
Sally Gitonga (ID 261916: )

This project has been presented for examination with my approval as the appointed supervisor

Signed: ___________________________  Date: ___________________________
Margaret Ombok

Signed: ___________________________  Date: ___________________________
Dean, School of Business

Signed: ___________________________  Date: ___________________________
Deputy Vice Chancellor, Academic Affairs
ABSTRACT

A marketing plan is the backcloth against which operational decisions are taken on an ongoing basis. Its major function is to determine where the company is at present, where it wants to go and how to get there. It lies at the heart of a company’s revenue generating activities and from it flow all other corporate activities, such as the cash flow, the size and character of the labor force and so on. The degree to which a company is able to cope with its operating environment is very much a function of the understanding it has of the marketing planning process as a means of sharpening the rationality and focus of all levels of management throughout the organization.

The purpose of the study was to determine the state of marketing plans in Kenyan banks. The study was guided by the following research objectives: Whether Kenyan banks prepare marketing plans, the extent to which the banks use the stages/steps in the marketing planning process and the benefits Kenyan banks derive from developing and implementing a marketing plan.

The research study was descriptive in nature and the population constituted all the Kenyan banks. Stratified sampling technique was used to determine the sample size made up of 94 (ninety-four) senior and middle level managers derived from the 47 (forty-seven) Kenyan banks. Information for the research study was solicited from questionnaires distributed to the senior and middle level managers which were based on the research objectives. Frequency distribution tables were used to analyze the data and Microsoft Excel package was used to generate the tables.

The research revealed that all the banks prepared marketing plans. The factors that reflected this was that the banks had and documented their principal services, identified the primary customer needs that they wanted to satisfy, documented basic goals and characteristics as well as philosophies that shaped them. Further, the banks had and also documented the image that they sought to project.
The findings with regard to the external analysis indicated that more emphasis was accorded to economic factors such as interest rates as well as political factors such as current regulatory ruling. Customer needs were also given considerable attention. Banks placed more emphasis on the analysis of their strengths and weaknesses in comparison to their opportunities and threats. Financial, profitability and marketing objectives were mostly used. The banks pursued the marketing mix strategies in their plans differently. All the banks adequately addressed the action programs in their marketing plans. The findings indicated that the implementation, control and evaluation programs were addressed in the marketing plans by the majority of the banks. This included spelling out goals and budgets for each month or year, as well as explaining action on lagging businesses.

The research revealed that the main benefits the banks derived from developing and implementing a marketing plan were an increased employee performance and productivity and improved interfunctional coordination. The findings indicated that the main reasons the banks prepared the marketing plans was to understand the target market, its characteristics and the buying habits as well as to assess what was going in the current market place and how it affected the business.

A major conclusion made from the findings was that the banks were making an attempt to use the marketing plans. Though to a different extent, the banks embraced the various steps in the market planning process. Generally, the firms benefited from developing and implementing the marketing plans.

The major recommendations for improvement based on the research findings were that the banks should describe in detail the broad macro-environment trends as well as the internal environment. Further, the banks should prepare marketing plans to have a thorough understanding of the services, features and benefits. Further research should be conducted on other firms in other industries to determine the state of the marketing plans and the results compared to determine the marketing planning process.
ACKNOWLEDGEMENT

I am grateful to the almighty God for having blessed me this far and enabled me to pursue the masters program.

There are certain individuals who contributed to the completion of my MBA project. I would like to thank my loving husband and my children for their patience, prayers and encouragement. I also thank my mother for urging me to pursue my Masters and for her dedication towards my entire education as well as her encouragement and prayers. Many thanks also go to other members of my family, and my friends who encouraged and supported me throughout.

I thank my lecturers for their contribution and the knowledge they imparted to me while I was undertaking the masters degree. Many thanks to my fellow students for their contributions especially in class discussions and group presentations.

I finally thank my supervisor Margaret Ombok for her invaluable guidance in the conduct of this research and in the writing up of the report and for her patience and positive criticism.
DEDICATION

To my precious daughters Jennifer and Ivy.
You made it possible through your patience and love.
I love you both and wish you success in life as you reach for the stars.

To my dear mother Miriam Igeria, who is a pillar of strength and a source of inspiration.
Thank you for believing in me.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students declaration</td>
<td>II</td>
</tr>
<tr>
<td>Abstract</td>
<td>III</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>IV</td>
</tr>
<tr>
<td>Dedication</td>
<td>VI</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>I11</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>1</td>
</tr>
<tr>
<td>1.0 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background to the study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the problem</td>
<td>4</td>
</tr>
<tr>
<td>1.3 Objectives of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.4 Importance of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.5 Scope of the study</td>
<td>6</td>
</tr>
<tr>
<td>1.6 Definition of terms</td>
<td>6</td>
</tr>
<tr>
<td>1.7 Chapter summary</td>
<td>7</td>
</tr>
<tr>
<td>CHAPTER TWO</td>
<td>8</td>
</tr>
<tr>
<td>2.0 Literature review</td>
<td>8</td>
</tr>
<tr>
<td>2.1 Introduction</td>
<td>8</td>
</tr>
<tr>
<td>2.2 Meaning and importance of a marketing plan</td>
<td>8</td>
</tr>
<tr>
<td>2.3 The marketing planning process</td>
<td>10</td>
</tr>
<tr>
<td>2.4 Benefits firms derive from developing and implementing a marketing plan</td>
<td>42</td>
</tr>
<tr>
<td>2.5 Chapter summary</td>
<td>44</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>45</td>
</tr>
<tr>
<td>3.0 Research methodology</td>
<td>45</td>
</tr>
<tr>
<td>3.1 Introduction</td>
<td>45</td>
</tr>
<tr>
<td>3.2 Research design</td>
<td>45</td>
</tr>
<tr>
<td>3.3 Population and sample size</td>
<td>45</td>
</tr>
<tr>
<td>3.4 Data collection methods</td>
<td>46</td>
</tr>
<tr>
<td>3.5 Research procedures</td>
<td>48</td>
</tr>
<tr>
<td>3.6 Data analysis techniques and presentation</td>
<td>48</td>
</tr>
<tr>
<td>3.7 Chapter summary</td>
<td>49</td>
</tr>
<tr>
<td>CHAPTER FOUR</td>
<td>50</td>
</tr>
<tr>
<td>4.0 Results and findings</td>
<td>50</td>
</tr>
<tr>
<td>4.1 Introduction</td>
<td>50</td>
</tr>
<tr>
<td>4.2 General characteristics of the employees sampled</td>
<td>50</td>
</tr>
<tr>
<td>4.3 Whether the bank prepares marketing plans</td>
<td>53</td>
</tr>
<tr>
<td>4.4 The extent to which banks use the steps in the marketing process</td>
<td>53</td>
</tr>
<tr>
<td>4.5 The benefits banks derive from developing and implementing the marketing plan</td>
<td>64</td>
</tr>
<tr>
<td>4.6 Chapter summary</td>
<td>66</td>
</tr>
<tr>
<td>CHAPTER FIVE</td>
<td>68</td>
</tr>
<tr>
<td>5.0 Discussion, conclusions and recommendations</td>
<td>68</td>
</tr>
<tr>
<td>5.1 Introduction</td>
<td>68</td>
</tr>
<tr>
<td>5.2 Summary</td>
<td>68</td>
</tr>
<tr>
<td>5.3 Discussion</td>
<td>69</td>
</tr>
<tr>
<td>5.3.1 Whether banks prepare the marketing plans</td>
<td>69</td>
</tr>
<tr>
<td>5.3.2 Extent to which kenyan banks follow the steps/stages in the marketing planning process</td>
<td>70</td>
</tr>
<tr>
<td>5.3.3 Benefits firms derive from developing and implementing a marketing plan</td>
<td>81</td>
</tr>
<tr>
<td>5.4 Conclusion</td>
<td>83</td>
</tr>
<tr>
<td>5.5 Recommendations</td>
<td>84</td>
</tr>
<tr>
<td>5.5.1 Suggestions for improvement</td>
<td>84</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>88</td>
</tr>
<tr>
<td>APPENDICES</td>
<td>91</td>
</tr>
<tr>
<td>Appendix A: Introduction Letter</td>
<td>92</td>
</tr>
<tr>
<td>Appendix B: Project Personnel</td>
<td>92</td>
</tr>
<tr>
<td>Appendix C: Project Tasks and Time Frame</td>
<td>92</td>
</tr>
<tr>
<td>Appendix D: Questionnaire</td>
<td>93</td>
</tr>
<tr>
<td>Appendix E: List of Kenyan Banks</td>
<td>97</td>
</tr>
</tbody>
</table>

vii
<table>
<thead>
<tr>
<th>Table</th>
<th>Title/Position and Department Distribution</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2</td>
<td>Length of Service in the Management Position</td>
<td>69</td>
</tr>
<tr>
<td>Table 3</td>
<td>Education Level Distribution</td>
<td>69</td>
</tr>
<tr>
<td>Table 4</td>
<td>Environmental Analysis</td>
<td>70</td>
</tr>
<tr>
<td>Table 5</td>
<td>Internal Environment Analysis</td>
<td>71</td>
</tr>
<tr>
<td>Table 6</td>
<td>Opportunity and Issue Analysis</td>
<td>71</td>
</tr>
<tr>
<td>Table 7</td>
<td>The Use of Various Objectives</td>
<td>72</td>
</tr>
<tr>
<td>Table 8</td>
<td>Targeting Market Selection</td>
<td>72</td>
</tr>
<tr>
<td>Table 9</td>
<td>Action Programs</td>
<td>75</td>
</tr>
<tr>
<td>Table 10</td>
<td>Managing the Implementation of Marketing Plans</td>
<td>75</td>
</tr>
<tr>
<td>Table 11</td>
<td>Implementation, Control and Evaluation</td>
<td>76</td>
</tr>
<tr>
<td>Table 12</td>
<td>Benefits Derived from Developing and Implementing a Marketing Plan</td>
<td>77</td>
</tr>
<tr>
<td>Table 13</td>
<td>Reasons for Preparing a Marketing Plan</td>
<td>78</td>
</tr>
<tr>
<td>Figure</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>--------</td>
<td>------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Figure 1</td>
<td>Availability and documentation of various banking aspects</td>
<td>69</td>
</tr>
<tr>
<td>Figure 2</td>
<td>Product Strategies Pursued by the Banks</td>
<td>73</td>
</tr>
<tr>
<td>Figure 3</td>
<td>Pricing Strategies Pursued by Banks</td>
<td>73</td>
</tr>
<tr>
<td>Figure 4</td>
<td>Promotional Strategies Pursued by Banks</td>
<td>74</td>
</tr>
<tr>
<td>Figure 5</td>
<td>Place Strategies Pursued by the Banks</td>
<td>74</td>
</tr>
</tbody>
</table>
CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The marketing plan is a problem-solving document. Skilled problem solvers recognize that a big problem is usually the combination of several smaller problems. The best approach is to solve each of the smaller problems first, thereby dividing the big problem into manageable pieces (Kotler, 1999). The marketing plan should take the same approach; it should be a guide on which to base decisions and should ensure that everyone in the organization is working together to achieve the same goals. A good marketing plan can prevent the organization from reacting to problems in a piecemeal manner and even help in anticipating problems.

Any successful business must have knowledge about prospective or current clients and must implement a marketing plan that is regularly revised. Marketing is beginning to catch on in firms. Unlike the longer-term strategic planning documents, marketing plans in firms should be revised annually, like a business model and should reflect changes and revised goals based on the previous year's experience (Kassel, 1999). A marketing plan is an important tool for making the firm in this age of change, where working smarter is necessary to achieve the desired results.

According to Egan and Thomas (1988) the one hard and fast rule about marketing plan components is that there are no-hard-and fast rules! Marketing plans vary by industry, by size of company and by stage of growth. Effective marketing requires careful planning and marketing plans must be based on clear, realistic marketing strategies. Even the largest organizations recognize the benefits of using objective expert outsiders in creating or reviewing marketing strategies.

Marketing plans are an essential part of business in today's competitive environment. In the past the competitive environment was less volatile and complex than it is now and organizations prospered without paying detailed attention to the marketing planning
However, in periods of recession and high levels of competition, undertaking the marketing planning process can give an organization focus and aid in dealing with external environmental factors (Watkins, 1997). Research has shown that a marketing plan will ensure better co-ordination between activities and individuals whose actions are interrelated over time. Further, it instils a discipline within an organization that results in: preparing an organization to meet change, improving communication between head office and branches, reducing the conflicts that can arise when the direction of the organization is unclear and forcing the management to think systematically and make forward plans. In addition a marketing plan results into a provision of the framework to continually review the operations, the balancing of corporate resources more effectively, minimizing non-rational responses to unexpected events and increasing the opportunities to identify external developments.

Any manager will readily agree that a sensible way to manage the sales and marketing function is to find a systematic way of identifying a range of options, to choose one or more of them, then to schedule and cost out what has to be done to achieve the objectives. The process can be defined as marketing planning, which is the planned application of marketing resources to achieve marketing objectives. Since effective marketing planning lies at the heart of a company’s revenue-earning activities, it is essential that companies implement market plans (McDonald, 1988). Marketing contributions to business success in firms lies in its commitment to detailed analysis of future opportunities to meet customer needs and a wholly professional approach to selling to well-defined market segment those products or services that deliver the sought-after benefits. Such commitment and activities must not be mistaken for budgets and forecasts. These of course firms need and have already got. The process of marketing planning is concerned with identifying what and to whom sales are going to be made in the longer term to give revenue budgets and sales forecasts any chance of achievement. Furthermore, chances of achievement are a function of how good the firm’s services are, how well suited the strategies are and how well the firm is led.
What most companies think of as planning systems are little more than forecasting and budgeting systems. These give impetus and direction to tackling the current operational problems of the business, but tend merely to project the current business unchanged into the future something often referred to in management literature as “tunnel vision”. The problem with this approach is that because companies are dynamically evolving systems within a dynamically evolving business environment, some means of evaluation of the way in which the two interact has to be found in order that there should be a better matching between them. Otherwise, because of a general unpreparedness, a company will suffer increased pressures in the short-term, in trying to react and to cope with environmental factors (McDonald, 1998). Many companies have gone through various forms of rationalization or efficiency-increasing measures, becoming aware of the opportunities for making profit, which have been lost to them because of their unpreparedness and confusion about what to do about it.

There are several types of banking institutions, and initially they were quite distinct. Commercial banks were originally set up to provide services for businesses. Now, most commercial banks offer accounts to everyone. Savings banks, savings and loans, co-operative banks and credit unions are actually classified as thrift institutions. Each originally concentrated on meeting specific needs of people who were not covered by commercial banks. Savings banks were originally founded in order to provide a place for lower-income workers to save their money. Savings and loan associations and co-operative banks were established during the 1800s to make it possible for factory workers and other lower-income workers to buy homes. Credit unions were usually started by people who shared a common bond, like working at the same company (usually a factory) or living in the same community. The credit union's main function was to provide emergency loans for people who couldn't get loans from traditional lenders. These loans might be for things like medical costs or home repairs. Now, even though there is still a differentiation between banks and thrifts, they offer many of the same services (Obringer, 1998). Commercial banks can offer car loans, thrift institutions can make commercial loans, and credit unions offer mortgages!
1.2 STATEMENT OF THE PROBLEM

The role of services in providing value is important and creating a more efficient performance oriented organization is vital for managers. There can be little doubt that marketing plans are essential when we consider the increasingly hostile and complex environment in which firms operate. The key question that arises is whether banks prepare marketing plans.

Studies conducted on marketing plans indicate their vital role in the banking industry. A study conducted by Watkins (1997) on the state of marketing plans on US banks indicated marketing plans are essential since they provide a blue-print of how the company is to achieve a competitive edge. A study conducted by Okutoyi (1988) showed the relationship between the use of strategic marketing and bank performance in Kenya. The conclusion derived from this study showed that the use of strategic marketing facilitated a bank’s performance. Another study conducted by Muriithi (1996) focused on the analysis of customer service offered by Kenya commercial banks. Kathanje (2000) conducted a study on the evaluation of financial performance on the Kenyan banking sector. Since these studies did not highlight the state of marketing plans in Kenyan banks, this study seeks to fill this gap.

The environment within which the financial service providers operate has been changing rapidly over recent years. Three key elements of these changes are diversification, customers and technology. Banks for instance now offer mortgage business on similar terms to building societies. Banks also act as agents for insurance companies or offer their own insurance products. Financial customers are becoming more financially aware and sophisticated in how they choose to do business. Many are willing to shop around for the best deal when they buy financial products. They demand much more in the way of service and value for money. Further the number of people willing to purchase financial services and products with the use of technology is increasing. The use of automated teller machines is now common practice as is the purchase of home and car insurance over the telephone (Watkins, 1997).
Kotler (1999) stipulate the hundreds of external and internal factors interact in a baffling complex way to affect the ability of the firm to achieve profitable sales. Thus some formalized procedures for marketing planning is essential to reduce the complexity of business operations and add a dimension of realism to the company’s hope for the future. This proposed study was in response to this need to establish the state of marketing plans in Kenyan banks. The study had targeted the banking industry since banks play a vital role in providing financial services.

1.3 OBJECTIVES OF THE STUDY

The study was guided by the following objectives:

1.3.1 General Objective

The general objective of the study was to establish the state of marketing plans in Kenyan banks.

1.3.2 Specific Objectives

a) To establish whether Kenyan banks prepare marketing plans
b) Determine the marketing planning process used by Kenyan banks
c) Analyze the benefits Kenyan banks derive from developing and implementing a marketing plan

1.4 IMPORTANCE OF THE STUDY

The study was based on the state of marketing planning on Kenyan banks. Therefore the research study will be of importance to:

a) Management of the Kenyan banks

The study will create awareness to the managers on the importance of creating a marketing plan to reduce the complexity of business operations. Marketing planning is essential because of the increasing hostile and complex environment in which companies operate and since effective marketing planning lies at the heart of a company’s revenue-earning activities. In addition the study will outline some issues such as the importance of developing and implementing a marketing plan that also encompasses the benefits derived from the marketing planning.
b) Academicians and Researchers
The study will be used as referral material to scholars and researchers conducting a similar study on marketing plans.

c) Customers of the bank
Customers desire to be served efficiently and effectively. Thus on realization that the bank they hold an account with carries out marketing planning, there is the assurance if efficiency in the firm. This will enhance their loyalty to the bank and reduce switching chances to other banks.

d) Association of bankers
The study will benefit them in that the output of the research will outline the importance of developing and implementing marketing plans. They will in addition encourage banks to implement them.

1.5 SCOPE OF THE STUDY
The study targeted the middle and senior managers from a total of 47 banks. The restriction of the population was centred within the Central Business District (CBD) of Nairobi.

1.6 DEFINITION OF THE TERMS
1.6.1 Marketing Plans
A marketing plan contains information about the company, its products, marketing objectives and strategies as well as how the firm will measure the success of the marketing objectives (Networks, 2000).

1.6.2 Marketing Planning Process
Kotler (1999) describes the marketing planning process as a sequence of activities which when completed lead to the setting of marketing objectives and decisions about how they can be achieved.
1.6.3 External Environmental Analysis
This involves the analysis of opportunities and threats in the organizations external environment. This includes both the immediate environment and the wider general environment (Kotler, 1999).

1.6.4 Internal Environmental Analysis
Taylor (1997) describes the internal environmental analysis as all those factors that are internal to the organization. These are men, machinery, money, materials and markets.

1.6.5 SWOT Analysis
SWOT stands for strengths, weaknesses, opportunities and threats and is a tool for auditing an organization and its environment (Doyle, 1994).

1.6.6 Marketing Mix Strategy
A firm needs to determine what road it is going to take to get there. The marketing mix is the combination of elements that make up the entire marketing process. These are the strategies it will use in the marketing mix, which encompass the price, product, place and promotion strategy (Taylor, 1997).

1.7 CHAPTER SUMMARY
The chapter has given background information on the study. It has highlighted the purpose of the study, the research objectives, the importance and scope of the study. The definition of terms that were used in the study was also provided. The purpose of the study was to determine the state of the marketing plans in the Kenyan banks. The research was guided by the research objectives, specifically whether Kenyan banks prepare marketing plans, the extent to which the banks use the steps/stages in the marketing planning process and the benefits banks derive from developing and implementing a marketing plan. The focus of the study was the 47 banks situated within the Central Business District. The literature review in the next chapter looked at the reasons banks prepare marketing plans, the stages/steps in the marketing planning process and the benefits of developing and implementing a marketing plan.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

The chapter is structured based on the research objectives. It addresses the reasons banks prepare marketing plans, the stages/steps in the marketing planning process and the benefits of developing and implementing a marketing plan.

2.2 MEANING AND IMPORTANCE OF A MARKETING PLAN

Business plans are becoming more customer-and-competitor oriented and better reasoned and more realistic than in the past. The plans draw more input from all the functions and are team developed. Planning is becoming a continuous process to respond to rapidly changing market conditions. At the same time, marketing planning procedures and content vary considerably among companies (McDonald, 1988). The plan is variously called a 'business plan', a 'marketing plan' and sometimes a 'battle plan'. Majority of the marketing plans cover one year and the plans vary in length from under 5 pages to over 50 pages. Some of the companies take their marketing plans very seriously, whereas others see them as only a rough guide to action. The most frequently cited shortcomings of current marketing plans according to marketing executives are lack of realism, insufficient competitive analysis and a short-run focus.

Doyle (1994) stated that a marketing plan contains a mission statement, SWOT analysis, assumption, marketing objectives, marketing strategies and programmes. A marketing plan contains information about the company and its products, marketing objectives and strategies as well as how the firm will measure the success of the marketing objective (Networks, 2000). It describes all the marketing activities the firm will perform during a specified time period (usually one-year). The marketing plan is therefore the blueprint for the allocation of marketing resources, identifying when and where they should be utilized and how they should be integrated to obtain maximum impact.
Baker (1995) stated a marketing plan contains information about the company and its products, marketing objectives and strategies as well as how the firm will measure the success of its marketing objectives. It describes all the marketing activities the firm will perform during a specified time period (usually one-year). Also included is the background information and research results the firm used to select those marketing objectives. Finally the costs associated with the planned marketing activities as well as the measurements are documented which will be used to determine the success.

Kotler (1999) states that a marketing plan is a component of a business plan. A business plan basically states how the firm expects to run the company, what the goals are and how much money it will take to achieve the goals and activities the firm will perform to achieve the goals. A firm needs a thorough understanding of the products and services, their features and their benefits, the problem, need or desire the firm's product or service solves or meets for the customer. Further the firm needs an understanding of its target market, its characteristics and the buying habits and the current and competing products and services.

A marketing plan helps the company establish, direct and co-ordinate the marketing efforts. Preparing a marketing plan forces the company to assess what is going on in the market place and how it affects the business (Kotler, 1988). It also provides a benchmark for later measurement. Often simply embarking on the process of preparing a marketing plan guides the firm in developing a successful marketing strategy.

There can be little doubt that marketing planning is essential when we consider the increasingly hostile and complex environment in which companies operate. Hundreds of external and internal factors interact in a baffling complex way to affect the stability of the firm to achieve profitable sales. Most managers accept that some kind of formalized procedure for marketing planning is essential to reduce the complexity of business operations and add dimensions of realism to the company's hopes for the future (Doyle, 1994).
According to Kotler (1988) in the case of firms without effective marketing planning systems while it is possible to be profitable over a number of years, especially in high growth markets, such as companies will tend to be less profitable over time and to suffer problems such as demotivated employees, lack of inter-functional co-ordination and lack of understanding of the objectives. Further companies without effective marketing planning systems tend to suffer more serious commercial organizational consequences when environmental and competitive conditions become hostile and unstable.

Baker (1995) states when the firm develops the first marketing plan, it is a component of the overall business plan before the business is launched. If the firm is already in business without a written plan, it should develop one with goals for the next 12 months in mind. The marketing plan should be updated on a regular basis. For example last year's strategy may not work given this year's market conditions. The firm should prepare reminders to review and update the marketing plan about every quarter but at least annually.

2.3 THE MARKETING PLANNING PROCESS

One of the fundamental procedures involved in any successful business operations is creating and implementing a marketing plan. A marketing plan consists of several components, each of which is described below. Before writing a marketing plan, it is necessary for firms to define their target market and to understand their needs (Baker, 1995). This involves conducting a marketing research, which is described as using transaction log analysis, circulation records, user surveys, focus group interviews and information interviews to provide insight on what the firms' customers really expect.

Marketing planning can be described as a sequence of activities when completed lead to the setting of marketing objectives and decisions about how they can be achieved (Kotler, 1988). Planning is the process of pre-determining a course or courses of action based on the assumptions about future conditions or trends which can be imagined but predicted with any certainty (Baker, 1995). A marketing plan should contain the following components:
2.3.1 CORPORATE MISSION AND VISION

The marketing plan should state a mission statement of the firm. Whether developing a new business or reformulating direction for an on-going company, the basic goals, characteristics and philosophies that will shape a firm's strategic posture must be determined. A mission statement guides future executive action (Pearce and Robinson, 1991). A company mission is defined as the fundamental, unique purpose that sets a business apart from other firms of its type and identifies the scope of its operations in product and market terms. A mission statement embodies the business philosophy of strategic decision makers; implies the image the company seeks to project, reflects the firm's self-concept, indicates the principal product or service areas and primary customer needs the company will want to satisfy.

Vision is defined as the concept or picture of what an organization can or should be; it requires that firms fulfill the unmet needs of their customers. For an organizational unit to be successful, its vision needs to be placed in the context of the larger visions of the corporate organization, and those responsible for achieving the mission need to understand how it meshes with that of the larger organization. How do firms create the reality that their vision forecasts? What do firms need to do? How do firms get there from here? If firms manage the risks and take advantage of opportunities, it will be able to turn its vision into reality (Pearce and Robinson, 1991).

2.3.2 ENVIRONMENTAL ANALYSIS

This section of the plan presents relevant background data on the market, product, competition, distribution, and macro environment. An industry analysis is important to the formulation of both corporate-level and business level strategy. Industry analysis is important for corporate strategy. Corporate strategy is concerned with deciding which industries the firm should be involved in and allocating resources between them. In order to do this, a firm must be able to evaluate the attractiveness of different industries in
terms of profitability. Therefore, industry analysis is concerned with establishing industry profitability (Hall, 1994).

Industry analysis is also important for the formulation of business strategy. Understanding the profitability of an industry, and the competitive nature of an industry, can help determine what business strategy a firm should employ. Furthermore, understanding the needs of customers will help identify opportunities for competitive advantage within an industry (that is, the available "key success factors").

2.3.2.1. **Macro Environment Analysis**

This section describes broad macro environment: trends- demographic, economic, and technological, political/legal, and social/cultural that bears on the firms' product's line.

Political factors include regulatory issues that affect the firms' product line (e.g. current regulatory ruling), legal aspects such as patents and copyrights, or just the current political climate (Kotler, 1999). The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses. Firms must consider issues such as the stability of the political environment and the influence of the government on laws that regulate or tax the firms' business. Further firms should consider the government's position on marketing ethics and the government's policy on the economy. In addition, firms should consider how the government views culture and religion and if it is involved in trading agreements such as COMESA or other bodies.

Economic factors include current financial forces on a firm's target market. Is there currently a recession? Is the stock market falling or rising etc? Marketers need to consider the state of a trading economy in the short and long-terms (Kotler, 1999). This is especially true when planning for international marketing. Firms need to look at interest rates, level of inflation Employment level per capita and the long-term prospects for the economy Gross Domestic Product (GDP) per capita, and so on.
Social factors include changes in social trends, fads, or demographic groups as they affect the firms' target market and its current opinions. This includes changes in shopping habits such as the increase in online shoppers or the super-mall trend. The social and cultural influences on business vary from country to country. It is very important that such factors are considered which include the dominant religion, the attitudes to foreign products and services and the language impact upon the diffusion of products onto markets. Further firms should consider how much time consumers have for leisure and the roles of men and women within society. In addition, firms should also consider the length of the population living and if for instance the older generations are wealthy.

Technology factors include everything that affects the product, its market or information gathering efforts of the market that comes as a result of changes in technology. This would include the Internet, wireless communication, handheld electronic devices and anything else technology-driven that is affecting the product or service. All of the PEST factors will tie into and possibly have an affect on the strengths, weaknesses, opportunities and threats the firm identifies for the product and market (Doyle, 1994). Technology is vital for competitive advantage, and is a major driver of globalization. Firms should consider if the technology allow for products and services to be made more cheaply and to a better standard of quality and if it offers consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, and so on.

2.3.2.2 External Environment Analysis
This environment influences the organization directly (Baker, 1995). It includes suppliers that deal directly or indirectly, consumers and customers, and other local stakeholders. Micro tends to suggest small, but this can be misleading. In this context, micro describes the relationship between firms and the driving forces that control this relationship. It is a more local relationship, and the firm may exercise a degree of influence.
This section looks at opportunities and threats in the organizations external environment, which includes both the immediate environment and the wider general environment. The basic source of profit for firms in an industry is the value of the product to the consumer. Profit occurs when the price paid by the consumer for a product exceeds the cost of creating it (Kotler, 1999). The actual profit received depends on the forces of competition between producing firms. Stronger competition generally indicates that surplus value is largely transferred to the consumers (consumer surplus), while weaker competition generally indicates that producers gain much of the value (producer surplus) (e.g. the water well in the desert).

Surplus is not always received as profits. When a firm has powerful suppliers, of physical inputs or labor, the surplus can be appropriated to the suppliers as rents or wages rather than to the firm as profits. Ultimately, the profitability of the industry is determined by three basic factors namely the value of the product to the consumer, the intensity of the competition in the industry and the relative bargaining power between different levels in the industry.

Organizations need to answer certain types of questions to get the root of purchasing behavior from the customers: what customers like about their product and the competitors' product, what made them decide to buy their product and if they knew which brand they were buying before they purchased it. Furthermore, firms should address the advertising messages customers had seen prior to purchasing their products and how much disposable or discretionary income was available for this type of purchase. Firms should also answer what customers look at when making purchasing decisions, the emotional aspects impact on their purchase and their social class or status.

Pearce and Robinson (1991) state the dependable relationships between a business firm and its suppliers and creditors are essential to the company's long term survival and growth. A firm regularly relies on its suppliers for financial support, services, materials and equipment. In addition, a business is occasionally forced to make special requests of its creditors and suppliers for such favors as quick delivery, liberal credit terms or
broken-lot-orders. It is essential for a business to have an on-going relationship with its suppliers and creditors. In addition to the strength of a firm's relationship with suppliers and creditors, several other factors should be considered in assessing this aspect of the operating environment. With regard to its competitive position with suppliers, a firm should address the questions namely: What are suppliers' prices competitive? Do suppliers offer attractive quantity discounts? How costly are their shipping charges? Are vendors competitive in terms of production standards? In terms of deficiency rates? Are suppliers' abilities, reputation and services competitive? Are suppliers reciprocally dependent on the firm?

Intermediaries are the section of the marketing plan that describes the ways firms use to market their products and services to the customers. The types of intermediaries that can be used by firms include middlemen, media, media firms, direct sales force, telephone based sales operations, telemarketing, ATMs, brokers, retailers and the Internet.

The marketing plan should indicate the middlemen the banks use to market their services to the consumers. Firms that use middlemen must support those intermediaries' efforts by ensuring that end markets are aware of their products. Middlemen are positioned so closely to ultimate consumers and are more concerned with consumer acceptance. They would also want to know what profit they can expect on a service/product and what the firm is doing in the way of consumer advertising and other promotional support activities (Reeder and Brierty, 1997).

The marketing plan should indicate the type of media it uses to target its customers (Reeder and Brierty, 1997). Choices of the media centre on whether to use print media (business magazines, business and trade publications and business directories) or direct marketing (direct mail, telemarketing, catalogs and data sheets) or mass media (televisions).

The marketing plan should state the media firm a company uses to market its services to the customers. The media firm should include both the print and mass media firms. A
large number of financial institutions especially insurance companies still sell their
majority of their products through a direct sales force. This is a team of highly trained
sales professionals who work for one company to sell that company's range of products
and services to the public (Watkins, 1997). The company commands the salespeople
total allegiance and they can work for no other company as long as the agreement exists.
Sales people have a duty to inform customers they represent one company only and that
they can therefore only recommend that company's products. In return to selling the
company's products, the salespeople receive a salary, a commission or a mix of both.

The costs involved in the operation of a direct sales force make telephone-based sales an
attractive alternative. The use of the telephone is now common practice for the purchase
of general insurance such as motor and household cover (Watkins, 1997). Although it
was initially felt that this distribution method would only prove popular with the more
sophisticated end of the market, the public's general acceptance of the use of the
telephone for the purchase of financial services has led many companies to consider it as
a viable alternative for other products within this sector.

The phrase of telemarketing is used to cover any form of direct marketing, which uses the
telephone to make contact with the customer. Unlike the other forms of direct marketing,
it allows immediate contact with the prospect (Watkins, 1997). It can be used for
instance for test marketing- the telephone can be used as a method of test marketing any
of the firm's products and services. It is particularly useful, as the response is immediate.

Marketing message can be displayed on ATM screens leading to the belief that these
machines could also be used a distribution channel. Many ATMs already allow the
customer to complete a variety of tasks (such as balance inquiries, chequebook orders and
transfers between accounts) as well as withdrawing cash. ATMs can be used to
encourage customers to request additional services from their bank or building society
(Watkins, 1997).
Retailers will have a much stronger personal relationship with the consumer. The retailer will hold several other brands and products and a consumer will expect to be exposed to many products (Lancaster and Massingham, 1988). Retailers will often offer credit to the customer e.g. electrical wholesalers, or travel agents. Products and services are promoted and merchandised by the retailer who will give the final selling price to the product. The Internet has a geographically disperse market (Watkins, 1997). The main benefit of the Internet is that niche products reach a wider audience e.g. Scottish Salmon direct from an Inverness fishery.

2.3.2.3 Internal Environmental Analysis

All factors that are internal to the organization are known as the 'internal environment'. They are generally audited by applying the 'Five Ms', which are Men, Money, Machinery, Materials and Markets (Kotler, 1999). The internal environment is as important for managing change as the external.

This section of the marketing plan identifies internal strengths and weaknesses within the organization. In industry analysis, the firm proceeds to answer the question of "Who are our customers?" and "What are their needs". However, in a situation where customers change their identities quickly, their preferences change, or the technologies used to serve customers are changing rapidly, a focus on the external environment may not provide a stable basis for the formation of long-term strategies (Pearce and Robinson, 1991).

The competitive advantages arise from a cost advantage and differentiation advantage. In cost advantage, the firm puts a lot of effort into lowering its production and distribution costs so that it can win competitive advantage by charging lower prices. Organizations pursuing this strategy need to be efficient at production. Cost leadership can result from being able to achieve economies of scale. In services which use high technology, or which require highly trained labour skills, a learning curve effect may be apparent (also called a cost experience curve). By operating at a larger scale than its competitors, a firm can benefit more from the learning curve and thereby achieve lower unit costs (Kotler, 1999).
In the case of differentiation advantage organizations seek to achieve superior performance of a service, adding value to the offering, which is reflected in the higher price, which a customer is prepared to pay. One way in which firms seek to gain advantage over their competitors is by offering greater quality relative to price than their competitors (Doyle, 1994). Added value can also be provided by offering completely new services, which are not yet available from competitors, by modifying existing services or by making them more easily available in order to give them a competitive advantage. In this way, a bank could seek superior performance in areas such as the greatest number of branches, the highest rates of interest, the greatest number of cash machines or the most convenient home-banking service. A bank which has the most comprehensive branch network may build upon this by seeking to ensure that they are open at times when customers wish to visit them; that is, there is no excessive waiting time and that they present a bright and inviting image to customers.

The resources of the firm are divided into tangible, intangible and human resources. Tangible resources are divided into physical and financial resources. These types of resources may be found on the balance sheet, but cost valuation of assets may provide little indication of an asset's true market or strategic value. Two key questions arise from assessing tangible resources: what opportunities exist for economizing on the use of tangible resources and what are the possibilities for employing existing resources in more profitable areas. Intangible resources are difficult to identify from a firm's financial statements. Sometimes they are found as "Goodwill" or "R&D Expenditure". However, these values typically do not accurately reflect the true value of intangible resources. Typical intangible resources include reputation and technology (Hoskisson, 1991). Human resources of a firm, also called human capital, include the skills, knowledge, attitudes, and decision-making capability of individuals. It can also include the relationships between individual employees.

Functional (marketing, MIS, R&D, product design, manufacturing) and integration. Core competencies, which confer competitive advantage to a firm, have four attributes. These
include the value, which is the resource allows the firm to conceive of and implement strategies that effectively deal with opportunities and threats and the rarity, which is the resource that is generally unavailable to large numbers of current or potential competitors. In addition not imitable which is the resource that cannot be easily obtained by competitors. A fourth attribute is the non-substitutability, that is, there are no strategically equivalent valuable resources available to competitors. Resources are substitutes when they can each individually be used to implement the same strategies.

Other issues firms should consider in the internal environmental analysis of the marketing plan are the organizational structure, communications system, personnel, research and development and marketing. Organizational structure involves how the organization can best be structured to adopt the chosen strategy. There are innumerable ways at looking at strategy and its components. The focus here is not on strategy per se, but rather on how strategy is translated into a supporting and supportive organizational structure.

Personnel are the ability to attract and hold capable employees is a prerequisite for a firm's success. However, the nature of a business's operating environment most often influences personnel recruitment and selection alternatives. According to Pearce and Robinson, 1991) three factors most affect a firm's success to needed personnel. Firstly, a business reputation within its operating environment is a major element in its long-term ability to satisfy personnel needs. A firm seen as permanent in the community, at least competitive in its compensation package and concerned with employee welfare as well as respected for its product or service and appreciated for its overall contribution to general welfare is more likely to attract and retain valuable employees than is a rival firm that either exhibits fewer of these qualities or emphasizes one factor to the detriment of others (Pearce and Robinson, 1991). Secondly with regard to employment rates, depending principally on the stage of growth of a business community, the readily available supply of skilled and experienced personnel may vary. For instance a new manufacturing firm seeking skilled employees in a vigorous and established industrialized community obviously faces a more difficult problem than would the same firm if it were to locate in an economically depressed area where other similar firms had recently cut back.
operations. Thirdly the availability of some people's skills is so specialized that they may be forced to relocate to secure appropriate jobs and the impressive compensations their skills commonly command. For instance for industry executives and technical specialists, a firm seeking to hire such individual's is said to have broad labour market boundaries, that is the geographic area within which the firm might reasonably expect to attract qualified candidates is quite large (Pearce and Robinson, 1991).

Research and development (R&D) has assumed a key role in many organizations with the increasing rate of technological change in most competitive industries (Pearce and Robinson, 1991). R&D strategy should clarify whether basic research or product development research will be emphasized. R&D should also guide organizations of the R&D function. For instance should R&D be conducted solely within the firm or should portions of the work be contracted outside? Further firms describe their packaging, customer service and internal marketing.

Products are the section of the marketing whereby the sales, prices, contribution margins and net profits are shown for each major product in the line for several years (Kassell, 1999). The firms should use this section of the marketing plan to fully describe: its products, features, current pricing structure and distribution channels, positioning within the market, its current promotions, advertising and packaging. This section of the marketing plan should be a piece of cake. The firm knows its products, Right? It knows its features, Right? Does the firm know the benefits the customers get from the product? The firm had better because this is what is going to sell. According to Pearce and Robinson (1991) typical questions a firm should ask itself regarding the product and service are the products/services that it should emphasize, the products/services that contribute most to profitability, the product/service image the firm seeks to project, the consumer needs the product/service seeks to meet and the changes influencing customer orientation.

The marketing plan should include the pricing strategy firms intend to adopt. Will firms cost plus, skim, match the competition or penetrate the market. Pearce and Robinson
(1991) state that firms should ask themselves the questions regarding the price namely is the firm primarily competing on price, can it offer discounts or other pricing modifications, are pricing policies standard nationally or is there regional control, what price segments are is the firm targeting (high, low, medium), what is the gross profit margin and does the firm emphasize cost/demand or competition oriented pricing.

With regard to the place element place, in this section of the marketing plan firms should state if they will market directly, use agents or distributors, and so on. Pearce and Robinson (1991) proposes firms should ask themselves the questions namely, the level of market coverage that is necessary, geographic areas that are of priority, the key channels of distribution, the channel objectives, structure and management.

The marketing plan should indicate the promotion techniques of the firm. Which media will the firm use? e.g. sponsorship, radio advertising, sales force, point-of-sale, etc? Further Pearce and Robinson (1991) state firms should ask themselves the questions namely the key promotion priorities and approaches, the advertising/communication priorities and approaches that are linked to different products, markets and territories.

Customer service is a crucial element in any marketing strategy. The key to customer service is understanding the customer and the customer’s perception. It does not matter what a firm does in the area of customer service, it only matters what customers think the firm does. Customer service is presumed to be a means by which companies tempt to differentiate their product, keep customers loyal, increase sales and/or increase profits. Thus customer service is not just an outcome of business activity; it can be a managed element of that business.

The marketing plan should indicate the firm's processes. A process is defined as an identifiable flow of information though interrelated stages of analysis directed toward the achievement of an aim. In the strategic management process, the flow of information involves historical, current and forecast data on the business, its operations and environment which are evaluated in the light of the values and priorities of influential
individuals and groups often called stakeholders who are vitally interested in the actions of the businesses. The aim of the process is the formulation and implementation of strategies that result in long-term achievement of the company's mission and near-term achievement of the objectives (Pearce and Robinson, 1991).

Regarding physical evidence, firms can use logistics to create a competitive advantage in the market place. Thanks to the computer, most companies have become more sophisticated and effective in their problem solving techniques. The importance of physical distribution and its ultimate impact on marketing objectives, however depends on the type of product being marketed, the needs of the customer and the structure of the distribution channel. For instance where products are being used in the manufacture of other end products, buyers normally face a wide range of problems such as order processing and traffic management (Reeder and Brierty, 1997).

Internal marketing is an important 'implementation' tool. It aids communication and helps firms to overcome any resistance to change. It informs and involves all staff in new initiatives and strategies. It is simple to construct, especially if the firm is familiar with traditional principles of marketing. If not, it would be valuable to spend some time considering marketing plans. Internal marketing obeys the same rules as, and has a similar structure to, external marketing. The main differences are that firm's customers are staff and colleagues from its own organization. Internal marketing meets traditional 'change management.' Firstly the firm should identify its internal customers. As with its external customers, they will have their own buyer behavior, or way of 'buying into' the changes, which the firm is charged to implement.

2.3.3 OPPORTUNITY AND ISSUE ANALYSIS
On the basis of the data describing the current marketing situation, the product manager needs to identify the major opportunities/threats, strengths/weaknesses and issues the company faces with this product over the term of the plan (Kotler, 1999).
SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. Once key issues have been identified, they feed into marketing objectives. It can be used with conjunction with other tools for audit and analysis such as PEST analysis and Porters Five Forces analysis. It is a very popular tool with marketing students because it is quick and easy to learn. SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal factors.

A strength could be: specialist marketing expertise, a new, innovative product or service, location of the business, quality processes and procedures and any other aspect of the business that adds value to the product or service (Doyle, 1994). A weakness could be: lack of marketing expertise, undifferentiated products and service (i.e. in relation to the firm’s competitors), location of the business, poor quality goods or services and damaged reputation. Opportunities and threats are external factors. For example: An opportunity could be: a developing market such as the Internet, mergers, joint ventures or strategic alliances, moving into new market segments that offer improved profits, a new international market, a market vacated by an ineffective competitor. A threat could be: a new competitor in your home market, price wars with competitors, a competitor has a new, innovative product or service, competitors have superior access to channels of distribution, taxation is introduced on your product or service.

The strengths and weaknesses are determined by internal elements while opportunities and threats are dictated by external forces. Sometimes it is recommended to identify the opportunities and threats (OT) first in order to more quickly bring to light the product weaknesses and strengths that should be considered first. For example if the firm discovers that its competitor is losing an exclusive distribution contract in the next 2 months, it can use this information to quickly fill the gap in the market. However many of the firms' threats will be based on weaknesses it has discovered.
2.3.3.1 Opportunities and Threats Analysis
Here the manager identifies the main opportunities and threats facing the business. Opportunities and threats refer to outside factors that can affect the future of the business. They are written so as to suggest some possible actions that might be taken. The manager should rank the opportunities and threats so that the more important ones receive special attention (Kassel, 1999).

To come up with OTs firms need to should take into consideration the company's philosophy or mission, product features, benefits or quality, products' competitive advantage, distribution methods or distributor satisfaction and pricing structures. In addition, firms should consider the target market's awareness of the firms' products, attitude towards the product and their brand loyalty. In addition, firms should address the competitions' activities (such as new product launches, price changes, new companies and so on) and the overall market (such as shift in needs, trends, behaviors and so on).

2.3.3.2 Strengths/Weaknesses Analysis (S/W analysis)
The manager should identify company strengths and weaknesses. Strengths and weaknesses are inside factors, in contrast with opportunities and threats, which are outside factors. Company strengths point to certain strategies the company might be successful in using while company weaknesses point to certain things the company needs to correct (Kassel, 1999).

2.3.4 OBJECTIVES
Objectives should seek to answer the question 'Where do we want to go'? The purposes of objectives include: to enable a company to control its marketing plan, to help to motivate individuals and teams to reach a common goal, to provide an agreed, consistent focus for all functions of an organization.

At this point management knows the issues and is faced with making some basic decisions about the objectives (Kotler, 1988). Without goals we would never get anywhere or do anything in life. The objectives are simply the hard facts about where the
firm wants to be a year from now, or five years from or whatever your time frame may be (Kassel, 1999). These objectives will guide the subsequent search for strategies and action programs.

Firms should set SMART Objectives, that is, Specific - Be precise about what you are going to achieve Measurable - Quantify you objectives, Achievable - Are you attempting too much? Realistic - Do you have the resource to make the objective happen (men, money, machines, materials, minutes)? Timed - State when you will achieve the objective (within a month? By February 2010?) If you don't make your objective SMART, it will be too vague and will not be realized. Remember that the rest of the plan hinges on the objective. If it is not correct, the plan will fail.

The objectives that the firm should set are financial, marketing, social responsibility, productivity, competitive position, employee development, employee relations, technological leadership and quality.

Every company seeks certain financial objectives. The owners will be looking for a certain long-run rate of return on investment and know the profits they would like to achieve in the current year (Kotler, 1988, p. 81). The financial objectives must be converted into marketing objectives. The set objectives should meet certain criteria. First, each objective should be stated in an unambiguous and measurable form with a stated time period for accomplishment. Second the various objectives should be internally consistent. Third the objectives should be stated hierarchically if possible with lower objectives being clearly derived from higher objectives (Kotler, 1988, p. 81). Fourth the objectives should be attainable but sufficiently challenging to stimulate maximum effort.

Pearce and Robinson (1991) state the ability of the business to operate in the long run depends on attaining an acceptable level of profits. Strategically, managed firms characteristically have a profit objective expressed in earnings per share or return on equity. Relative dominance in the market place is one measure of corporate success. Larger firms often establish an objective in terms of competitive position to gauge their
competitive ability for growth and profitability (Doyle, 1994). Market share or total sales are often used; an objective describing competitive position may indicate a corporation's priorities in the long-term.

Employees value growth and career opportunities in a firm. Such opportunities facilitate increased productivity and decreased expensive turnover (Pearce and Robinson, 1991). Firms should include an employee development objective in their marketing plans. Firms should seek good employee relations whether or not they are bound by union contracts. Productivity is partially tied to employee loyalty and perceived management interest in worker welfare. Therefore firms should set objectives to improve employee relations. For instance safety programs, worker representation on management committees and employees stock option plans are all normal outgrowths of employee relations objectives.

2.3.5 TARGETING MARKET SELECTION

This section of the marketing plan data presents data in the served markets. The size and growth of the market (in units and/or dollars) are shown for several past years in total and by market and geographical segments (Doyle, 1994). Data are also presented on customer needs, perceptions and buying behavior needs.

The firm needs to answer in this section of market overview the questions namely the size of the potential market, if the market is growing, flat or shrinking, the segmentation of the market either by pricing, quality, age, income or product usage, the target audience of the firm and the competitors. McDonald (1988) stated that since it is hard (expensive) to be all things to all people, it is wise to target specific segments of the market. Not only will this allow the firm to reach more of the people who will buy the product/service, targeting markets may also reduce the competition the firm faces. Finding the niche is often the success for small, medium, and even large organizations. The market may naturally be segmented by price, quality, region, customer age, income, buying behaviour, industry or anything else. Typically, price and quality are the most evident, followed by product use and the benefits consumers get from using the product. Firms
should determine the segments of their market and describe the ones they are going to target.

Determining the right target audience is probably the most important part of a firm's marketing efforts, because it does not matter what you are saying, if you are not saying it to the right people. Kassel (1999) state in this section of the marketing plan, firms should go into as much detail as possible about who its market is. Firms should describe the typical customer in detail, the age group, gender, education level, family size, income level and geographic location. For business-to-business markets, the firm should include the industry type, company size, job titles/Departments, annual revenue and geographic areas. Firms should have a general picture of who their market is, then back up that information with concrete numbers and statistics about the size of the market. And to determine the size of the market requires that the firm already has a good profile of the typical customer.

The growth strategies firm should take into consideration are market penetration, market development, product development and diversification strategies. Marketing penetration is the type of strategy that focuses on growth on the existing product range by encouraging higher levels of take-up of a service among the existing target markets. In this way a specialist tour operator in a growing sector of the holiday market could-all other things being equal, grow naturally, simply by maintaining its current marketing strategy. If it wanted to accelerate this growth, it could do this by firstly seeking to sell more holidays to its existing customer base and secondly by attracting customers from its direct competitors. If the market was in fact in decline, the company could only grow by attracting customers from its competitors through more aggressive policies and/or cost reduction programmes. This strategy offers the least level of risk to an organization-it is familiar with both products and its customers (Ansoff, 1990).

Market development is the type of strategy that builds upon the existing product range, which an organization has established, but seeks to find new groups of customers for them. Product development strategy is as an alternative to selling existing products into
new markets, an organization may choose to develop new products for its existing markets (Ansoff, 1990). Often a feature of this growth strategy is collaboration with a product specialist who helps the organization produce the service, leaving it free to market it effectively to its customers.

In the case of the diversification strategy an organization expands by developing new products for new markets. Diversification can take a number of forms. The company could stay within the same general product/month area but diversify into a new point of the distribution chain- for example, an airline which sets up its own travel agency moves into a type of service provision which is new to the organization, as well as dealing directly with a segment which it had previously probably had few sales transactions with.

2.3.6 MARKETING MIX STRATEGY

This section describes, the broad marketing strategy or "game plan". According to Doyle (1994) a firm needs to determine what road it is going to take to get there. These are the strategies it will use in the marketing mix. The marketing mix is the combination of elements that make up the entire marketing process. By using a variety of modes to reach its goals firms have a better choice of actually doing it. It however requires the right combination, so it should be careful when putting it together. Traditionally the marketing mix refers to the Four P's: product, price, place and promotion.

The 4Ps firms need to address in their strategy section are product, place and promotion strategy. Product strategy is the first P and as part of the strategy, firms need to also think about elements of the product that can be strategic to its success such as packaging and its warranty. These elements help create the value the customers sees in its products. The main thing to remember about packaging is that it communicates to the person buying it right up until they make the decision to plunk down their money and take it home (Kassel, 1999). With regard to warranties, the key is to make sure the customers know just how easy it will be if they are unhappy with the product. In this section of the marketing plan firms should describe the strategic use of their product's packaging.
warranties and whatever else they come up with. Firms should see the benefit they expect to see from it and how it relates to the overall success of the marketing program.

Pricing strategy addresses how firms price their product or service. The product's price often communicates as much to the consumer as its advertising. People perceive a product's value based on its price in many situations. The moral for the firm is super low pricing (Doyle, 1994). Firms should price their product strategically by looking at the competition (or lack of it) their product faces- if the product is one of a kind particularly if its in the technology field, then higher initial prices may make more palatable to consumers (and even expected). Firms should also look at the sensitivity (or insensitivity) of the customers to pricing for the firm's type of product and the price elasticity (the lower the price the more the firm sells and vice versa).

According to Kassel (1999) there are various pricing strategies firms should consider. In premium pricing, firms should use a high price where there is uniqueness about the product or service. This approach is used where a substantial competitive advantage exists. Such high prices are charge for luxuries such as Cunard Cruises, Savoy Hotel rooms, and Concorde flights. Penetration pricing involves the price charged for products and services is set artificially low in order to gain market share. Once this is achieved, the price is increased. France Telecom used this approach in order to attract new corporate clients. With economy pricing, it is a no frills low price. The cost of marketing and manufacture are kept at a minimum. Supermarkets often have economy brands for soups, spaghetti, and so on. With regard to price skimming, firms should charge a high price because they have a substantial competitive advantage. However, the advantage is not sustainable. The high price tends to attract new competitors into the market, and the price inevitably falls due to increased supply. Manufacturers of digital watches used a skimming approach in the 1970s.

Premium pricing, penetration pricing, economy pricing, and price skimming are the four main pricing policies/strategies. They form the bases for the exercise. However there are other important approaches to pricing. Psychological pricing is an approach used when
the marketer wants the consumer to respond on an emotional, rather than rational basis. For example 'price point perspective' 99 cents not one dollar. With product line pricing there is a range of product or services the pricing reflect the benefits of parts of the range. Geographical pricing is evident where there are variations in price in different parts of the world. For example rarity value, or where shipping costs increase price. Value pricing is an approach that is used where external factors such as recession or increased competition force companies to provide 'value' products and services to retain sales e.g. value meals at McDonalds.

The third P stands for Place, although it is really referring to distribution. Firms can think of it as the "place" of purchase. The strategy behind how a firm sells and distribute the product is a very important element of the "mix". Does the firm want the product to be available everywhere? If the firm does the math, that could be a very lucrative strategy (Fitfield, 1992).

The fourth strategy is promotion. This is the communication's strategy of the plan. Here the firm plans not only the message it wants to use but the tools it will use to spread it to the world (Doyle, 1994). Basically, the promotion strategy should cover every communication mode that would appeal to the firms' target market and help drive them not only to be aware of, but to act on offer. This would include other things like client/customer newsletters, a company Website etc. It is in this section of the plan that the firm should make certain it is following an integrated marketing communications plan (Egan and Thomas, 1988). This means that each of these tools must follow the same rules and spread the same message. Having separate PR groups and promotions groups and sales groups makes the job very difficult unless the firm makes sure they are all in agreement about how and what they are saying.

A push strategy can be employed to encourage dealers, distributors and company sales force to move the product lines (margins, bonuses, services, advertising and promotional subsidies). A pull strategy can be employed to stimulate customer demand through increased brand, concept and product acceptance. Firms should maximize advertising
and promotion coverage to increase volume, which permits mass production and distribution. Further companies should address advertising and promotion to key customers and 'best' prospects to maximize the benefits of these expenditures in a limited market segment (Lancaster and Massingham, 1988).

The promotion section should actually have six categories. Advertising section is that section that firms should translate all of the objectives into a specific advertising message to meet its goals. The firm's advertising strategy needs to address not only the awareness building requirements of the plan but also attitudes and actions the firm would want to provoke in the audience (Rossiter and Percy, 1987). The firm will need to identify which types of media it will be using to carry out the strategy (Rossiter and Percy, 1987). This is referred to as the media plan (another potential separate document) and can include magazines, newspapers, billboards, web banners, radio sports, TV sports, sponsored TV and radio programs, product packaging and inserts, movie trailers, posters and flyers, directory listings and in-store-displays. When writing this advertising section of the marketing plan, firms should keep their strategies clear and focussed on what they are trying to achieve.

Public relations can be a very powerful tool in the marketing belt. However, it is an after thought while it should actually be one of the first things the firm should tackle as it develops and brings to the market a new product or service. Firms should begin planting their PR seeds early in the game. The firm's mantra of the public relations staff should be the Integrated Marketing Communications. Their most important function is to ensure that everything the press sees or hears is controlled and consistent with the image plan. It is therefore recommended that only the firm's PR people actually communicate with the press. This includes all areas of PR including corporate announcements, defensive PR and marketing PR (Rossiter and Percy, 1987). These include: news releases, feature stories and interviews, exclusives, opinion pieces, photos, speeches or appearances at seminars, conventions etc, local, regional or national talk shows and other programs, online chats and forums, community involvement, lobbying activities, social responsibility activities.
Direct marketing or database marketing is growing exponentially with the emphasis on very tightly targeted efforts (Rossiter and Percy, 1987). The growth of the Internet and e-mail along with the general upward trend in all media subscriptions is making it an easier and more profitable way to market the firm's product than it was in the past days of mass mailings. With a database (either purchased or your own customer base) of names and very specific demographic information, firms can select specific subsets of groups very easily and send very targeted messages about their product or service. Some of the best examples of uses of direct marketing are generating inquiries, opening doors, building traffic (for the store, web site, trade show etc) and generating awareness (for new product introductions etc) fundraising and selling products (mail order). The direct marketing options available for firms include: USPS direct mail, self-mailers and mailing packages that include a letter, brochure and response card, postcards and premium items and other types of gifts. Firms should detail direct marketing strategies as they relate to the overall marketing mix.

Because the advertising efforts primarily affect the options of the target audience and do not always create an immediate action (at least not initially) firms need to also plan special promotions that will encourage quick action. A promotion as opposed to advertising is based on incentives to act as a two-for-one sale, a price discount, or a free gift with purchase (Rossiter and Percy, 1987). Promotions are useful for encouraging potential customers to try the product and hopefully firms' can increase the loyal base of customers. Some of the types of promotion used by marketers today are price discounts/sales, coupons, samples, on-pack or in-pack discounts (from point of purchase displays, rebates, premiums items (either in the package or sent by mail) sweepstakes/games, packaging or events.

Premium items are the trinkets and goodies one gives away at trade shows or other events. They typically have the company branded on the, and are of little or no value. If firms need premiums for trade shows or other events, the best advice is to stick with something that is both useful and consistent with the company's image and product or
service line. Firms should look for innovative features and good quality to go with these items (actually any premium item) like magnets that have clips to hold larger notes or pens that will stick to the file cabinet. Just like with the product line, firms would want premiums to stand out, be of good quality and make a favourable impression (Kassel, 1999).

Sales forces see and talk with the firms' customers everyday and absolutely have to be consistent with the planned image and position. Their one-to-one marketing efforts are very important for many types of businesses and not as important for others. Firms should investigate the need for a direct sales force and cut costs if they can (Watkins, 1997).

Personal Selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. However sales people are very expensive and should only be used where there is a genuine return on investment. For example salesmen are often used to sell cars or home improvements where the margin is high (Rossiter and Percy, 1987).

Trade fairs and exhibitions are approaches are very good for making new contacts and renewing old ones. Companies will seldom sell much at such events. The purpose is to increase awareness and to encourage trial. They offer the opportunity for companies to meet with both the trade and the consumer. Expo has recently finish in Germany with the next one planned for Japan in 2005, despite a recent decline in interest in such events (Rossiter and Percy, 1987).

2.3.7 ACTION PROGRAMS
The strategy statement represents the broad marketing thrusts that the manager will use to achieve the business objectives. Each element of the marketing strategy must now be elaborated to answer. What will be done? When will it be done? Who will do it? How much will it cost?
In putting together the media plan, firms should specify which media they will be using to carry out the advertising message such as magazines, newspapers, direct mail, Internet etc. It should also detail the specifics such as which publications, detail even more specifics such as which issues, times, dates etc. It should also list the budget for each vehicle and describe the rationale behind each selection. Weighting the media refers to determining the potential exposure of the firm's marketing message to the target audience that each firm's chosen media can produce. Basically by weighting the media, the firm is trying to determine how much advertising is enough to reach the objectives (McDonald, 1988).

According to Rossiter and Percy (1987) firms should look at the strengths and weaknesses of each medium as it would effectively carry the marketing message and product positioning. Some media cannot effectively communicate certain information. For example a complicated product would not make good use of a billboard or other "quick" impression media. The percentage of a firm's target audience that a particular media vehicle reaches will not be the number that actually sees the message. So firms should keep their expectations realistic in this respect. Based on the information and the results firms calculate from the media weightings, firms should be able to put together a schedule of advertising, promotions and events that will match the goals. There are some scheduling techniques firms should consider when planning media advertising:

Action plans allow the product manager to assemble a supporting budget that is essentially a projected profit-and-loss statement. On the revenue side, it shows the forecasted sales volume in units and the average realized price. On the expense side it shows the cost of production, physical distribution and marketing, broken down into finer categories (Kotler, 1988). The difference is projected profit. Higher management will review the budget and approve or modify it. If the requested budget is too, the product manager will have to make some cuts. Once approved, the budget is the basis for developing plans and schedules for material procurement, production scheduling, manpower recruitment and marketing operations.
2.3.8 IMPLEMENTATION, CONTROLS AND EVALUATION

Control is the process of monitoring the proposed plans as they proceed and adjusting where necessary. There is no planning without control. A marketing plan sets out a road map to your destination, then control tells you if you are on the right route or if you have arrived at your destination. Control involves measurement, evaluation, and monitoring. Resources are scarce and costly so it is important to control marketing plans. Control involves setting standards. The marketing manager will then compare actual progress against the standards. Corrective action (if any) is then taken. If corrective action is taken, an investigation will also need to be undertaken to establish precisely why the difference occurred (Baker, 1985).

This last section of the marketing plan outlines the controls that will be applied to monitor the plan's progress. Typically the goals and budget are spelled out for each month or quarter. Higher management can review the results each period and spot businesses that are not attaining their goals (Kotler, 1988). Managers of lagging businesses must explain what is happening and the actions they are taking to improve plan fulfilment. Some of the control sections include contingency plans. A contingency plan outlines the steps that management would implement for specific adverse developments that might occur such as a price war or strike. The purpose of contingency planning is to encourage managers to give prior thought to some difficulties that might lie ahead.

In this section of the plan, it must be set out who is to be responsible for implementing the proposal contained in it, together with a clear statement of areas of responsibility and authority. Lines of reporting and control must be spelt out as must the type and frequency of measures, which will be used to monitor performance (Baker, 1985). While separate budgets for the major mix policy areas will have been included in the discussion of these, the administration and control section is the one in which they should be integrated into a complete budget for the marketing function.
There are certain steps that firms should take when setting the budget. These are setting the budget based on the firm's goals and objectives and the schedules firms have recommended and they should look at the industry average of marketing dollars spent as a percent of sales for similar companies in their industry. Using this method, firms can see if their budgets appear to be realistic in comparison to other similar companies. This figure will help determine if the budget is too high or low compared to the industry average. Firms should go through a third exercise, which involves estimating its primary competitors advertising and marketing budget based on what a firm wants to know about its activities. This is a good way to help a firm be more competitive and possibly gain more market share.

In constructing a final budget sheet, firms should include an overview sheet illustrating their total budget, a breakdown by medium and a breakdown by product/target market (Baker, 1985). For the finishing touches of the marketing plan, firms should now have the message and media selected, the scheduling determined and a budget. In this section of the marketing plan, firms need to set up some charts to illustrate everything in the plan. These charts not only help to present the plan to the powers that be but will also help a firm implement the plan. Firms should start by putting together a Graphic Media Calendar; a firm should list its media on the left, followed by columns that correspond to the calendar or fiscal year for which the firm is planning. In the last column to the right, firms should summarize the frequency and include the Gross Rating Points for each vehicle. At the bottom of that column, Gross Rating Points should be totalled.

According to Hall (1994) compared to implementation, planning is a breeze. It is in this part of marketing plan that firms should call in the reinforcements. It is very important to schedule the events in the marketing plan and assign responsibilities well in advance. Firms should use a very large scheduling board and put it in an easily viewed spot. Further firms should set up a reporting structure with progress reports and regular communications that will keep the plan on target. Missing deadlines in the marketing world can be critical to the success of the firms' product/service (or business).
In evaluating the marketing plan, firms should include plans and procedures for tracking each type of media they are using (Baker, 1985). And as a subset of each of those procedures, firms should identify specifically which vehicles within those media groups are being the most effective. This is not necessarily easy for all mediums but for some is not as bad it may sound. Here are some types of media listed along with ideas for tracking their effectiveness. The techniques necessary will vary wildly depending on the firms' product/service type and market.

With traditional consumer publications tracking can be done through the use different phone numbers, special offers (specific to that advertisement or publication) or reference to a specific department to call for information. When these calls come in, the firm's call center staff must be prepared to record the information so the results can be tallied for that publication. Many trade publications also include Reader Service Cards that allow the reader to circle a number that corresponds to the firm's ad on a mail-in postcard in order to get more information about the product/service (McDonald, 1988). While the firm may get a lot of junk requests (competitors, shoppers or literature collectors) it can also get some good leads. Firms should keep a record of the leads and follow-up on the final result.

With postal mailings tracking is relatively simple. Firms should include on the mailing label a code (called a key code or a source code) that corresponds with the mailing list so that the firm knows which list is producing and instruct the call center staff to record the information by asking the customer for the code (Rossiter and Percy, 1987). Firms can also include customer numbers here and record repeat orders without the problem of re-entering their information in the customer databases. For telemarketing campaigns, tracking is also relatively simple since a live person is communicating with the customer throughout the entire process in most cases.

These require similar tracking methods as consumer publications. They too can be tracked through the use of different phone numbers, special offers (specific to that advertisement) or reference to a specific department to call for information. Again when
those calls come in, the call center staff must be prepared to record the information so the results can be tallied for that particular spot. Another less exact method if the firm is marketing on a very large scale is to track immediate sales with the timing of the advertisement (Rossiter and Percy, 1987).

Usually this is easily tracked because it is based on click throughs or page impressions. The firm's web administrator should be able to provide reports that indicate the number of click throughs that actually led to the purchase of the product/service. Firms may also experience call in sales as a result of its web site. Thus a firm should make sure the call center is aware and records the information accurately (Rossiter and Percy, 1987).

Most closed promotions are basically "self-tracking" because they require the customer to do something such as fill out an entry form (trackable) turn in a coupon, return a rebate slip (trackable) or a log-on to a web site to claim a prize (also trackable). Open promotions such as sales require a little more work to track or can simply be tracked by increased sales for that time period, store, region or whatever the parameters of the sale covered (Egan and Thomas, 1988).

An event is also trickier to track. Firms can know how many people attended but can they know how many sales occurred? Firms can issue coupons at the event that could be tracked, offer other special deals or even allow attendees to the event to join a special club. Firms have to be creative in order to track the true sales results of a big event.

Trade shows effectiveness can be tracked by collecting the right information at the show and following up on it (Fifield, 1992). These results can also be tallied and recorded. The tabulated results and customer information is very valuable information. Firms should make sure they routinely back up the system where this data is kept and keep copies in safe place. The customer data is extremely valuable to the firms' future direct marketing efforts and must be keyed in correctly and accurately. Before the marketing plan kicks off, firms should make sure they have the database structure in place to record this information. Codes should be used for every level of information so that firms can
sort by various specifications. This takes a lot of planning as well as training for your staff. Setting up the records with drop-down boxes for selecting preset information such as product numbers, list codes publication codes or department codes will make the records much more consistent and useable.

Checking out the effectiveness of the marketing campaign from a product sales standpoint is critical for firms. Firms should begin the review process early and repeat it often. Firms can tweak the plan along the way to eliminate or shift schedules if they find that some element of the mix is definitely not working. Firms should not wait until it's too late; they should review quarterly performance goals (Egan and Thomas, 1988), check out the market share. In addition they should look at the sales figures based on not only the origin of the sale but also the type of customers. In other words is this an existing customer, a new customer or even a new customer with a totally different demographic profile? Are you retaining existing customers or are most of the sales coming from new customers? What is your competition doing?

There are many approaches to control that include: Market share analysis, Sales analysis, Quality controls, Budgets, Ratio analysis, Marketing research, Marketing information systems (MkIS), Feedback from customers satisfaction surveys, Cash flow statements, Customer Relationship Management (CRM) systems, Sales per thousand customers, per factory, by segment, Location of buyers and potential buyers, Activities of competitors to aspects of your plan, Distributor support, Performance of any promotional activities, Market reaction/acceptance to pricing polices, Service levels and many other methods of monitoring and measurement.

2.3.9 MANAGING THE IMPLEMENTATION OF MARKETING PLANS
This section states how firms manage the implemented marketing plans. Some of the ways firms incorporate to manage the implemented plans are training, team building, involving employees in problem solving and employee empowerment.
According to Ross (1995) every organization strives to aim towards a performance driven environment which rewards achievements, enthusiasm and team spirit and which offers each and every employee the opportunity for personal development and growth as well maximizing returns to shareholders. As competition intensifies and regulatory environment becomes increasingly complex and customer demands ever rise staff development remains key to achieving any meaningful success. Focus on training should always remain unabated to ensure that employees are trained to the highest levels possible. There arises a necessity of developing human resources and doing the appropriate manpower training concurrent with the transfer of new technologies to developing countries. This is through inventory of existing manpower and better arrangements for training in new skills as well as improving existing skills.

The role of an employee is seen as paramount to having a strategy that is effective. Increased pay boosts employee morale and commitment; as employees stay longer, their productivity rises and training costs fall; employees overall job satisfaction combined with their knowledge and experience leads to a better service to customers, who are then more inclined to stay loyal to the company and as the best customers and employees become part of the loyalty-based system, competitors are inevitably left to survive with less desirable customers and less talented employees (Ross, 1995).

Team building is an organization development effort aimed at improving overall performance (Ross, 1995). Team building and interventions with an intact work team are the heart of an organisation's development. Team building involves: problem solving that involves the use of a facilitator, data gathering about relevant problems and issues to be addressed, feedback of the data, problem prioritization, problem diagnosis and action planning.

According to Herman (1999) team building's consequences usually have team capability and an enhanced spirit of teamwork. A tremendous amount of human energy in organizations is expected by participation in-groups. In an effective organization, most of the energy of the workforce is available for doing and improving the work of the
organization, and a minimum amount of energy is needed to maintain the human organization. In order to have team building there must be communication which is a valuable skill at all levels, from front-line supervisors to CEO's. For team building all members of a team share at least one goal that can be achieved only by the joint efforts of all of them.

According to Morgan (1997) team building has certain advantages namely, the release of creativity and energy, team members are able to identify many ways to improve work organization, they are able to share information and bring out ideas. With team building there is much more interaction between people and there is improved efficiency by people planning activities together with co-operation and communication. Team building reduces the chances of working in much more isolated situations and this encourages team members to be flexible and respond to co-operation with admiration. Team working reduces costs and improves productivity and encourages hard work and high quality standards. The commonality of tasks carried out increases the benefits accruing from team building. Through co-operation with other team members, the whole production cycle is covered in an organization.

Problem solving skills are vital to the success of every organization. Employees should be given a forum to contribute solutions. This facilitates employee empowerment and participation. Senior management should identify and resolve problems relating to quality, service, morale, turnover and change (Bailey, 1995). When employees are involved in problem solving they feel part of the organization and their morale to perform is boosted. This increases their effectiveness and efficiency to perform.

According to Herman (1999) empowered personnel have "responsibility", a sense of ownership, satisfaction in accomplishments, power over what and how things are done, recognition of their ideas and the knowledge that they are important to the organization. Without productive employees, the organization is nothing and can do nothing. Empowerment works the best when employees need the organization as much as the organization needs them. Empowerment is marked by management's encouragement of employee participation: to improve efficiency and effectiveness, to focus on the
customer, emphasizing the importance of the teamwork, to promote organizational learning or continued education, to share success stories and lessons learned throughout the organization and to demonstrate strong interpersonal skills.

2.4 BENEFITS FIRMS DERIVE FROM DEVELOPING AND IMPLEMENTING A MARKETING PLAN

2.4.1 Motivation of Employees

According to Beardwell (1994) employee motivation increases when employees are working on real issues for the organization. Enjoyment in work increases team building effectiveness. Employees are motivated to contribute when they understand what is expected of them, goals and measures are consistent, they are given the skills and tools to do the job, recognition of contributions is frequent and immediate, they know the score through positive communication and they perform with discipline. Creating an environment that empowers employees takes time, patience and tenacity, but the benefits are enormous. And most important a participative culture gives the organization a better shot at beating the competition.

2.4.2 Widely Understood Objectives and Interfunctional Co-ordination

Marketing plans facilitate objectives to be well understood in the firm. Objective, timely feedback about progress toward goals is preferable to no feedback. Annual objectives translate long-range aspirations into the year's budget. When annual objectives are well developed and understood they provide clarity which is a powerful motivating facilitator of effective strategy implementation. When employees are involved at key points in the planning process, annual objectives are integrated and co-ordinated. When managers and employees are brought together to discuss important data, assumptions and performance requirements, this promotes discussion of key interdependencies and a clearer possibly negotiated determination of annual objectives in key performance areas.

Marketing plans leads to improved interfunctional co-ordination and communication. The major reasons people miscommunicate daily in organizational and everyday life include the technical problem of distortion between the point where a communication
starts and the point where it is received. Even two-person, face to face communication where the technical problem is minimal is fraught with the danger of each person understanding the other's meanings. More complex are the communication problems of one organization member trying to communicate with someone located in a different unit of the corporate senior executive trying to communicate with the entire workforce (Pearce and Robinson, 1991). Marketing planning leads to well understood objectives, teamwork etc and this leads to improved interfunctional co-ordination.

2.4.3 Acceptance for the need of Continuous Change
Change in recent years has often entailed reductions in employee numbers, closures, redundancies and loss of position and benefits. Thus it is not surprising that the groups that can be seen as "resistors of change" are often middle managers, front-line staff or sometimes senior managers who are said to be fearful of change and slow to shift the ways the organization requires. Different people make different assessments of where the blockages lie. To overcome resistance, careful planning and preparation are needed. The change program may vary but they all contain emphasis on thinking what change you want to bring about and preparing implementation in a logical sequential way.

A consistent regime of talking openly, sharing information, and helping others understand the common vision will ensure cohesiveness across the organization. It is also critical to keep the message simple so that it can remain consistent over time and not promote confusion or misinterpretation. In the initial planning phase, creating the vision and project plan helps managers identify key issues and risks, establish good communication and strong relationships among stakeholders, and fix a starting point that everyone can agree on (Ross, 1995). It's important to remember, however, that these plans are not set in stone.

2.4.4 Achieving a Competitive Edge
Marketing plans outline the marketing strategies firms will pursue. Firms will thus pick a strategy that will assist them achieve a competitive edge in the market. Competitive strategy is the choice of how an organization or business unit is going to compete in its
particular industry or market (Kotler, 1999). Competitive strategy hinges on a company’s capabilities, strengths and weaknesses in relation to market characteristics and the corresponding capabilities, strengths and weaknesses of its competitors.

2.5 CHAPTER SUMMARY

The chapter has outlined the reasons for preparing marketing plans, the marketing planning process and the benefits derived from implementing marketing plans. It is vital for firms to use marketing plans because they help in establishing, directing and coordinating the marketing efforts. Considering the increasingly hostile and complex environment that firms operate, marketing planning is essential. The benefits that firms derive from developing and implementing a marketing plan include employee motivation, widely understood objectives and interfunctional co-ordination, acceptance for the need of change and achieving a competitive edge. The next chapter looks at the methodology used in the study to obtain the data. It focuses on the research design, population and sample size, the data collection methods, research procedures, data analysis and presentation methods.
CHAPTER THREE

3.0 METHODOLOGY

3.1 INTRODUCTION
This chapter outlines the overall methodology used in the study. This includes the research design, population and sample size, data collection methods, research procedures, data analysis and presentation methods.

3.2 RESEARCH DESIGN
The research study is descriptive in nature attempting to establish the state of marketing plans in Kenyan banks. According to Cooper and Schindler (2003) descriptive studies describe a phenomena or characteristic associated with a subject population. The descriptive statistics discover and measure cause- and effect relationships among variables. Descriptive studies tend to be simpler and easier to conduct than analytical, experimental, or quasi-experimental studies, but they are nonetheless quite important. Descriptive studies can provide the background from which analytical, experimental, or quasi-experimental studies emerge. Descriptive studies help to generate hypotheses, as opposed to testing them.

3.3 POPULATION AND SAMPLE
Cooper and Schindler (2003) define a population as the total population of elements upon which inferences can be made. The population is the larger set of observation while the sample is the smaller set. The population of interest in this study constituted the senior and middle-level managers from all Kenyan banks situated in Nairobi. The restriction of the population was centred on those working within the Central Business District (CBD) of Nairobi for reasons of accessibility and convenience. A list of the banks in Kenya was derived from the Kenya Bankers Association (see appendix). There are 47 banks in total.

3.3.2 Sampling Design
i) Sample Frame
A sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population (Cooper and Schindler, 2003). The sampling frame was
made up of middle and senior managers derived from the 47 banks in Nairobi. The sampling frame was restricted to the Central Business District for convenience purposes.

ii) Sampling Technique

Stratified sampling technique was used. Stratified sampling is commonly used probability method that is superior to random sampling because it reduces sampling error. A stratum is a subset of the population that share at least one common characteristic. In this study it was the middle managers and the senior managers. Random sampling is then used to select a sufficient number of subjects from each stratum. "Sufficient" refers to a sample size large enough for us to be reasonably confident that the stratum represents the population. Stratified sampling is often used when one or more of the strata in the population have a low incidence relative to the other strata (Cooper and Schindler, 2003).

iii) Sample Size

The sample was determined using stratified sampling technique. For this study, a sample size of 47 senior and middle level managers was derived from the banks. The personnel responsible for marketing in each bank were studied i.e. a total of 47 banks.

3.4 DATA COLLECTION METHODS

The methods of data collection involved both primary and secondary data. Primary data was collected from questionnaires distributed to the senior and middle level managers of the Kenyan banks. Primary data was collected using a semi-structured questionnaire. The questionnaires were administered to the respondents via ‘drop and pick’ method. With the help of a research assistant the researcher took a week to administer and collect the questionnaires. Follow-up on the questionnaires was via email and telephone calls to facilitate quicker response. Secondary data supplemented the primary data and was collected from library material, media publications and various websites covering marketing plans.

Variables that were used to measure the marketing planning process were:

1. Mission Statement
Whether the banks outline their basic goals, characteristics, image, products and services and customer needs.

2. Environmental Analysis
   a) Macroenvironmental analysis
   Whether firms state the political, economic, social and technological factors that affect them.
      a) Micro Environmental analysis
      i) External Micro Environmental Analysis
      This section will establish if banks identify their competitors, customer needs, competitive position and intermediaries.
   b) Internal Analysis
   Whether banks describe the competitive advantage they pursue, is it a cost leadership or differentiation strategy?
   c) Resources and capabilities
   Do banks conduct research and development, product design. Does the firm describe the organizational structure, personnel, price, place, promotion, physical evidence, processes, customer service and internal marketing?

3. Opportunity and Issue Analysis
   In this section of the marketing plan, does the bank describe its strengths, weaknesses, opportunities and threats?

4. Objectives
   Do banks state the objectives, namely financial, marketing, social responsibility, productivity, profitability, competitive position, employee development, employee retention, technological leadership and quality objectives?

5. Targeting market selection
   Items that will be used to measure are whether the bank describes the typical customer in detail and growth strategies, that is, market penetration, market development, product development and diversification.

6. Market Mix Strategy
   The section will identify the marketing mix strategies the banks pursue, be it product, price, promotion and place strategy.
7. Action Programs
This section will determine if banks address each element of the marketing strategy, what is done, what will be done and how much it will cost.

1. Implementation, Controls and Evaluation
Items that will be used to measure are goals and budgets spelt, responsibilities assigned for implementing the marketing plan, charts to illustrate the plan, procedures and plans, reporting structures and progress reports.

Variables that were used to measure the management of marketing plans were:
1) Training and development: do the banks provide its employees the required training for the firm to achieve the set objectives and goals in the marketing plan?
2) Is team building encouraged within the bank?
3) Are employees involved in decision making in the banks?
4) Are employees empowered?

Variables that will be used to measure the benefits of developing and implementing a marketing plan were:
1) Greater contribution from employees
2) Increased productivity and performance
3) Widely understood objectives
4) Improved interfunctional co-ordination
5) Increased teamwork
6) Achievement of a competitive edge

3.5 RESEARCH PROCEDURES
The questionnaires were designed by the researcher that was based on the research questions. The researcher conducted a pilot study to three middle level managers and four senior managers. The pilot study enabled the researcher to review and revise the questionnaires. An introduction letter was also attached to the questionnaire. The researcher hired a research assistant to assist her administer and collect the questionnaires. Approximately, the time taken to administer the questionnaires was five
and the time taken to collect was ten days. The time taken by the respondents to complete the questionnaires was approximately ten to fifteen minutes.

3.6 DATA ANALYSIS TECHNIQUES AND PRESENTATION
Data analysis will be carried out using frequency distribution tables and percentages. The information from the questionnaires will be tabulated to work out the frequency distribution of the phenomenon under study. The tabulation will be done by use of excel package to generate percentages and appropriate tables to assist the researcher in answering the research questions. The research questions will be used to assess the state of marketing plans in Kenyan banks. The factors that will be linked to the state of marketing plans are the purpose of marketing plans, the marketing planning process and how marketing plans work. The analysis will seek to determine if banks prepare marketing plans. The data will be presented in table form.

3.7 CHAPTER SUMMARY
The chapter covers the methods used to collect the information. The study was descriptive in attempting to establish the state of marketing plans in Kenyan banks. Stratified sampling technique was used and the population was divided into middle level and senior managers. A sample size of 47 marketing personnel were drawn from the population. Data collection method was by the use of a questionnaire and a pilot study was collected on seven respondents. Data was analysed by the use of Microsoft excel and presented in table form.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 INTRODUCTION

This chapter presents results and findings of the study based on the research questions. The results of the study were obtained from a total of 47 questionnaires, which were administered to the managers. Twenty-four (24) questionnaires were completed and returned. The results and findings are summarized in form of frequency distribution tables.

The results are presented as follows:
- The general characteristics of the respondents sampled
- Whether and the reasons Kenyan banks prepare marketing plans
- The extent to which banks use the steps in the marketing process
- The benefits banks derive from developing and implementing the marketing plan

4.2 GENERAL CHARACTERISTICS OF THE RESPONDENTS SAMPLED

To analyze the general characteristics of the employees sampled, the research identified their title/position, department, length in management position and the highest level of education.
<table>
<thead>
<tr>
<th>Title/Position</th>
<th>Department</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td>Marketing &amp; PR</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Head of marketing</td>
<td>Marketing</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Manager</td>
<td>Marketing</td>
<td>3</td>
<td>12.5%</td>
</tr>
<tr>
<td>Senior manager</td>
<td>Marketing/Credit</td>
<td>3</td>
<td>12.5%</td>
</tr>
<tr>
<td>Chief manager</td>
<td>Administration</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Head of relationship banking</td>
<td>Institutional banking</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Senior manager</td>
<td>Marketing</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Financial controller</td>
<td>Finance</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Relationship manager</td>
<td>Marketing</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Marketing officer</td>
<td>Marketing</td>
<td>2</td>
<td>8.3%</td>
</tr>
<tr>
<td>Senior manager</td>
<td>Liability management</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Business head</td>
<td>Small medium business units</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Chief manager</td>
<td>Administration</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Chief manager operations</td>
<td>Operations/marketing</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Relationship manager</td>
<td>Credit</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Marketing assistant</td>
<td>Relationship</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Marketing head</td>
<td>PR &amp; Community affairs</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td>Administration officer</td>
<td>Finance/admin</td>
<td>1</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>24</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 1 shows that the majority of the respondents that took part in the study were in the marketing department. The table shows that 2 respondents were from the finance department and one respondent was from the PR & Community affairs department. One senior manager was from the liability management department and one other respondent was from the relationship department.
Table 2: Length of Service in the Management Position

<table>
<thead>
<tr>
<th>Length</th>
<th>Distribution</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5 years</td>
<td></td>
<td>10</td>
<td>40%</td>
</tr>
<tr>
<td>6-10 years</td>
<td></td>
<td>6</td>
<td>24%</td>
</tr>
<tr>
<td>11-15 years</td>
<td></td>
<td>5</td>
<td>20%</td>
</tr>
<tr>
<td>16-20 years</td>
<td></td>
<td>1</td>
<td>4%</td>
</tr>
<tr>
<td>Over 20 years</td>
<td></td>
<td>2</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>24</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2 indicates that the majority (41.7%) of the respondents had been in management position for a period not exceeding five years. Twenty five percent (25%) of the respondents had been in management position for a period of between eleven and fifteen years. The percentage of respondents who had been management positions for a period of between sixteen and twenty years was 4.2%. Only eight percent (8.3%) of the respondents had been in management positions for a period of more than twenty years.

4.2.2 Education Level

Table 3: Education Level Distribution

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Distribution</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>College</td>
<td></td>
<td>4</td>
<td>17%</td>
</tr>
<tr>
<td>University</td>
<td></td>
<td>20</td>
<td>83%</td>
</tr>
<tr>
<td>High school</td>
<td></td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>24</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 3 indicates that the majority (83%) of the respondents had attained university education. Seventeen percent (17%) had attained college education and none of the respondents had attained only high school education.
4.3 WHETHER THE BANK PREPARES MARKETING PLANS

This section identified whether banks prepared the marketing plans. The research identified whether banks documented various banking aspects such as basic goals and characteristics, principal services and primary customer needs the bank wants to satisfy.

4.3.1 Availability and documentation of various banking aspects

Figure 1: Availability and documentation of various banking aspects

Figure 1 indicates that eighty three percent (83%) of the banks documented basic goals/characteristics and philosophies that shape the firm. All the respondents indicated having principal services that were also documented. Eighty eight percent (88%) of the respondents indicated that they documented primary customer needs the bank wanted to satisfy.

4.4 THE EXTENT TO WHICH BANKS USE THE STEPS IN THE MARKETING PROCESS

To analyze the extent to which the banks used the steps in the marketing process, the research identified the environmental analysis, internal environmental analysis and opportunity and issue analysis conducted by the firms. The research also identified the various objectives used by the firm (such as financial, profitability) and the marketing mix strategies that the banks pursued. The research further identified the action programs described and also the implementation, control and evaluation of the various activities in the marketing plans.
### 4.4.1 Environmental Analysis

**Table 4: Environmental Analysis**

<table>
<thead>
<tr>
<th>Environmental factors marked</th>
<th>No extent</th>
<th>Low extent</th>
<th>Fair extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
</tr>
<tr>
<td>Political</td>
<td>0</td>
<td>-</td>
<td>4</td>
<td>16.7%</td>
<td>6</td>
</tr>
<tr>
<td>Economic</td>
<td>0</td>
<td>-</td>
<td>1</td>
<td>4.2%</td>
<td>4</td>
</tr>
<tr>
<td>Social</td>
<td>2</td>
<td>8.3%</td>
<td>11</td>
<td>45.8%</td>
<td>9</td>
</tr>
<tr>
<td>Technological</td>
<td>0</td>
<td>-</td>
<td>3</td>
<td>12.5%</td>
<td>3</td>
</tr>
<tr>
<td>Competitive</td>
<td>2</td>
<td>8.3%</td>
<td>1</td>
<td>4.2%</td>
<td>11</td>
</tr>
<tr>
<td>Customer needs are identified</td>
<td>0</td>
<td>-</td>
<td>1</td>
<td>4.2%</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 4 indicates that the majority (58.3%) of the firms, to a very large extent analyzed the political factors that affect the bank. Seventy nine percent (79.2%) of the respondents indicated that to a very large extent they analyzed economic factors. The majority (45.8%) of the firms indicated that to a fair extent analyzed social factors. Forty six percent (45.8%) of the respondents to a large extent identified competitors while the majority (66.7%) to a very large extent indicated that they identified customer needs.
4.4.2 Internal Environmental Analysis

Table 5: Internal Environment Analysis

<table>
<thead>
<tr>
<th>Internal factors</th>
<th>No extent</th>
<th>Low extent</th>
<th>Fair extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f %</td>
<td>f %</td>
<td>f %</td>
<td>f %</td>
<td>f %</td>
</tr>
<tr>
<td>Product design</td>
<td>1 4.2%</td>
<td>2 8.3%</td>
<td>6 25.0%</td>
<td>4 25.0%</td>
<td>1 4.2%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>2 8.3%</td>
<td>1 4.2%</td>
<td>8 33.3%</td>
<td>11 45.8%</td>
<td>2 8.3%</td>
</tr>
<tr>
<td>Service leadership</td>
<td>1 4.2%</td>
<td>3 12.5%</td>
<td>4 16.7%</td>
<td>8 33.3%</td>
<td>8 33.3%</td>
</tr>
<tr>
<td>Evaluation of personnel</td>
<td>0 -</td>
<td>2 8.3%</td>
<td>3 12.5%</td>
<td>13 54.2%</td>
<td>6 25.0%</td>
</tr>
<tr>
<td>Pricing strategy adopted</td>
<td>0 -</td>
<td>2 8.3%</td>
<td>2 8.3%</td>
<td>10 41.7%</td>
<td>10 41.7%</td>
</tr>
<tr>
<td>Place strategy adopted</td>
<td>1 4.2%</td>
<td>0 -</td>
<td>9 37.5%</td>
<td>11 45.8%</td>
<td>3 12.5%</td>
</tr>
<tr>
<td>Promotion strategy adopted</td>
<td>3 12.5%</td>
<td>0 -</td>
<td>4 16.7%</td>
<td>12 50.0%</td>
<td>5 20.8%</td>
</tr>
<tr>
<td>Customer services</td>
<td>2 8.3%</td>
<td>1 4.2%</td>
<td>4 16.7%</td>
<td>7 29.2%</td>
<td>10 41.7%</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>2 8.3%</td>
<td>3 12.5%</td>
<td>9 37.5%</td>
<td>7 29.2%</td>
<td>3 12.5%</td>
</tr>
<tr>
<td>Internal marketing</td>
<td>3 12.5%</td>
<td>2 8.3%</td>
<td>6 25.0%</td>
<td>8 33.3%</td>
<td>5 20.8%</td>
</tr>
</tbody>
</table>

Table 5 shows that the activities the banks analyzed to a very large extent were service leadership (according to 33.3% of the respondents), pricing strategy (41.7% of the respondents) and customer services according to 38% of the respondents. The activities the banks analyzed to a large extent were product design (45.8% of the respondents), evaluation of their personnel (54.2%), place strategy (45.8%), promotion and strategy (50%) and internal marketing (33.3%). To a fair extent the banks conducted an analysis on their physical evidence according to 37.5% of the respondents.
4.4.3 Opportunity and Issue Analysis

Table 6: Opportunity and Issue Analysis

<table>
<thead>
<tr>
<th>Factors</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No extent</td>
</tr>
<tr>
<td></td>
<td>f</td>
</tr>
<tr>
<td>Identifies the strengths</td>
<td>0</td>
</tr>
<tr>
<td>Determines weaknesses</td>
<td>0</td>
</tr>
<tr>
<td>Identifies opportunities</td>
<td>1</td>
</tr>
<tr>
<td>Determines threats from the environment</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 6 indicates that the majority (45.8%) of the banks to a very large extent identified their strengths. A similar percent of the respondents to a very large determined their weaknesses. Forty one point seven percent (41.7%) of the banks to a large extent identified their opportunities. Thirty seven percent (37.5%) of the banks to a large extent determined the threats from the environment.
## 4.3.4 The Banks' use of Various Objectives

### Table 7: The Use of Various Objectives

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No extent</td>
</tr>
<tr>
<td></td>
<td>f  %</td>
</tr>
<tr>
<td>Financial</td>
<td>0 -</td>
</tr>
<tr>
<td>Marketing</td>
<td>0 -</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>1 4.2%</td>
</tr>
<tr>
<td>Productivity</td>
<td>0 -</td>
</tr>
<tr>
<td>Profitability</td>
<td>2 8.3%</td>
</tr>
<tr>
<td>Competitive Position</td>
<td>1 4.2%</td>
</tr>
<tr>
<td>Employee relations</td>
<td>0 -</td>
</tr>
<tr>
<td>Employee development</td>
<td>2 8.3%</td>
</tr>
<tr>
<td>Technological leadership</td>
<td>1 4.2%</td>
</tr>
<tr>
<td>Quality</td>
<td>1 4.2%</td>
</tr>
</tbody>
</table>

Table 7 indicates that the objectives that were used by the majority to a very large extent were financial objectives (83.38%), profitability objectives (62.5%), competitive position (37.5%), productivity (41.7%) and quality (37.5%). The objectives that were used by the majority to a large extent were marketing objectives (50%), employee development (45.8%), social responsibility (37.5%) and technological leadership (54.2%).
### 4.3.5 Targeting Market Selection

#### Table 8: Targeting Market Selection

<table>
<thead>
<tr>
<th>Activities</th>
<th>No extent</th>
<th>Low extent</th>
<th>Fair extent</th>
<th>Large extent</th>
<th>Very large extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describing customers</td>
<td>2 8.3%</td>
<td>2 8.3%</td>
<td>5 20.8%</td>
<td>9 37.5%</td>
<td>6 25.0%</td>
</tr>
<tr>
<td>Determines what makes customers buy the service</td>
<td>0 -</td>
<td>1 4.2%</td>
<td>9 37.5%</td>
<td>10 41.7%</td>
<td>3 12.5%</td>
</tr>
<tr>
<td>Determines the right target audience</td>
<td>0 -</td>
<td>1 4.2%</td>
<td>5 20.8%</td>
<td>13 54.2%</td>
<td>5 20.8%</td>
</tr>
<tr>
<td>Markets existing services to existing customers</td>
<td>0 -</td>
<td>3 12.5%</td>
<td>2 16.7%</td>
<td>9 37.5%</td>
<td>9 37.5%</td>
</tr>
<tr>
<td>Markets existing services to new groups of customers</td>
<td>0 -</td>
<td>1 4.2%</td>
<td>5 20.8%</td>
<td>10 41.7%</td>
<td>8 33.3%</td>
</tr>
<tr>
<td>Markets new services to existing customers</td>
<td>0 -</td>
<td>2 8.3%</td>
<td>4 16.7%</td>
<td>8 33.3%</td>
<td>10 41.7%</td>
</tr>
<tr>
<td>Develops new services for new markets</td>
<td>1 4.2%</td>
<td>4 16.7%</td>
<td>6 25.0%</td>
<td>10 41.7%</td>
<td>3 12.5%</td>
</tr>
</tbody>
</table>

Table 8 indicates the activities the bank describes in its marketing plan. The activities the banks perform to a very large extent were marketing new services to existing customers according to 41.7% of the respondents. To a large extent, the majority of the banks described in their marketing plans, the customers in detail according to 37.5% of the respondents, determined the right target audience according to 54.2%, marketed existing services to existing customers according to 54.2%, marketed existing services to new groups of customers according to 41.7% and developed new services for new markets according to 41.7% of the respondents.
4.3.6: Product Strategies Pursued by the Banks

Figure 2 shows that the majority (80%) of the banks pursued new product strategies and product modification strategies according to 70% of the respondents. The product strategies that were least applied were brand extension as indicated by 50% of the respondents, product elimination (25%) and packaging, as indicated by 20% of the respondents.

4.3.7: Pricing Strategies Pursued by Banks

Figure 3 indicates that the pricing strategies that were mainly pursued by banks were price penetration, price discounts, psychological pricing, product line pricing and value pricing. The pricing strategies that were least pursued by the banks were premium skimming, psychological pricing, optional product line pricing and geographical pricing.
4.3.8: Promotional Strategies Pursued by Banks

Figure 4 indicates that the promotional strategies the firms pursued to a large extent were public relations and publicity according to 71% of the respondents, direct marketing (83%) and personal selling (71%). The promotional strategies the least pursued by the banks were premium items, sales force, trade fairs and exhibitions.

4.3.9: Place Strategies Pursued by the Banks

Figure 5 indicates that the majority (54%) of the respondents stated that their service/product was available everywhere. The majority (62%) of the respondents indicated that they did not create the demand for the service.
### Table 9: Action Programs

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
</tr>
<tr>
<td>The bank addresses the what will be done</td>
<td>18</td>
<td>75.0%</td>
</tr>
<tr>
<td>The bank addresses when it will be done</td>
<td>17</td>
<td>70.8%</td>
</tr>
<tr>
<td>The bank addresses who is responsible</td>
<td>21</td>
<td>87.5%</td>
</tr>
<tr>
<td>The bank addresses how much it will cost</td>
<td>22</td>
<td>91.7%</td>
</tr>
</tbody>
</table>

Table 9 indicates that in their marketing plans, they described what will be done according to 75% of the respondents, when it will be done (70.8%), who was responsible (87%) and how much it will cost (83%).
### Table 10: Implementation, Control and Evaluation

<table>
<thead>
<tr>
<th>Activities</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No extent f %</td>
</tr>
<tr>
<td>Goals and budgets() are spelled for each month/year</td>
<td>0 -</td>
</tr>
<tr>
<td>Action is explained on lagging businesses</td>
<td>1 4.2%</td>
</tr>
<tr>
<td>The firm spells out who is responsible for implementing</td>
<td>0 -</td>
</tr>
<tr>
<td>Lines for reporting and control are spelled out</td>
<td>0 -</td>
</tr>
<tr>
<td>The firm sets charts to illustrate the activities in the plan</td>
<td>0 -</td>
</tr>
<tr>
<td>The firm sets up reporting structures with progress reports</td>
<td>1 4.2%</td>
</tr>
<tr>
<td>The firm includes plans and procedures for tracking each type of promotion strategy</td>
<td>2 8.3%</td>
</tr>
<tr>
<td>The firm develops a contingency plan for unforeseen situations</td>
<td>3 12.5%</td>
</tr>
</tbody>
</table>

Table 10 indicates that the majority (66.7%) of the banks described in their marketing plans to a very large extent their goals and budgets. Further the banks described to a very large extent the action on lagging businesses according to 41.7% of the respondents. Fifty percent of the respondents to a very large extent indicated that they spelled out who was responsible for implementing the proposal contained in the marketing plan. A similar percentage of respondents to a very large extent described in their marketing plans the
lines of reporting and control and frequency measures, which were used to monitor performance.

The table further indicates that to a large extent, the majority (33%) of the firms set up reporting structures with progress reports and regular communications that would keep the marketing plan on target. To a fair extent, the firm described in their marketing plans the plans and procedures for tracking each type of promotion strategy and developed a contingency plan for unforeseen situations.

4.3.12 Managing the Implementation of Marketing Plans

Table 11: Managing the Implementation of Marketing Plans

<table>
<thead>
<tr>
<th>Activities</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No extent f</td>
</tr>
<tr>
<td>Training of employees</td>
<td>0</td>
</tr>
<tr>
<td>Team building is encouraged</td>
<td>2 8.3%</td>
</tr>
<tr>
<td>Employees are involved in problem solving</td>
<td>0</td>
</tr>
<tr>
<td>Employees are empowered</td>
<td>1 4.2%</td>
</tr>
</tbody>
</table>

Table 11 shows the activities banks conduct in managing the implementation of the marketing plans. The majority (37.5%) of the banks to a large extent conducted employee training. According to 41.7% of the respondents, they to a fair extent encouraged team building and a similar percentage of respondents indicated that their employees were involved in problem solving. The percentage of respondents who indicated that to a fair extent employees were empowered was 37.5%.
4.5 THE BENEFITS BANKS DERIVE FROM DEVELOPING AND IMPLEMENTING THE MARKETING PLAN

4.5.1 Benefits Derived from Developing and Implementing a Marketing Plan

Table 12: Benefits Derived from Developing and Implementing a Marketing Plan

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No extent</td>
</tr>
<tr>
<td></td>
<td>f</td>
</tr>
<tr>
<td>Employee motivation leads to greater contribution</td>
<td>0</td>
</tr>
<tr>
<td>Employee motivation leads to increased performance</td>
<td>1</td>
</tr>
<tr>
<td>and productivity</td>
<td></td>
</tr>
<tr>
<td>Widely understood objectives</td>
<td>0</td>
</tr>
<tr>
<td>Improved interfunctional co-ordination</td>
<td>1</td>
</tr>
<tr>
<td>Acceptance of the</td>
<td>0</td>
</tr>
<tr>
<td>Employees for the need of change the firm requires</td>
<td></td>
</tr>
<tr>
<td>to achieve a competitive edge</td>
<td></td>
</tr>
</tbody>
</table>

Table 12 shows the benefits of developing and implementing a marketing plan. The majority (50%) of the respondents indicated that to a large extent, the implementation of a marketing plan resulted to increased employee performance and productivity. Further, to a large extent, the banks indicated that there was improved interfunctional coordination (according to 50% of the respondents). The respondents (41.7%) also indicated that there

64
was acceptance by employees for the need of change the firm required to achieve a competitive edge.

### 4.5.2 Reasons for Preparing a Marketing Plan

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>To have a thorough understanding of the services, features and benefits</td>
<td>f: 8</td>
<td>f: 16</td>
</tr>
<tr>
<td></td>
<td>%: 33.3%</td>
<td>%: 66.7%</td>
</tr>
<tr>
<td>To understand the target market, its characteristics and the buying habits</td>
<td>f: 22</td>
<td>f: 2</td>
</tr>
<tr>
<td></td>
<td>%: 91.7%</td>
<td>%: 8.3%</td>
</tr>
<tr>
<td>To assist the firm direct and co-ordinate the marketing efforts</td>
<td>f: 19</td>
<td>f: 5</td>
</tr>
<tr>
<td></td>
<td>%: 79.2%</td>
<td>%: 20.8%</td>
</tr>
<tr>
<td>To assess what is going on in the current marketplace and how it affects the business</td>
<td>f: 15</td>
<td>f: 9</td>
</tr>
<tr>
<td></td>
<td>%: 62.5%</td>
<td>%: 37.5%</td>
</tr>
<tr>
<td>To assist the company develop a successful market strategy</td>
<td>f: 21</td>
<td>f: 3</td>
</tr>
<tr>
<td></td>
<td>%: 87.5%</td>
<td>%: 12.5%</td>
</tr>
</tbody>
</table>

Table 13 shows the reasons banks prepare a marketing plan. The main reasons the banks prepared a marketing plan was to understand the target market, its characteristics and the buying habits, to assess what was going on in the current marketplace and how it affected the business. Further the firms prepared the marketing plans to assist them develop a successful marketing strategy. However, the majority (66.7%) of the banks stated that they did not prepare the marketing plans to have a thorough understanding of the services, features and benefits.
4.6 CHAPTER SUMMARY

In this chapter, the findings of the study based on the research questions were presented. The results indicated that the majority of the respondents had been in management position for a period not exceeding five years. The majority of the respondents had attained university education.

The results from whether the banks prepare marketing plans indicate that the firms had and documented the basic goals and characteristics that shaped them, the image the firms sought to project, the principal services and the primary customer needs they wanted to satisfy.

The results from the extent to which banks used the steps in the marketing process indicate that the environmental factors that the banks mostly analyzed were economic factors (such as interest rates) and further identified the customer needs. The results from the internal environmental analysis indicate that the activities the firms mostly described in their marketing plans were service leadership and operational excellence, the pricing strategy they adopted and customer services (understanding the process customers evaluate the total service). With regard to the opportunity and issue analysis, the findings indicate that the majority of the banks identified their weaknesses and strengths. The financial objectives that were used to a large extent were financial, profitability, competitive and productivity objectives. The activities the firms mostly described in their marketing plans in order to target the market selection were marketing new services to existing customers, determining the right target audience and marketing existing services to existing customers. The product strategies that were mainly pursued by the firms were new product strategies and product elimination strategies. The pricing strategies that were mainly pursued were price penetration, price discounts, psychological pricing, product line pricing and value pricing. The promotional strategies that were mainly pursued were public relations and publicity, direct marketing and personal selling. The place strategy that was pursued by the firms was that they ensured their service/product was available everywhere. With regard to the action programs, the firms adequately addressed what will be done, when it will be done, who was responsible and how much it would cost. In
the implementation, control and evaluation of the marketing plan, the firms mostly described their goals and budgets, action on lagging businesses, spelled out who was responsible for implementing the proposal contained in the marketing plan. In addition, the firms spelled their lines of reporting and control and frequency measures that would be used to monitor performance. In managing the implementation of the marketing plans, the banks trained their employees.

The findings from the benefits banks derive from implementing the marketing plans indicated that the firms experienced increased employee performance and productivity and there was improved interfunctional coordination. The main reasons the banks prepared the marketing plans was to understand the target market, its characteristics and the buying habits, to assess what was going in the current market place and how it affected the business.

The next chapter is a discussion on the findings of the study, the conclusions derived from the findings and the recommendations for improvement and further research. The discussions and recommendations are based on the research questions which were to determine whether banks prepare marketing plans, the extent to which the banks use the stages in the marketing process and the benefits firms derive from developing and implementing a marketing plan.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This section provides a discussion on the findings of the study, the conclusions derived from the findings and recommendations for improvement and further research.

5.2 SUMMARY

The purpose of the study was to determine the state of marketing plans in Kenyan banks. The type of research design was descriptive and the population consisted of the senior and middle level managers working within the Central Business District of Nairobi. Stratified sampling technique was used to determine the sample elements. The study was guided by the research objectives namely the reasons banks prepare marketing plans, the extent to which the banks use the steps/stages in the marketing planning process and the benefits that the banks derive from implementing the marketing plans. Data was collected by the use of questionnaires, which were hand delivered and e-mailed to the respective respondents. Data analysis was by use of descriptive statistics and it was presented by use of tables and graphs.

The banks prepared the marketing plans and this was reflected by the fact that they had and documented the basic goals and characteristics that shaped them, the image the firms sought to project, the principal services and the primary customer needs they wanted to satisfy.

The banks strived to use the steps in the market planning process. Factors that reflected this was that they to a certain extent the firms analyzed economic factors (such as interest rates), political factors, social factors, technological factors, identified competitors and customer needs. The firms generally conducted an analysis on the internal environment. They described in their marketing plans service leadership and operational excellence, the pricing strategy adopted and customer services (understanding the process customers evaluate the total service. With regard to the SWOT analysis, the firms dwelt more on the
strengths and weaknesses. The firms mainly used the financial, profitability, competitive and productive objectives. The firms also strived to pursue the marketing mix strategies. The banks adequately addressed the action programs and further implemented, controlled and evaluated their marketing plan.

The benefits that the banks derived from implementing the marketing plans was increased employee performance and productivity and further improved interfunctional coordination. The banks prepared the marketing plans to understand the target market, its characteristics and the buying habits, to assess what was going in the current market place and how it affected the business.

5.3 DISCUSSION

This section will give a discussion based on the research questions as follows:

- Discussion on the whether the banks prepare the marketing plans
- Discussion on the extent to which banks use the steps in the market planning process
- Discussion on the benefits banks derive from developing and implementing marketing plans

5.3.1 WHETHER BANKS PREPARE THE MARKETING PLANS

The research study revealed that the majority of the Kenyan banks prepare marketing plans. Though to a different extent all the banks indicated that they have and documented their basic goals, characteristics and philosophies that shape the firm, the image they seek to project, their principal services and primary customer needs the banks wants to satisfy. Comparing to the findings of Baker (1995) a marketing plan contains information about the company and its products, marketing objectives and strategies as well as how the firm will measure the success of its marketing objectives. It describes all the marketing activities the firm will perform during a specified period of time (usually one year). In a marketing plan, also included is the background information and research results the firm used to select those marketing objectives. Firms should include the costs associated with the planned marketing activities as well as the measurements are documented, which will be used to determine the success.
5.3.2 EXTENT TO WHICH KENYAN BANKS FOLLOW THE STEPS/STAGES IN THE MARKETING PLANNING PROCESS

Once the corporate mission and vision statements are in place as well as the business plan, the next major step in the marketing planning process involves the environmental analysis, both external and internal.

External Environment Analysis

The study found out that banks analyzed environmental factors but to a varying degree. The analysis of the political factors included regulatory issues that affect the firms’ product line (e.g. current regulatory ruling), legal aspects such as patents and copyrights, or just the current political climate. These banks indicated that they were concerned with how stable the political environment was and whether the government policy would influence laws that regulate or tax their businesses. The firms were also concerned with the government’s position on marketing ethics, economy and its involvement in trading agreements such as COMESA. This compares with the findings of Kotler (2003) that the political arena has a huge influence upon the regulation of businesses and the spending power of consumers and other businesses.

The study revealed that economic factors were even of greater concern to the banks. The findings indicated that economic factors took the greatest priority with the majority of the banks indicating that they analyzed them to a very large extent. These economic factors included the interest rates, the level of inflation employment level per capita as well as the long-term prospects for the economy Gross Domestic Product (GDP) per capita. According to Kotler (2003) marketers need to consider the state of a trading economy in the short and long-term. The firms need to look at the interest rates, the level of inflation and the long-term prospects for the economy Gross Domestic Product (GDP).

The analysis of the social factors included changes in social trends, or demographic groups as they affected the firms’ target market. This compares with the findings of Hoskisson (2001) that social and cultural factors influence on business and some of the important factors that should be considered include the attitudes to foreign products and services and the role of men and women within the society. The findings further indicate
that the banks analyzed the technological factors. Doyle (1994) stated that technology is vital for competitive advantage and is a major driver of globalization. This clearly indicates the importance accorded to these factors that affect the product, its market or information gathering efforts of the market that comes as a result of changes in technology. This would include the Internet, wireless communication, handheld electronic devices and anything else technology-driven that is affecting the product or service.

The firms further analyzed their competitors by identifying and describing them in terms of their size, goals, market share, product quality, marketing strategies and any other characteristics that are appropriate to understanding their intentions and behaviours and how to position themselves in relation to the competitors (Kassel, 1999).

The findings indicate that the banks identified their customer needs. Baker (1995) stated that the purpose of customer analysis is to assist the firm to get the root of the purchasing behaviour from the customers. These firms are able to understand what the customers like about the product, what makes them decide to buy the product as well as what they like about the competitors' product. These firms are also able to understand the emotional aspects that impact the customers' purchase decision. By conducting customer analysis, banks are able to understand their social class or status.

According to Ngahu (2000) the environmental assessment is a proactive rather than a reactive tool. It can help you to anticipate problems and opportunities rather than react to them after they happen. Such an analysis focuses on decisions that must be made today to eliminate or minimize threats and to maximize opportunities. You can use the environmental assessment to build a clear picture of the real world in which the firm operates and estimates how that world is likely to change. This process should not be considered an academic exercise performed once a year. Instead it must be an ongoing process that helps to forecast the environmental situation throughout your planning cycle.
Internal Environment Analysis

The findings indicate that the majority of the banks were involved in research and development activities. This compares with the findings of Pearce and Robinson (1991) that with the increasing rate of technological change in most competitive industries, research and development (R&D) has assumed a key functional role in many organisations.

The study revealed that the banks emphasized service leadership and operational excellence. Further the banks conducted personnel evaluation. According to Pearce and Robinson (1991), the ability to attract and hold capable employees is a prerequisite for a firm’s success. However, the nature of a business’s operating environment most often influences personnel recruitment and selection alternatives.

The research findings indicate that the banks adequately addressed customer service. This entailed understanding the process customers evaluate the total service. Comparing to the findings of Reeder and Breerty (1997) that customer service is a crucial element in any marketing strategy. The key to customer service is understanding the customer and the customer’s perception. It does not matter what a firm does in the area of customer service, it only matters what customers think the firm does.

The study revealed that majority of the banks analyzed their physical evidence, though to a fair extent. Physical evidence entailed the use of ATMS and branches. Reeder and Breerty (1997) proposed that firms can use logistics to create a competitive advantage in the market place. With the improved technology, firms can become more sophisticated and effective in their problem solving techniques.

Though to a different extent the banks addressed the pricing strategies. Comparing to the findings of Pearce and Robinson (1991), firms should ask themselves the following questions with regard to the price.

(a) Can we offer discounts or other pricing modifications?
(b) What price segments are we targeting (high, low, medium?)
(c) What is the gross profit margin?

The research findings also indicate that firms further pursued place strategies. Pearce and Robinson (1991) proposed that, in this section of the marketing plan firms should state if they will market directly, use agents or distributors. The findings further revealed that the banks pursued promotional strategies.

Opportunity and Issue Analysis
The survey revealed that majority of the banks mostly described in their marketing plans their strengths and weaknesses. Kassell (1999) stated that strengths and weaknesses are inside factors, in contrast with opportunities and threats, which are outside factors. Company strengths point to certain strategies the company might be successful in using while company weaknesses point to certain things the company needs to correct.

The research findings indicate that the banks also addressed the opportunities and threats. The study found out that majority of the banks addressed this to a large extent although this is to a lesser degree compared to the analysis of strengths and weaknesses which they analysed to a very large extent. According to Kassel (1999), opportunities and threats refer to outside factors that can affect the future of the business. Here the manager identifies the main opportunities and threats facing the business. They are written so as to suggest some possible actions that might be taken. The manager should rank the opportunities and threats so that the more important ones receive special attention.

Kotler (2003) stated that SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. Once key issues have been identified, they feed into marketing objectives.

Objectives
The research study found out that majority of the banks had objectives in place although it was evident that some objectives were given more weight compared to others. The study revealed that financial objectives were used by most of the banks to a very large
extent. According to Kotler (2003), every company seeks certain financial objectives. The owners will be looking for a certain long-run rate of return on investment and know the profits they would like to achieve in the current year.

The majority of the banks also used marketing objectives to a large extent. The financial objectives must be converted into marketing objectives should be the means to achieve the sales objectives. Since the firm should have a marketing objective that addresses each group in its target market, therefore firms need to have good data about the sizes of the market, potential market and the current customer base (Kassel, 1999).

The extent to which the banks addressed the issue of social responsibility varied considerably. It is however, worthy noting that most of the banks practised social responsibility to a large extent. Indeed Pearce and Robinson (1991) stated that business should recognize their responsibilities to customers and society at large. Not only should they work to develop reputations for fairly priced products and services but also attempt to establish themselves as responsible corporate citizens.

The study revealed that a large number of banks had productivity objectives in place which they used to a very large extent. Firms should improve the productivity of their systems and almost always state an objective for productivity (Pearce and Robinson, 1991). Productivity objectives can sometimes be stated in terms of desired decreases in cost. This is an equally effective way to increase profitability if unit output is maintained. For instance objectives may be set reducing defective items or customer complaints leading to litigation.

It clearly emerged from the study that majority of the banks used profitability objectives to a very large extent. Pearce and Robinson (1991) state that the ability of the business to operate in the long-run depends on attaining an acceptable level of profits. Strategically managed firms characteristically have a profit objective expressed in earnings per share or return on equity.
The study revealed that many banks adequately addressed the issue of competitive position. Doyle (1994) proposed that relative dominance in the marketplace is one measure of corporate success. Larger firms often establish an objective in terms of competitive position to gauge their competitive ability for growth and profitability.

With regard to employee development, the study revealed that different banks handled this issue differently. Most of them, however, addressed this issue to a large extent. Indeed, Pearce and Robinson (1991) stated that employees value growth and career opportunities in a firm. Such opportunities facilitate increased productivity and decreased expensive turnover. Firms should include an employee development objective in their marketing plans.

The study revealed that majority of the banks had employee relations programs in place which they followed to a large extent. Firms should seek good employee relations whether or not they are bound by union contracts. They should therefore, set objectives to improve employee relations such as safety programs, worker representation on management committees and employees stock option plans are all normal outgrowths of employee relations objectives (Pearce and Robinson, 1991).

The majority of the banks adequately addressed technological leadership objectives. This compares to the findings of Pearce and Robinson (1991) that firms should decide whether to lead or follow in terms of technological innovation. Therefore firms should state an objective in terms of technological leadership.

The study found out that the banks placed emphasis on quality services. The banks adequately addressed customer service and superior services or products. With a focus on service quality, the organization seeks to build customer loyalty through satisfaction. Customer loyalty is aimed at generating opportunities for repeat business and cross-selling and ensuring customer retention and the cost savings derived from this (Henry, 1995).
Target Market Selection

The study found out that most of the banks described their customers in detail. The description was in terms of age group, gender, educational level etc. The banks also determined what made customers buy the service and further determined the right target audience. Determining the right target audience is probably the most important part of a firm’s marketing efforts, because it does not matter what you are saying, if you are not saying it to the right people (Doyle, 1994).

The study revealed that most banks have adopted growth strategies. The majority of the banks marketed existing services to existing customers to a large extent. This is a market penetration strategy that focuses growth on the existing product range by encouraging higher levels of take-up of a service among the existing target markets. This strategy offers the least level of risk to an organization because it is familiar with both products and its customers (Ansoff, 1990).

The findings further indicated that most of the banks adopted market development strategies to a large extent. Comparing to the findings of Kotler (2003) this type of strategy builds upon the existing product range, which an organization has established, but seeks to find new groups of customers for them.

Most of the banks adopt product development strategy to a very large extent. According to Ansoff (1990) this strategy aims at developing new products for existing markets. The survey also found out that majority of the banks adopted diversification strategy to a large extent. In this strategy an organization expands by developing new products for new markets. Because the company is moving into both unknown markets and unknown product areas, this form of growth carries the greatest level of risk from a marketing management perspective. Diversification may however help to manage the long-term risk of the organization by reducing dependency on a narrow product/market area (Ansoff, 1990).
McDonald (1998) stated that since it is hard (expensive) to be all things to all people, it is wise to target specific segments of the market. Not only will this allow the firm to reach more of the people who will buy the product/service, targeting markets may also reduce the competition the firm faces. Finding the niche is often the success for small, medium, and even large organizations.

Marketing Mix Strategy
The findings indicate that banks further pursued product design strategies. The product strategies that were pursued were new product strategies, brand extension strategy, product modification strategy, product elimination strategy, warranties and packaging. However, firms mainly pursued new product strategies, brand extension strategies and product modification strategies. Kassell (1999) stated that firms should use this section of the marketing plan to describe their products, features, its current pricing structure, its current distribution channels, its positioning within the market and its current promotions and advertising and its current packaging.

The study revealed that the most popular forms of pricing strategies the banks pursued were product line pricing, value pricing and price penetration. Price penetration for example, involves setting the price charged for products and services artificially low in order to gain market share. Once this is achieved, the price is increased. Other price strategies such as premium pricing, psychological pricing, price discounts, optional product pricing, promotional pricing and geographical pricing were also pursued. Price skimming as a form of pricing strategy was only pursued by a relatively low number of banks.

An investigation into the promotional strategies pursued by the banks, revealed that direct marketing was the most popular strategy pursued. Other popular promotion strategies that were pursued included public relations and publicity, personal selling as well as promotions and events. Other less popular promotion strategies that were pursued included using sales force, trade fairs and exhibitions and premium items.
With regard to the place strategy, the study found out that at least half of the number of the banks tried to ensure that their products/services were available in as many parts of the country as possible. A relatively low number of banks tried to create demand for their services especially in instances where those services are exclusive and hard to find requiring travelling to different towns or cities.

According to Doyle (1994) a firm needs to determine what road it is going to take to get there. These are the strategies it will use in the marketing mix. The marketing mix is the combination of elements that make up the entire marketing process. Traditionally the marketing mix refers to the four Ps: product, price, place and promotion.

**Action Programs**

The findings indicate that all the banks elaborated each element of the marketing plan to answer what will be done, when it will be done, who will do it and how much it would cost with regard to the above marketing strategies. The study revealed that all these issues were considered important and majority of the banks indicated that they addressed all of them. It is important to point out the fact that the issue of “how much it will cost” seemed to take the first priority with virtually all the banks indicating that they addressed the issue. This was closely followed by the issue of “who is responsible” with an equally large number of banks indicating that they addressed this issue. According to Kassel (1999), firms should look at their goals, product seasonability, special events and other marketing factors and select the schedule strategy that would work best for the situations. Further action plans allow the product manager to assemble a supporting budget that is essentially a projected profit-and-loss statement.

**Implementation, Controls and Evaluation**

The study revealed that the majority of the banks had to a very large extent, put in place goals and budgets spelled out for each month or year. According to Kotler (1988) higher management can review the results each period and spot businesses that are not attaining their goals. The survey revealed that the majority of the banks ensured, to a very large extent that action was explained on lagging businesses. The findings revealed that the
majority of the firms spelled out to a very large extent, who was responsible for implementing the proposal contained in the plan together with a clear statement of areas of responsibility and authority. Further the findings indicated that the majority of the firms ensured to a very large extent, that lines of reporting and control were spelt out as well as the frequency of measures which would be used to monitor performance. Firms also used charts to illustrate the activities in the plan. The research study found out that different firms had set through to a varying degree, charts to illustrate the activities in the plan. According to Baker (1994) in constructing a final budget sheet, firms should include an overview sheet illustrating their total budget, a breakdown by medium and a breakdown by product/market. For the finishing touches of the marketing plan, firms should now have the message and media selected, the scheduling determined and a budget.

The research findings indicated that firms had also set up reporting structures with progress reports and regular communications that would keep the plan on target. According to Hall (1994) compared to implementation, planning is a breeze. It is in this part of the marketing plan that firms should call in the reinforcements. It is very important to schedule the events in the marketing plan and assign responsibilities well in advance. Firms should use a very big scheduling board and put it in an easily viewed spot. Further firms should set up a reporting structure with progress reports and regular communications that will keep the plan on target. Missing deadlines in the marketing world can be critical to the success of the firm’s product/service.

It emerged from the study that the majority of the banks only included to a fair extent, plans and procedures for tracking each type of media they were using. According to Baker (1985), in evaluating the marketing plan, firms should include plans and procedures for tracking each type of media they were using. And as a subset of each of those procedures, firms should identify specifically which vehicles within those media groups that are being the most effective. This is not necessarily easy for all mediums but for some is not as bad as it may sound. The techniques necessary will vary wildly depending on the firms’ product/service type and market.
The study found out that the extent to which banks developed contingency plans to address adverse developments that might occur varied considerably although most of the banks developed these ranging plans ranging from a fair extent to a very large extent. The purpose of contingency planning is to encourage managers to give prior thought to some difficulties that might lie ahead (Kotler, 2003).

Managing the Implementation of Marketing Plans
The study found out that the extent to which banks trained their employees varied considerably but mainly ranged from a fair extent to very large extent. This compares with the findings of Ross (1995) who considered training and development of employees as critical factors of continuous improvement. Training and development leads to reduced waster, errors and accidents and also leads to improved productivity, motivation and commitment of employees.

The survey also revealed that the majority of the banks only encouraged team building to a fair extent. Ross (1995) stated that team building is an organization development effort aimed at improving overall performance. According to Morgan (1997) team building has certain advantages namely, the release of creativity and energy, team members are able to identify many ways to improve work organization, they are able to share information and bring out ideas. With team building there is much more interaction between people and there is improved efficiency by people planning activities together with co-operation and communication.

The findings of the study indicated that the banks involved, though to a fair extent their employees in decision making. According to Bailey (1995) problem solving skills are vital to the success of every organization. Employees should be given a forum to contribute solutions. Senior management should identify and resolve problems relating to quality, service, morale, turnover and change. When employees are involved in problem solving they feel part of the organization and their morale to perform is boosted. This increases their effectiveness and efficiency to perform.
Finally, the study revealed that the majority of the banks empowered their employees only to a fair extent. According to Herman (1999) empowered personnel have “responsibility”, a sense of ownership, satisfaction in accomplishments, power over what and how things are done, recognition of their ideas and the knowledge that they are important to the organization. Empowerment works the best when employees need the organization as much as the organization needs them.

5.3.3 BENEFITS FIRMS DERIVE FROM DEVELOPING AND IMPLEMENTING A MARKETING PLAN

The research revealed that the implementation of marketing plans resulted to motivation of employees thus leading to greater contribution and increased performance and productivity. According to Beardwell (1994), employee motivation increases when employees are working on real issues for the organization. Enjoyment in work increases team building effectiveness. Employees are motivated to contribute when they understand what is expected of them, goals and measures are consistent, they are given the skills and tools to do the job, recognition of contributions is frequent and immediate, they know the score through positive communication and they perform with discipline.

The study found out that most of the banks felt that marketing plans resulted in widely understood objectives. Marketing plans facilitate objectives to be well understood in the firm. When annual objectives are well developed and understood they provide clarity which is a powerful motivating facilitator of effective strategy implementation (Pearce and Robinson, 1991).

The survey also revealed that most of the banks felt that marketing plans resulted in increased teamwork. Further, the majority of the banks indicated that marketing plans lead to improved interfunctional co-ordination and communication to a large extent. According to Pearce and Robinson (1991), the major reasons people miscommunicate daily in organizational and everyday life include the technical problem of distortion between the point where a communication starts and the point where it is received. Finally, many of the banks indicated that marketing plans resulted to a large extent in the
acceptance by employees for the need of change the firm required to achieve a competitive edge. According to Ross (1995), change in the recent years has often entailed reductions in employee numbers, closures, redundancies and loss of position and benefits. A consistent regime of talking openly, sharing information, and helping others understand the common vision will ensure cohesiveness across the organization.

The study revealed the additional benefits that the banks experienced by implementing a marketing plan included ensuring a greater return on investment through focusing on more profitable customer segment. A marketing plan enables banks to target the right market as well as in positioning of the company. It gives a clear cost-benefit analysis of the marketing activities undertaken. A marketing plan also enables the firm to assess the expected results in various areas such as customer maintenance and satisfaction. It also leads to optimal use of limited resources, improved customer service, improved products and services as well as creating a sense of ownership and hence commitment to the company’s objectives. Other benefits include enhancing accountability on the part of members of the team and focus on the achievement of set goals. The study further revealed that a marketing plan resulted in a long-term and sustainable profitability for the firm, consistency in brand building, creation of value perception for customers and a more focussed approach to marketing activities.

**Reasons For Preparing a Marketing Plan**

The research study found out that the major reasons why banks prepared a marketing plan was to understand the target market, its characteristics and the buying habits as well as the current and competing services. A few firms indicated that a marketing plan enabled them to have a thorough understanding of the services, their features and benefits. This compares to the findings of Kotler (2003) that a firm needs a thorough understanding of the products and services, their features and benefits, the problem, need or desire the firm’s products

The research findings also indicated that another major reason the banks prepared marketing plans was to assist the company develop a successful marketing strategy. The
banks further prepared marketing plans to assist them direct and co-ordinate the marketing efforts. It also assists them to assess what was going on in the current market place and how it would affect the business. Indeed Kotler (2003) stated that a marketing plan provided a benchmark for later measurement. Often simply embarking on the process of preparing a marketing plan guides the firm in developing a successful marketing strategy.

5.4 CONCLUSION

The purpose of the study was to establish whether banks in Kenya prepare marketing plans, the extent to which Kenyan banks follow the steps/stages in the marketing planning process and finally to analyze the benefits Kenyan banks derive from developing and implementing a marketing plan.

The following are the conclusions based on the findings and discussions.

5.4.1 Whether Banks Prepare Marketing Plans

The research revealed that that the majority of the Kenyan banks had marketing plans in place. For example, all the banks indicated that they had documented their principal services. Virtually all the banks revealed that they had identified the primary customer needs that they wanted to satisfy and further documented basic goals and characteristics as well as philosophies that shaped them. In addition firms had and also documented the image that they sought to project.

5.4.2 Extent to which Kenyan Banks Follow the steps/stages in the Marketing Planning Process

There were various differences emerging from the way different banks addressed various steps of the marketing plan. Some firms stressed on some areas and only giving little attention to other sections of the plan. The analysis of the external environment indicated that more emphasis was accorded economic factors such as interest rates and political factors such as current regulatory ruling. Customer needs were also given considerable attention. However, there is need for banks to do more in the analysis of social factors
such as changes in social trends, demographic groups etc. No particular pattern emerged in the way banks analyzed their internal environment and it seems that different banks concentrated more on those areas they considered critical in the attainment of earlier set marketing goals and overall organizational goals. The SWOT analysis indicated that the firms placed more emphasis on the analysis of strengths and weaknesses. Firms placed great emphasis on financial, profitability and marketing objectives. Target market selection was conducted by the majority of the banks to a large extent. The research findings indicated that the extent to which the various product, pricing, promotion and place strategies were pursued by different banks varied considerably from bank to bank, each one of them pursuing those that it considered important in achieving its objectives. Action programs in the majority of the banks such as what will be done, when, by who and how much it will cost, were incorporated adequately. The majority of the banks have succeeded in putting to place the implementation, control and evaluation mechanisms of the marketing plan. This includes spelling out goals and budgets for each month or year, as well as explaining action on lagging businesses.

5.4.3 Benefits Banks Derive from Implementing Marketing Plans

The research findings revealed that the majority of the banks indicated having derived considerable benefits from developing and implementing a marketing plan. The majority of the banks indicated that a major reason for preparing a marketing plan was to understand the target market, its characteristics and the buying habits as well as current and competing services.

5.5 RECOMMENDATIONS

The following recommendations were made based on the findings and conclusions of the study.

5.5.1 Suggestions for Improvement

5.5.1.1 Whether Kenyan Banks Prepare Marketing Plans

Since a mission statement sets the business apart from other firms of its type and identifies the scope of its operations in product and market terms, it is recommended that
the banks address adequately the components of the mission statement. Whether developing a new business or reformulating direction for an on-going company, the banks should address the basic goals, characteristics and philosophies that will shape the firm's strategic posture as well as the image they seek to project. The firms should also describe the product, market and technological areas of emphasis for the business. Further the banks should also provide the context within which strategies are formed and the criteria by which they are evaluated. Despite the variability of organizations, four general issues need to be addressed by all the organizations, specifically the capabilities of the current organization, the decisions that need to be made and the changes that must occur, the importance of people in achieving the vision and the firms' needs in relation to the larger organization.

5.5.1.2 The Extent to which Banks use the steps in the Marketing Process

The research findings indicated that the banks analyzed the environmental factors and great emphasis was placed on the economic factors. It is recommended that the firms should describe in detail the broad macro-environment trends, namely demographic, economic, technological, political/legal and social cultural that bear on the firm's product line.

The internal environment is as important for managing change as the external environment. Although the research findings indicated that the majority of the firms mostly analyzed their pricing strategies and the customer services, greater emphasis should be placed on the internal analysis of other factors namely product design, research and development, service leadership and operational excellence, evaluation of the personnel, marketing mix strategies (price, place, promotional, product), customer services, physical evidence and internal marketing.

With regard to the SWOT analysis, the findings revealed that the majority of the firms placed greater emphasis on the analysis of their strengths and weaknesses. Since SWOT analysis is a tool for auditing an organization and its environment, it is recommended that
the banks should identify their threats and opportunities as well. In conducting the SWOT analysis, this will assist them focus on key issues and then feed them into the marketing objectives.

Although the research findings indicated that the firms used the various objectives outlined in the study specifically financial, marketing, social responsibility, productivity, profitability, competitive position, employee development, employee relations, technological leadership and quality, it is recommended that a little more emphasis be accorded to these objectives since they are potentially critical if banks are to reap the maximum benefits of successful marketing plans.

With regard to the market selection, it is recommended that the firms need to adequately address the customer needs, perceptions and buying behavior needs. Thus the firms should describe in detail their potential market, changes in the market, market segment either by pricing, quality, age, income or product usage, the target audience and the competitors.

It is recommended that the firms should also pursue marketing mix strategies according to their objectives in their marketing plan. Firms should price their product/service strategically by looking at the competition, sensitivity (or insensitivity) of the customers to pricing, the price elasticity, the value of the product as it relates to the value of the price and the positioning the firm has established for the product. It is recommended that the banks should create a demand for its product and this was allow for higher pricing. With regard to the promotion strategy it is recommended that the banks not only plan the message it wants to use but the tools it will use to spread.

With regard to implementation, control and evaluation of the marketing plans, it is recommended that the firms need to adequately address the areas, specifically; setting charts to illustrate the activities in the plan, setting up reporting structures with progress reports and regular communications that will keep the plan on target and developing a contingency plan for unseen situations.
The study indicated that the main reasons the banks prepared the marketing plans was to understand the target market, its characteristics and the buying habits, to assess what was going in the current market place and how it affected the business. It is also suggested that firms should prepare marketing plans to have a thorough understanding of the services, features and benefits.

5.5.2 Suggestions for Further Research

This research focused on the state of marketing plans on Kenyan banks. Further research should be conducted on other industries and results compared to determine the extent to which these firms embrace the marketing planning process, the benefits derived and the reasons for conducting the marketing plans.
REFERENCES


Appendix A: Introduction Letter

Sally Gitonga
United States International University
P.O Box 14634
NAIROBI

Dear Respondent
I am a student from USIU-A currently undertaking a research to determine the state of marketing plans in Kenyan banks. You have been identified as one of the respondents being in the management of the bank. I would appreciate if you could spare some time from your busy schedule and provide information on the attached questionnaire.

I thank you for participating in this research.

Yours sincerely

SALLY W. GITONGA
Appendix B:  Project Personnel
Sally W. Gitonga- An MBA (Marketing Manager)

Appendix C:  Project Tasks and Time Frame

Project Tasks
Proposal Writing
Proposal presentation and correction
Creating and pre-testing questionnaire
Questionnaire correction
Data collection
Analysis and interpretation of data
Compiling and presentation of final research project

**Time Frame**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Period days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal writing</td>
<td>7</td>
</tr>
<tr>
<td>Proposal presentation and correction</td>
<td>40</td>
</tr>
<tr>
<td>Creating and pre-testing questionnaire</td>
<td>5</td>
</tr>
<tr>
<td>Questionnaire correction</td>
<td>5</td>
</tr>
<tr>
<td>Data collection</td>
<td>7</td>
</tr>
<tr>
<td>Analysis and presentation of data</td>
<td>3</td>
</tr>
<tr>
<td>Report writing</td>
<td>3</td>
</tr>
<tr>
<td>Report presentation</td>
<td>2</td>
</tr>
<tr>
<td>Report binding</td>
<td>1</td>
</tr>
</tbody>
</table>

**Total number of days**  73
Appendix D: Questionnaire

SECTION 1: GENERAL INFORMATION
Please complete the questions below by ticking or writing the answers where appropriate.

1. Title/Position

2. Department

3. Length in management position
   - 1-5 years
   - 6-10 years
   - 11-15 years
   - 16-20 years
   - over 20 years

4. Highest level of education
   - High School
   - College
   - University

5. What services does your bank provide?


SECTION 2: PURPOSE OF A MARKETING PLAN

6. Does your bank prepare a marketing plan? ( )Yes ( )No

7. What are the reasons for preparing a marketing plan? (Tick all that apply)
   a) To have a thorough understanding of the services, their features and benefits
   b) To understand the target market, its characteristics and the buying habits, current and competing services
   c) To assist the company direct and co-ordinate the marketing efforts
   d) To assess what is going on in the current market place and how it affects the business
   e) To assist the company develop a successful marketing strategy

SECTION 3: MARKETING PLANNING PROCESS

8. Below are components of a marketing plan. Tick the ones your bank incorporates in the marketing plan.

   1. MISSION STATEMENT
      In the mission statement, you include: (Tick all that apply)
      a) Basic goals and characteristics and philosophies that shape the firm
      b) Image the bank seeks to project
      c) Principal services
      d) Primary customer needs the bank wants to satisfy
2. **ENVIRONMENTAL ANALYSIS**
   a) **Macro environment analysis**
      In this section, your bank describes: (Tick all that apply)
      a) Political factors that affect the bank (e.g. current regulatory ruling)
      b) Economic factors (interest rates)
      c) Social factors (changes in social trends, demographic groups as they affect the firm’s target market?)
      d) Technology factors (internet, wireless communication etc)
   b) **Macro environment analysis**
      In this section, your bank describes: (Tick all that apply)
      a) Competitors are identified and described in terms of their size, goals, market share, product quality, marketing strategies
      b) Customer needs are identified (e.g. purchasing behavior)
      c) Competitive position with suppliers is identified
      d) Intermediaries the firm uses are identified (midden men, media, direct sales force, telephone based operations, telemarketing, ATMs, brokers, retailers, Internet)
   c) **Internal Environmental Analysis**
      In this section, your bank describes: (Tick all that apply)
      a) Competitive advantage (is it a cost leadership or differentiation strategy?)
      b) Resources and Capabilities: does the bank describe the:
         i) Research and development
         ii) Product design
         iii) Organizational structure (customers, service leadership, operational excellence)
         iv) Personnel
         v) Products (features, pricing structure, current distribution channels, packaging)
         vi) Price (pricing strategy the firm intends to adopt)
         vii) Place (will the bank market directly, use agents or distributors?)
         viii) Promotion (promotion techniques the bank uses)
         ix) Customer services (understanding the process customers evaluate the total service)
         x) Processes (operations of the bank)
         xi) Physical evidence (ATMs, branches)
         xii) Internal marketing (informing employees on new initiatives and strategies)

3. **OPPORTUNITY AND ISSUE ANALYSIS**
   In this section of the marketing plan, your bank describes: (Tick all that apply)
   a) Strengths (e.g. specialist marketing, location of the bank, a new service and all other aspects of the business that add value)
   b) Weakness (e.g. undifferentiated services)
   c) Opportunity (e.g. moving into new market segments)
   d) Threat (e.g. price wars with competitors, a new competitor in the market)
4. **OBJECTIVES**

In this section of the marketing plan, your bank describes: (Tick all that apply)

a) Financial objectives (e.g. profits you’d like to achieve in the current year)
b) Marketing objectives (e.g. how to achieve sales)
c) Social responsibility (that is responsibilities to customers and society at large)
d) Productivity (e.g. ways to minimize customer complaints)
e) Profitability (e.g. expressed in earnings per share or return on equity)
f) Competitive position (gauging competitors ability for growth and profitability)
g) Employee development (e.g. training)
h) Employee relations (e.g. safety programs)
i) Technological leadership
j) Quality (customer service, superior services/products)

5. **TARGETING MARKET SELECTION**

In this section of the marketing plan, your bank describes: (Tick all that apply)

a) You describe the customers in detail (age, group, gender, education level etc)
b) You determine what makes customers buy the service
c) You determine the right target audience
d) You describe the market penetration strategies (marketing existing services to existing customers)
e) Market development strategies (marketing existing services to new groups of customers)
f) Product development strategies (marketing new services to existing customers)
g) Diversification strategies (developing new services for new markets)

6. **MARKET MIX STRATEGY**

In this section of the marketing plan, your bank describes: (Tick all that apply)

a) The product strategy the bank pursues (e.g. packaging, warranties)
b) Pricing strategy the bank pursues (is it premium pricing, penetration pricing, economy pricing, product line pricing etc)
c) The promotion strategy the bank pursues (e.g. advertising, public relations, premium items, promotions and events etc)
d) The place strategy the bank pursues (e.g. how does the bank distribute its services)

7. **ACTION PROGRAMS**

In this section of the marketing plan, your bank describes: (Tick all that apply)

a) Your bank addresses each element of the marketing plan
   i) what will be done
   ii) when it will be done
   iii) who’ll do it and
   iv) how much it will cost)
8. **IMPLEMENTATION, CONTROL AND EVALUATION**

In this section of the marketing plan, your bank describes: (Tick all that apply)

a) Goals and budgets are spelled out for each month or year
b) Action is explained on lagging businesses
c) Describes a plan that outlines the steps management would implement for adverse developments that might occur e.g. price war
d) You spell out who is responsible for implementing the proposal contained in it (that is, a clear statement of areas of responsibility and authority)
e) Lines of reporting and control are spelt out and frequency of measures which will be used to monitor performance
f) You set up charts to illustrate everything in the plan
g) You set up reporting structures with progress reports and regular communications that will keep the plan on target
h) You include plans and procedures for tracking each type of media you are using

9. **MANAGING THE IMPLEMENTATION OF MARKETING PLANS**

In this section of the marketing plan, your bank describes: (Tick all that apply)

a) Training of employees
b) Team building strategies
c) Employees involvement in problem solving
d) Employee empowerment

**SECTION 4: BENEFITS OF DEVELOPING AND IMPLEMENTING A MARKETING PLAN**

10. After implementing a marketing plan, which of the following does your bank experience? (Tick all that apply)

a) Motivation from employees
   i) Greater contribution
   ii) Increased performance and productivity
b) Widely understood objectives
c) Increased team work
d) Improved interfunctional co-ordination
e) Acceptance by employees for the need of change
f) You achieve a competitive edge

What other benefits does the bank experience by implementing a marketing plan?

i) 
ii) 
iii) 
iv)
Appendix E: List of Kenyan Banks

1. National Bank of Kenya
2. Commercial Bank of Kenya
3. Standard Chartered Bank
4. Citibank
5. Co-operative Bank of Kenya
6. NIC Bank
7. CFC Bank
8. HFCK Bank
9. First American Bank
10. Imperial Bank
11. Diamond Trust Bank
12. Credit Agricole Indosuez
13. I & M Bank
14. Bank of Baroda
15. Fina Bank
16. Habib A. G. Zurich
17. Development Bank of Kenya
18. Stanbic Bank
19. Bank of India
20. Habib Bank Ltd
21. Giro Commercial Bank
22. Biashara Bank
23. Guardian Bank
24. ABC Bank
25. Prime Bank
26. Middle East Bank
27. K-Rep Bank
28. Charterhouse Bank
29. Equatorial Commercial Bank
30. Victoria Commercial Bank
31. Akiba Bank
32. Consolidated Bank
33. Industrial Development Bank
34. Credit Bank
35. Bullion Bank
36. Fidelity Commercial Bank
37. Prime Capital and Credit
38. Chase Bank
39. Paramount Universal Bank
40. Transnational Bank
41. Dubai Bank
42. City Finance Bank
43. Devna Bank