

**“AN INVESTIGATION OF ASPECTS OF MARKETING PLANNING
WITHIN LARGE PRIVATE MANUFACTURING COMPANIES
IN NAIROBI ”**

BY

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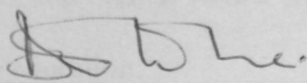
TABLE OF CONTENTS

DECLARATION	iv
DEDICATION	v
ACKNOWLEDGEMENT	vi
ABSTRACT	vii
1.00 CHAPTER ONE; INTRODUCTION	1
1.10 An Overview of Kenya Manufacturing Sector	1
1.20 An overview of planning	3
1.30 Strategic Marketing Planning	4
1.40 Statement of the problem	9
1.50 Objectives of the study	9
1.60 Importance of the study	10
1.70 Organization of the study	10
2.00 CHAPTER TWO; LITERATURE REVIEW	12
2.10 Marketing management	12
2.20 Marketing Planning Model	15
3.00 CHAPTER THREE; RESEARCH DESIGN	21
3.10 Population	21
3.20 The sampling frame	21
3.30 Sample and sampling design	21

3.30	Sample and sampling design	21
3.40	Data description and collection methods	22
3.50	Data Analysis techniques	22
4.00	CHAPTER FOUR; DATA ANALYSIS AND FINDINGS	23
4.10	Manufacturing companies details	23
4.20	Corporate issues	26
4.30	Marketing issues	26
4.40	SWOT-analysis	28
4.50	Monitoring and evaluation	30
4.70	Findings from Kruskal-wallis rank test	34
4.80	Hypothesis testing	36
4.90	Comparison with other empirical studies	38
5.00	CHAPTER FIVE: DISCUSSIONS, SUMMARY AND CONCLUSION	39
5.10	Summary and conclusion	39
5.20	Implications of the study	43
5.30	Limitations of this study	44
5.40	Recommendations for further research	44
	APPENDIXES	45
	BIBLIOGRAPHY	66

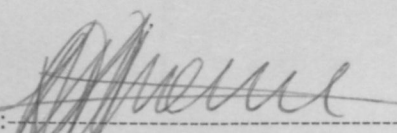
DECLARATION

This management project is my original work and not been presented for a degree in any other university.

SIGNED:  DATE: 22/11/1999

Wanjere M. D .

This project has been submitted for examination with my approval as University Supervisor

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ACKNOWLEDGEMENT

DEDICATION

Dedicated to my mother Mrs. Elizabeth Gathoni Wanjere and my brothers Wilson Gathitu Wanjere and Francis Kariru Wanjere for their unlimited financial support throughout my education.

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I am deeply indebted to all those people who, in their own ways contributed in one way or another to the successful completion of the project. Special thanks go to my supervisor Mr Wahome Gakuru for his patience and invaluable guidance during the project. I am also grateful to Mr C.N Kariuki, Dr. Martin Ogutu, Mr. E.K. Karachi (KIA) lecturers in U.o.N the Faculty of Commerce.

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Despite the enormous support which I have received I accept full responsibility for any errors or deficiencies in this work.

ABSTRACT

This study intended to find out how marketing planning is practiced in the Kenyan manufacturing sector. The focus of the study was on manufacturing firms operating in Nairobi who are members of the Kenyan association of manufacturers. The objective was to investigate the state and use of marketing planning to gain competitive edge by the large, private manufacturing companies in Kenyan.

To achieve these objectives 3 hypothesis were formulated and tested. Data was collected through self-administered questionnaires. The questionnaires had both the structured and unstructured questions. Respondents were marketing decision-makers of the selected firms. The collected data was analysed using descriptive statistics. Likert profiles were drawn to show any visual differences. Further analysis was done using the Kruskal Wallis rank test.

The study found that the principles of marketing planning are well known but the practice is still very poor in the Kenyan manufacturing sector. While most of marketing planners seemed conversant with the principles of strategic marketing planning, few lived by them. They focused too much on tactical marketing planning and emphasized more on business system, sophisticated techniques and lengthy writings assignments. Firms owned by foreigners are more involved in marketing planning but there was no difference among firms operating in various sectors of the economy.

Most of those charged with the process complained of lack of support from the top management. They claimed that too much pressure to produce results in the short-run forced them to have short-term plans leaving the future of the firms to chance.

If marketing planning is to have any impact in our organizations, It must be based on continuous dialogue between key managers and be build solidly into the management process rather than be treated as a discrete function. The focus should be on substantive improvement in forward thinking and action through analytical analysis, continual environmental scanning and more top management input. While tactical planning remains important, marketing planners must invest more in long-term planning to increase the chances of the future survival of their business.

1.00 CHAPTER ONE; INTRODUCTION

This chapter gives the background information on the Kenya manufacturing sector, an overview of planning and strategic marketing planning. It also contains the research problem, the objectives, hypothesis and the importance of the study.

1.10 An Overview of Kenya Manufacturing Sector

The Kenyan manufacturing sector is one of the fastest growing sectors in the economy. Initially it was developed under the government policy of import substitution (1967). The recent change in government policy has reduced government participation in this sector (Aosa, 1992). Output in the sector recorded real growth of 3.9, 3.4, and 1.9 per cent in 1995, 1996, 1997. Some factors were quoted to have caused the slower growth including; deepening effects of trade liberalization, power rationing in the early part of 1997, diversion of transit goods into the local market, poor infrastructure that led to high input costs, high interest rates on working capital competition from unaccustomed imports (K.A.M, 1998). The financial crisis in the Southeast Asia is also affecting the ability of the local manufacturers to compete both in the domestics and the export market.

The sector is heavily oriented towards production of consumer goods. There is little production of intermediate and capital goods (Coughlin et al, 1990). The industry can be classified into three sectors, which are discussed below;

(i) Agro-based industrial sector

This sector contributes around 89% of the value added in the manufacturing sector. It has developed on the basis of traditional domestic resource activities. Included are food processing, animal feeds, beverages and tobacco; miscellaneous food products; tanneries and leather products, woods and wood products; pulp and paper industries (K.A.M, 1998).

(ii) Engineering and Construction industrial sector

Included are metals and fabricated metal products, machinery and equipment; furniture and fixtures; structural metal products; electronics, transport machinery and equipment and miscellaneous machinery. The sector relies heavily on imported raw material and contributes about 12% of the value added in manufacturing (K.A.M, 1998).

(iii) Chemical and Mineral industrial sector

Included are sub-sectors like industrial chemicals; fertilizers, salts; pesticides; including pyrethrum extract, paints, varnishes and Lacquers, pharmaceuticals (drugs).

The survival of Kenya's manufacturing industry will depend on its ability to create linkages with other major sectors of the economy such as, agriculture and the service industry. The government's ability to create a more relatively enabling environment and inter industry linkages to facilitate transfer of technology, skills and enable individual firms to realize the economies of scale (K.A.M, 1998). According to the G.O.K Sessional paper No.2 of 1996, Kenya must join the league of newly industrialized countries by the year 2020. The manufacturing sector has not been dynamic enough to function as "an engine of growth" for the whole economy.

The private sector companies in Kenya are owned and operated by both local and foreign investors. Most foreign companies are subsidiaries of multinational corporations. Local companies are owned by Kenyans, Kenyans of Asian origin and a mixture from other countries. Kenyans of Asian origin dominate the local manufacturing (Kenya economic survey, 1988). A study of 84 manufacturing firms conducted by Aosa (1992) showed that 46% were owned by Indian, 29% by foreigners, 17% by indigenous Kenyans and 7% were of mixed ownership.

The Kenya manufacturing scene is characterized by high levels of concentration. In 1988, the proportion of large companies was 26% (K.A.M, 1988) and they accounted for 81% of total manufactured output. Longdon, (1981) in his study focusing on multinational manufacturing companies in Kenya found that a small number of large multinational subsidiaries were dominant. Of the subsidiaries he surveyed 24%, held virtual monopoly positions in their marketing segments (over

95% share). This clearly indicated that a few large companies dominated certain segments of the Kenya market.

It has been argued that the Kenyan Manufacturing sector plunged itself into the free trade regime too fast before allowing the local industry enough time to adjust fully to the new borne freedom, as most industries found themselves exposed to external competition and malpractice's. Kenyan industrialists led by KAM chairman have argued that while liberalization of economies provided some essential economic freedom, the abrupt "free for all" trade policy jeopardized the imperative for industrial development. With Global overcapacity and surpluses and without sufficient mechanism for dealing with competition, cheap substandard products have found their way into our country leading to unfair competition. Examples of some industries that are threatened by cheap imports include, textile , sugar , motor vehicle industry, and the shoes industry among others for example Bata has closed down its factory citing stocks pile up caused by unfair competition.

The salvation of the Kenyan economy lie in spreading out and tapping the wider African Market...as well as improving their quality.

1.20 An overview of planning

Many companies today operate without formal plans. Kotler,(1990) noted that managers resist writing formal plans arguing that they have succeeded without them. Some companies might manage quite successfully without any formal system of corporate planning. But to quote the businessman, Sir James Goldsmith;

"Muddling through is a euphemism for failing to plan forward. It means acting tactically and without strategy; it means confusing the means with the end. If we continue to avoid facing the facts ...the epitaph on the graves of our democracy will be: "They sacrificed the long-term for the short-term and the long-term finally arrived"

Peter Drucker,(1950) argued that;

"Every one of the great business builders we know of from Medici ,founders of the Bank of England ,Thomas Watson had a definite idea, a clear "theory of the business which informed his actions and decisions. An individual entrepreneur does not need to analyze his concepts and explain his 'theory of the business' to others, let alone spell out the details. He is in one person, thinker, analysis, and executor. But business enterprise requires that Entrepreneurship be systematized, spelled out as a discipline and organized as work".

Drucker, (1950s) pointed out that management must always consider both the short-term and long-term consequences of their actions. A business must be kept profitable into the long-term future but at the same time short-term profitability must be maintained to avoid the danger that the long-term will never be reached.

Wallender as quoted in Aosa, (1992) argued that environmental factors and intra-firm factors could explain the prevalence of adhoc planning. They isolated political uncertainty, economic instability and lack of information as factors that militate against long-term planning. The planning undertaken in developing countries was in response to government requirements or a sense of obligation to management form.

Drucker, (1964) noted that a manager operates under a lot of pressure to produce results in the short run. Managers find themselves caught in a "rat race", and managed by whatever the mail boy dumps into their in-tray.

1.30 Strategic Marketing Planning

Marketing Planning is the planned application of marketing resources to achieve marketing objectives. It has been defined as;

a logical sequence and series of activities leading to the setting of marketing objectives and formulation of plans for achieving them (C.I.M, 1992).

A strategic perspective to marketing planning centers on planning for the future. It expands marketer's role from an emphasis on only tactical decisions to do with marketing mix to include decisions about the future direction of the organization. Strategic Marketing Planning will involve strategically analyzing environmental, competitive and business units and forecasting future trends in business areas of interest. There are three arguments for increasing need for a strategic approach to marketing. These are the rapid paces of change and environmental complexity, increasing organization size and complexity and increasing competition.

Many organizations find it difficult to develop a strategic approach to marketing planning because of lack of marketing skills, lack of resources in terms of both money and time and because of non-marketing oriented company culture. Piercy, (1989) noted that the main problem lies in changing senior management's guiding philosophy away from finance or production toward understanding the central importance of satisfying customer needs. Only when the organization believes that the customer is the reason for its existence and seeks to satisfy him or her better than the competition does the customer come before production and finance and marketing becomes the essential ingredient at strategic level of activity.

Doyle, (1993) noted that for the business to succeed, it is dependent on two basic pillars. These are the core competencies, the drive and commitment in the organization. Marketing planning is crucial as it pulls together the core competencies, drive and commitment and focuses them around satisfying the needs of customers. Companies that have failed to recognize the usefulness of marketing planning have been unable to cope with the changing environment.

Though Philips has a record of innovation in lighting, video, compact discs and electronics generally its market share has consistently declined and its profits have now dropped to dismal levels. The central reason for Philips failure is poor marketing planning. Doyle,(1993) reported that a business achieves success by organizing itself to meet the needs of target customers more effectively than its competitors. Managers have two objectives to meet that is profit and growth. These two objectives are in conflict and marketing decision-makers have to balance between growth and profitability. Marketing decisions have both positive and negative effects the problem being that positive effects come slowly and negative effects come fast.

The focus in many companies is short-term earnings. Budgets and financial plans provide the central thrust, as managers are pre-occupied not with understanding customers but with manipulating costs, expenses and assets. This financial orientation can show substantial profits in the short-run but in the long-run, lack of marketing focus leads to a steady decline in the companies market share.

Doyle,(1993) also noted that many companies have the “wrong” type of organization. Too heavy with middle managers and powerless frontline people. Companies are being forced to radically re-engineer their organizations e.g. flattening their structures, empowering the frontline people and making everyone get closer to the customer. Marketing oriented companies need to focus on meeting customer needs. Customers have choices and if their needs are not met, they will go elsewhere. As such the central focus is on understanding what needs customers have and coming up with innovative solutions that meet them.

For effective marketing, it is not enough to meet customers needs; companies should do so competitively. They have to do better than their competitors and create a competitive advantage so that they are chosen over others.

The survival of any business today will depend on its ability to market its products, which in turn determines its future. As McDonald, (1990) noted very few companies do real marketing planning. They only develop financial plans and budgets to show them their investments and cash flows. Given the importance of marketing planning to any business today, there is need to sell it to the top management. A written marketing plan is the backdrop against which operational decisions are taken on an on going basis. It itemizes exactly what the marketing function will achieve and the expenditure it will incur in order to contribute to the achievement of corporate objectives (Hotton et al, 1993).

While the marketing manager must react to tactical requirements of the marketing mix, he must also make a probabilistic assessment of possible environments in order to anticipate and “invent” his future rather than simply concentrate on the short-run. This allows him to take a proactive approach to all-important markets the firm will be pursuing in the future. A research by McDonald, (1992) into the practices of marketing planning among British manufacturing companies identified the area of marketing planning as a major area of weakness in the developed countries. He concluded that the problem as companies face up to the challenges of the 90s and beyond, is not that

the philosophy of marketing is not believed, rather is that most companies particularly industrial goods companies have difficulty in making it work.

The developments in theory and practice of Marketing planning have tended to reflect business circumstances in developed countries. Some scholars have noted that contextual factors in less developed countries are different from those of developed countries. As such guidelines for organizational design developed for Western nation are not necessarily appropriate for countries in sub-Saharan Africa. We would therefore expect the conduct of marketing planning outside developed countries to vary due to differences in contextual factors.

Companies today are operating in a constantly changing environments. Today's truths and realities all too often becoming tomorrow's misconceptions and illusions. The excitement of consumers in the 1960s has given way to a more cautious questioning mood. Days when it was only necessary to ride the tidal wave of growth are gone (McDonald et al, 1992). Few practicing managers understand the real significance of a strategic marketing planning as opposed to tactical or operational marketing planning. In a study into how British companies carried out their marketing planning, McDonald, (1992) concluded that despite it's simplicity and logic, marketing planning remains one of the most tricky area for both the academics and practitioners alike. He identified a number of problems of marketing planning systems that are discussed below;

a) Weak support from chief executive and top management

Unless the chief executive sees the need for formalized marketing planning system, understand it, and shows an active interest in it, it will be impossible to implement it successfully.

b). Lack of plan for planning

This is the timetable for introducing a new system. Many marketing planning systems fail due to the belief that once they are designed, they can be implemented immediately.

c). Lack of line management support

This is hostility, lack of skill, lack of data and information leading to failure to obtain support and willingness of operational managers.

d). Confusion over planning terms

Most of the initiators of these planning systems are highly qualified and often use terminology's that are perceived by operational managers as meaningless.

e). Too much details, too far ahead

This is the problem of overplanning caused by elaborate systems that demand much information and generate vast amount of quantities of paperwork generally demotivating for all concerned.

f). Once a year ritual

The activity of marketing planning treated as a ritual done at the end of the year and quickly filed away never to be referred to gain.

g). Failure to integrate marketing planning into a total corporate planning system

Difficult to initiate an effective planning system in absence of a parallel corporate planning system.

h). Delegation of planning to a planner

Planner supposed to be a coordinator of planning not an initiator of goals and strategies. Where operational management fail to cooperate, the planner becomes just a kind of an administrative assistant.

Many prescriptive approaches have been developed often as a checklist of activities that need to be done to write a marketing plan. However, changing the organization culture is not a simple task. It requires top management support, internal communication and training on an on going basis related to both the marketing concept and functional marketing and cross-functional team building skills. More often than not, environmental change unfreezes internal inertia and crisis situation promotes longer-term planning centered on customer satisfaction. However many companies do not see the need early enough and are left behind by those companies with a far more strategic marketing orientation.

1.40 Statement of the problem

The usefulness and the practice of strategic marketing planning to organizations have been established with the evidence mainly drawn from developed countries. Studies conducted by McDonald et al (1989), Leppard et al, (1992) and Howard, (1990) have shown that Marketing Planning is a major area of weakness. Companies that thought they were planning were simply budgeting and forecasting and they suffered grave operational difficulties as a result. Other studies carried out by McDonald in America, Europe and Australia have confirmed these results.

In Kenya a few studies have been conducted in the more general area of strategic planning. These studies include; Shumbusho, (1983), Aosa, (1992), Karemu, (1993), Bett, (1995) and Kangoro, (1998). Though they provide a valuable insight into the area of strategic planning, none has addressed the area of strategic marketing planning. The current study seeks to fill this gap. Specifically it aims to answer the following question; *how is marketing planning practiced in the Kenya manufacturing sector?*

1.50 Objectives of the study

The study aims at the following objectives:

1. To investigate the state of marketing planning within large, private manufacturing companies in Kenya.
2. To investigate the use of marketing planning by large, private manufacturing companies in Kenya in developing a competitive edge.

The following three hypothesis were formulated for empirical testing. These hypotheses are stated below;

1H₀: Manufacturing companies that have no history of planning will be more involved in strategic marketing planning.

2H₀: Foreign owned manufacturing companies operating in Kenya invest less in strategic marketing planning than locally owned companies.

3H₀: Increasing competition does not induce companies to adopt a strategic marketing

planning process.

The table below shows the distribution of the various hypotheses to their respective objectives.

Figure.1

Objectives	Hypothesis
1	1H, 2H
2	3H

1.60 Importance of the study

Kenya has the biggest manufacturing sector in East Africa (Aberco, 1988). The average size of this sector is 8% of the GDP of tropical Africa countries (Aosa, 1992). Kenya has an above average manufacturing sector (Aosa, 1992). Despite it's importance no study has been done on marketing planning in this sector.

This research will be of interest to;

the **Kenya manufacturing companies** as they will be able to improve their marketing planning process.

To the **financial institutions** they will find the research useful particularly when appraising projects to advance credit.

To the **academia** the study will give an understanding of the marketing planning process. Besides it will form a basis for further research in the area of marketing planning.

Marketing professionals and practitioners will use the study as a guide in their marketing planning activities.

1.70 Organization of the study

This report will be organized into the following chapters;

1. **Introduction;** This include the background information of the study, the statement of the research problem, the objectives of the study and the importance of the study.
2. **Literature review;** These are reviews of previous researches in this area. It has literature

on marketing management and a model for Marketing Planning in organizations.

3. Research design; This set out various steps necessary in executing the study thereby satisfying its main objectives. Issues dealt with include the population of the study, data collection method, and data analysis techniques.

4. Research findings and interpretations of the findings

5. Conclusions of the study, limitations of the study, recommendations and suggested areas of further research.

2.00 CHAPTER TWO; LITERATURE REVIEW

This chapter reviews the literature on marketing management and a model for marketing Planning in organizations.

2.10 Marketing management

Marketing management has been defined as;

the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. (American marketing Association, 1985).

The definition clearly identifies the need for analysis, planning, implementing and control activities. The marketing management process consists of; organizing the marketing planning process, analyzing marketing opportunities, selecting target market and managing the marketing effort.

Perspective on what constitute marketing has undergone considerable change over the last 50 years. In the early part of this century many companies pursuing sales orientation believed that with enough effort and expenses, almost any product could be sold by a high powered sales force. This implied that the role of marketing was to help dispose of whatever goods/services the company decide to produce.

In 1950s leading marketing practitioners and scholars began to have a different view. The business environment was becoming too competitive and personal income permitted the purchase of more discretionary items. A former executive of General Electric Mckitterick, (1957) concluded;

"The principal task of marketing function is not so much to be skillful in making the customer do what suits the interest of the firm but to be skillful in conceiving and making the business do what suits the interest of the customer".

The above statement is considered to have led to the evolution of marketing concept. Mckitterick, (1957) noted that it is not easy for a marketing led firm to implement the marketing concept as they are faced with a vast array of alternative policies and programs for meeting customer

needs. The organization cannot pursue all buyers and cannot take all possible marketing action. To deal with this problem involved in marketing concept organizations need to adopt the marketing planning approach.

To understand the relationship between corporate and marketing planning, it is helpful to think of the process as a series of events each dependent on the one before. Decisions at corporate level allows divisional decisions to be made....and they enable tactical decisions (Gestalt psychology, 1994). Because marketing planning lies at the heart of the company revenue generating activities, all other corporate activities, such as financial planning, human resources planning, production planning, uses it as inputs (Donnelly, 1992). Corporate planning is clearly a top management responsibility. However, marketing managers and other middle level managers in the organization are directly involved in the process;

Hence if Corporate planning is done properly, it will result in clearly defined blueprint for managerial action at all levels in the organization (C.I.M, 1993). However because of the difficulty, many companies rely on sales forecasting and budgeting systems. All too frequently, these bear no relationship to the real opportunities and problems facing the company.

The disappointing results encountered by manufacturing companies reflect their failure to recognize that the concept of marketing planning need to be viewed from a strategic point of view. The success of marketing planning process depends largely on the activities of other functions such as engineering, manufacturing and technical services. This means that changes in the marketing strategy are likely to be based on product design, cost, or service innovations. As such the role of marketing planner rather than developing self contained marketing requirements is to coordinate the various functions participation in the marketing planning so that top and operating manager can decide how best to respond to the changes in the environment (Ames, 1969).

Many organizations having embraced marketing planning as a sophisticated way of running the business try to implement the concept by turning the entire job to marketing. After a couple of years of frustration they are ready to write off marketing planning as a monumental waste of time. The re

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Many organizations having embraced marketing planning as a sophisticated way of running the business try to implement the concept by turning the entire job to marketing. After a couple of years of frustration they are ready to write off marketing planning as a monumental waste of time. The re

cause of problems lies not in the concept, however but in the way it has been applied (Ames, 1969).

The marketing planner task may seem no more complex than that of the plant manager who must plan the best utilization of their company's labor, equipment, raw material or of the financial officer who must plan the flow of the company's funds. However these other managers work with better data, more measurable and dependable plant input-out relationship and more direct control. In marketing, information is poor, expenditure affect demand and cost simultaneously and human factors play a larger role. The need to make order out of this chaos may be answered by one of management science's newest and most promising development- the strategic marketing planning model which is computerized, industry specific database, comprehensive and designed for developing and evaluating alternative company marketing plans.

Tactical decisions are on going decisions with an objective of getting the right balance between elements in the marketing mix. This type of operations can result in spending efficiency. It can be classified as the money saving end of the business as opposed to the money making end of the business. The second basic marketing activity, strategic innovation is probably more likely to create major increase in profits than optimizing tactical operations.

Many scholars have come to the agreement that manufacturing companies will find themselves faced with a more challenging business environment in the 1990's and beyond than in any other time in the past. More and more companies are attempting to tap foreign market and this has intensified competition almost on every front. Companies are being forced to develop marketing skills to meet competition they have never had to contend with before. Domestically added marketing strength will be needed to tap new sources of profit so as to reduce reliance on growth through acquisition and merger.

Creating and supporting a marketing organization, adopting new administrative mechanism and increasing one's marketing expenditures, important as they are, cannot by themselves guarantee marketing success.

2.20 Marketing Planning Model

The basis for an effective strategic marketing planning is a workable and a realistic marketing planning model. A marketing planning model is meant to guide the marketing planner to come up with good marketing objectives and strategies to gain a competitive edge in the market place. Scholars have suggested various Models, which can be used to conduct marketing planning. They include McDonald, (1992), Paul Smith, Shultz et al; Professor Doyle's, (1993) among others. For this study we will adapt Professor Doyle's Model. This model is illustrated below;

MARKETING PLAN

Step 1. Marketing audit

- Where are we now?
- How did we get here?
- Where are we heading?

SWOT analysis: Strengths, weaknesses (internal), Opportunities and threats (external)

- What should be done?

Step 2. Marketing mission

- Scope of the business
- Goal of the business

Objectives

- marketing objectives
- innovative objectives
- resources objectives
- productivity objectives
- social objectives
- profit objectives

Step 3. Strategic priorities

Portfolio analysis

Step 4. Marketing strategy

- Segmentation
- Positioning

a) Research phase:

- Targeting marketing segmentation
- Competitors brand
- Choice criteria
- Customers evaluation

b) Positioning strategy

i) Real Positioning

- Being first
- Create new attributes
- Strengthen the current Positioning
- Search new Positioning

ii) Psychological Positioning

- alter belief about other brands
- alter attribute importance weights
- reposition competitors brands

Step 5. Marketing mix

- product/brand; tangible, basic augmented and potential
- service
- price
- promotion
- distribution

Step 6. Action plan

- What will be done?
- When will it be done?
- Who is responsible for doing it?

Step 7. Budget

- What is it going to cost?
- What are the returns?

Step 8. Organization

- Does the organization structure and climate support marketing planning ?

These steps are discussed below;

Step 1. Marketing audit

Managers need to answer the following four questions; where are we now? How did we get here? Where are we heading? What should be done? Through this audit a company is able to understand how it relates to the environment in which it operates. The manager should carefully assess the strengths, weaknesses, opportunities and threats facing the business. However well the company is doing, it pays to stand back and reflect on its SWOT analysis and its implications for the future. It provides evidence about what the company should and should not try to set as marketing objectives.

Step 2. Marketing mission

The company's marketing audit should be followed by definition of its marketing mission. A Marketing mission defines the scope of the business and indicates how the company will gain the preferences of these target customers. It has to be narrowed into clear measurable objectives to be achieved by a specific deadline. Managers need to balance long term and short-term results. If we do not generate profit today, we will not have a long-term future. On the other hand, if we allow short-term profits to dominate as the business goal, then, we will slowly but certainly see our competitiveness in the market place erode away.

Step 3. Strategic priorities

Business has limited resources and the task of management is to channel resource into those areas offering the best potential. Managers at this stage should decide which product and markets should receive investment and which should be divested from. Peter Drucker who came up with the original exposition of portfolio analysis wrote that inside any company, products fall into six categories. These are discussed below in the order of priority,

- a). "Tomorrow's bread winners" are the firm's new products, which should be given priority.
- b). Next is 'today's business' which provide profits to finance new products.

- c) The third is the “in-between category” products that are performing poorly but can be turned round drastically.
- d). Yesterday businesses are those products that were once winners but are now obsolete.
- e). “also rans” are those which never really fulfilled expectations.
- f). Finally there are the clear “failures”.

Since Drucker many management consultants have formalized these ideas. This effort to separate the sheep from the goats or the “stars” from the “dogs” is always a crucial initial step in revitalizing a business.

Step 4. Marketing Strategy

Marketing strategy centers around two key issues; Segmentation and positioning. It's the skills of companies in these two areas, which differentiate between top marketers like Sony, Unilever, Coke and Procter and Gamble. Segmentation recognizes the differences in various markets and the product is adopted to take care of these differences. Market segmentation allows companies to meet the different needs of customers; boost profits and trades up your customers into higher margin products. There are hundreds of examples where companies are throwing away opportunities for doubling or trebling profits. The issue facing management is how to build an enduring reason for preference among customers in the target segments. How to position ourselves as the best in the minds of consumers where there are many competing brands.

Step 5. Marketing mix

After we have decided on segmentation and positioning, we come to marketing mix usually called the 4P's that is Price, product, promotion and place. The point to note is that the choice of marketing mix depends directly on the choice of market segment and product positioning.

Step 6. Action plan

The action plan ensures-that-the plan is implemented. It lays out a flow chart of the activities to be undertaken by managers over the next 12 months.

Step 7. Budget

The final stage of marketing is calculating the financial implications of the plan i.e. what is it going to cost? What are the returns? This will form a budget, which lays out the sales expenditure and profit targets over the period of the plan.

Step 8. Organization

The extent to which the organizational structure and climate supports marketing planning.

Marketing planning is crucial because it forces managers to look ahead at the key issues determining the business future survival, profitability and growth. If systematic marketing is not introduced, managers will not understand their markets and will miss opportunities for profitable market segmentation. This will eventually erode the firm competitive position. Modern marketing planning approach puts the customers first and focuses on adding value. Business then is just like struggle in nature. Companies like plants and animals around us, survive and prosper when they adapt effectively to the constantly changing and generally hostile, competitive environment. If they fail to adapt, they die.

The management approach that prevails in a company is determined by various contextual factors. Pugh et al, (1986) and Duncan, (1972) as quoted in Aosa, (1992) identified these contextual factors to include the company, history and experience, its sizes, ownership, the industry presently in, resources and dependence. Similarly, Van Fleet, (1991) argues that management challenges differ across companies and across countries. All these suggest that environmental and company factors indeed affect the management approach in companies. McDonald et al, (1992) proposed a model to establish how organizations operate. This model assumes that,

- The organization today is to some extent, strongly conditioned by its historical background. For example, if historically there has never been a pressing need for a Comprehensive marketing system because of favorable trading conditions this will be reflected in the current planning systems.

■ The organization today is to some extent strongly conditioned and directed by its future goals. For example the company that senses that its marketing planning process needs to improve will take steps to introduce changes.

■ The skills, knowledge experience and beliefs of the organization personnel determine what actually happens in an organization. Thus at the heart of any organization is the collective expertise or 'education' at its disposal.

Thus to introduce an improved marketing system might call for changes in all these areas.

Some personnel might need training, more or different resources might be required, routines and systems improved, roles and relationships reappraised and the structure and climate of the organization re-examined.

1.20 The sampling frame

The population was divided into three sectors to provide three sample frames namely:

- (i) Agro-based industrial sector.
- (ii) The engineering and construction industrial sector.
- (iii) Chemical and mineral industrial sector.

The sample frame consisted of those firms employing more than 50 employees. The number of employees is used as a convenient proxy for size. Allen (1992) stated that this criterion is probably a good indicator of complexity of the management.

1.21 Sample and sampling design

After examining the objectives of the study, it was felt that a sample of at least 30 organizations was adequate. Markens (Managerial Communication) stated that most of the selected companies were interviewed. A random sample of 22 firms was selected from the Agro-based sector, 4 from engineering and construction and the other 14 from the chemical and mineral industrial sector. These companies were chosen on basis of the number of firms registered in each of the three sectors.

3.00 CHAPTER THREE; RESEARCH DESIGN

This chapter sets out various steps necessary in executing the study thereby satisfying its main objectives. There are two main objectives of the study;

1. To investigate the state of marketing planning within large, private manufacturing companies in Kenya.
2. To investigate the use of marketing planning by large, private manufacturing companies in Kenya in developing a competitive edge.

3.10 Population

This consisted of all large private-manufacturing organizations that operate in Nairobi and are members of Kenya Association of Manufacturers. Large is relative but for this study large companies were defined as those with more than 50 employees. A list of these was obtained from the association membership register and their 1998/99 directory.

3.20 The sampling frame

The population was divided into three sectors to provide three sample frames namely;

- (i) Agro-based industrial sector.
- (ii) The engineering and construction industrial sector.
- (iii) Chemical and mineral industrial sector.

The sample frame consisted of those firms employing more than 50 employees. The number of employees is used as a convenient proxy for size. Aosa, (1992) noted that this criteria is probably a good indicator of complexity of the management.

3.30 Sample and sampling design

After examining the objectives of the study, it was felt that a sample of at least 40 organizations was adequate. Marketing manager/Commercial manager/Brand managers of the selected companies were interviewed. A random sample of 22 firms was selected from the Agro-based sector, 6 from engineering and construction and the other 12 from the chemical and mineral industrial sector. These samples were chosen on basis of the number of firms registered in each classification in

the Kenya association of manufacturers directory. This sample is available in appendixea viii.

3.40 Data description and collection methods

The study used primary data. The data was collected using a self-administered questionnaire. A total of 40 questionnaires were administered through a drop and pick method. They had three parts; A, B and C. Part A of the questionnaire was meant to give company data and had both structured and unstructured questions. Part B of the questionnaire had structured questions and was meant to give a "helicopter view" of how the organization do their marketing planning. Part C of the questionnaire had both structured and unstructured questions and was meant to capture how the Marketing manager view the attitude of the Chief Executive Officer towards marketing planning in general. Questions were generated from three basic sources, previous empirical studies, theory and researcher's experience. A sample of the questionnaire is in appendixes ii. The questionnaire was pre-tested with some few companies before use.

3.50 Data Analysis techniques

Completed questionnaires were edited immediately after collection. Later they were checked again, coded and keyed into the computer. Coding was necessary to facilitate statistical analysis.

The study was descriptive in nature. Therefore descriptive statistics was used. This entailed proportions, percentages, means and frequency distributions. As the study was investigative in nature, the measures were deemed adequate. Descriptive statistics pre-supposes much prior knowledge about the phenomena being studied (Churchill, 1983). Likert profiles were drawn to indicate any visual differences. Further statistical tool, Kruskal Wallis rank test was used to analyze the data using SPSS version 6.

4.00 CHAPTER FOUR; DATA ANALYSIS AND FINDINGS

The analysis in this study required an in-depth study of how marketing planning is practiced in the manufacturing sector. First the whole sample was analyzed, it was then split into sub samples and comparisons were made between these. The classification used included the sector (given by the Kenyan association of manufacturers as Agro based sector, Chemicals and mineral sectors, and Engineering and construction sector) and ownership. The results of this study is presented below,

4.10 Manufacturing companies details

The details sought from the firms engaged in the manufacturing sector included such areas as year of establishment, ownership, number of employees, level of capacity utilization and sales turnover/profits for the last couple of years. Majority of the firms refused to disclose their sale turnover/profit figures saying that these were confidential. Thus this classification will not be used for our analysis.

Sector

Out of the 31 firms that participated in our study 39% were in the agriculture sector, 16% in the engineering and construction sector and 42% in the chemicals and pharmaceuticals sector. See table 4.11.

Table 4.11; Sector of respondents

Sector	Percent
Agriculture	38.7
Engineering and Construction	16.1
Chemicals and Pharmaceuticals	41.9
Total	100.0

n=31, Source interviews

Year of establishment

Our findings revealed that most of the manufacturing firms (39%) were formed between 1971 and 1980. It can also be established that very few firms (6%) have been established in the 1990s. The reduction in the level of investment could be attributed to the stagnating economy and growing political unrest that have tended to associate with the introduction of multi party system. This is presented in the table 4.12.

Table 4.12; Distribution by year of establishment

Year range	Percentage
Before 1960	16%
1961-1970	23%
1971- 1980	39%
1981- 1990	16%
1991- to date	6%
Total	100%

n=31, Source interviews

Ownership

As illustrated by the table 4.13 the ownership of the Kenyan manufacturing sector is spread among three classes of people. These are; the indigenous Kenyans, foreigners and joint ownership. Indigenous ownership referred to companies owned by locals and Kenyan Indians of Asian origin. Among the companies studied 36% were owned by indigenous Kenyans, 32% by foreigners and 32% were jointly owned.

Table 4.13; Distribution by ownership

Ownership	Percentage
Indigenous Kenyans	35.5
Foreigners	32.3
Joints	32.3
Total	100.0

n=31, Source interviews

Number of employees

Of the firms studied, 32% had between 150 to 200 employees. 26% of the firms had between 50 to 100 employees and 19% had over 251 employees. These results are presented in the table 4.14.

Table 4.14; Distribution by number of employees

Employees	Percentage
50-100	26%
101-150	10%
151-200	32%
201-250	13%
251-over	19%
Total	100%

n=31, Source interviews

Capacity utilization

From the table 4.15, it can be established that most of the firms(61%) are operating in the range between 61%-80% of their capacity. None of the firm interviewed is operating below 50% of their capacity. 23% of the firms are utilizing over 80% of their capacity.

Table 4.15; Distribution by level of capacity utilization

Capacity utilized	Percentage
51%- 60%	16%
61%-80%	61%
81%- 100%	23%
Total	100,0%

n=31, Source interviews

4.20 Corporate issues

Out of the 31 companies interviewed, 77% indicated that they have a corporate plan, 84% have a marketing plan. Only 13% of the companies indicated that they have no corporate plan. 61% said that their marketing plans are compatible with their corporate plan. See table 4.21.

Table 4.21; Distribution by corporate plan and marketing plan

	Percentage
Corporate Plan	77%
Marketing Plan	84%

n=31, Source interviews

4.30 Marketing issues

All the companies acknowledged that they monitor the developments in the marketing environment. Out of the 31 companies interviewed, 90% of the companies monitor consciously the economic, fiscal and social/cultural environment, 84% monitor consciously the political/legal environment, 77% monitor consciously the technological environment. This is presented in the table 4.31.

Table 4.31; Monitoring developments in the business environment

Factor	Percentage
Economic	90%
Political/legal	84%
Fiscal	90%
Technology	77%
Social cultural	90%

n=31, Source interviews

Developments in marketing

Out of the 31 companies studied, 97% monitored consciously the trend in market size in terms of value, volume, prices and trade practices. 90% monitored consciously the use of sales force, 87% monitored consciously trends in the developments of channels of distribution, turnover and

product presentation. 84% monitored consciously trends in development of terms and conditions, purchasing patterns and product demand. 81% monitored consciously trends in communication. 75% monitored development trends in product use, substitute products and exhibition. 61% monitored development trends in promotion. This is presented in the table 4.32.

Table 4.32; Monitoring developments in the marketing environment

Factor	Percentage
Value	97%
Volume	97%
Prices	97%
Trade practices	97%
Terms and conditions,	84%
Channels of distribution,	87%
Turnover	87%
Product presentation	87%
Product demand	84%
Product use	75%
Substitute products	75%
Exhibition	75%
Communication	81%
Use of sales force	90%
Promotion.	61%

n=31, Source interviews

Competitive environment

Of the firms that participated in the study, 97% monitored their competitors regularly, 84% indicated that they monitored their competitors marketing strategies and new entrants. 71% indicated that they monitored mergers and acquisition. These results are presented in the table 4.33.

Table 4.33; Monitoring developments in the competitive environment

Factor	Percentage
Competitors	97%
Competitors marketing strategies	84%
Mergers and acquisition	71%
New entrants	84%

n=31, Source interviews

Industry environment

Out of the 31 respondents 61% indicated that they monitored the activities of trade associations, 42% monitored the inter-industry profitability, 54% monitored the of investments level of the competitors, 71% monitored the changes in the cost structure, technological development and the sources of raw materials. These results are presented in the table 4.34.

Table 4.34 Monitoring developments in the industry environment

FACTORS	PERCENTAGE
Inter-industry profitability	42%
Competitors investments	54%
Trade associations	61%
Cost structure	71%
Technological developments	71%
Raw materials	71%

n=31, Source interviews

4.40 SWOT-analysis

Out of the 31 firms studied, 45% had somebody responsible for converting the analysis into a summary highlighting the main strength and weaknesses. 45% indicated that they had no such a person. See table 4.41.

Table 4.41; Somebody responsible for converting analysis of findings

Response	Percentage
There is	45.2
There isn't	45.2
They don't know	9.7

n=31, Source interviews

Out of the 31 firms studied, 29% said that the person is senior and he has access to the necessary information.

Table 4.42; Seniority of the person in charge of Swot analysis

Response	Percent
Yes	29.0
No	16.1
Don't know	6.5
Not applicable	48.4

n=31, Source interviews

Marketing objectives and strategies

Of the 31 respondents, 58% indicated that their marketing objectives are clearly stated and that they are consistent with their corporate objectives. 52% have clear objectives on divesting old products and 58% have clear objectives on the number of customers. 61% indicated that they have objectives on introducing new products while 71% indicated that they have objectives on volume of sale. 74% indicated that they have objectives on products range, 77% indicated that they have objectives on market share and 83% indicated that they have objectives on market penetration (See table 4.43).

Table 4.43; Objectives

Variable	Percent
1.Product range	74.2
2.Volume	71.0
3.Market penetration	83.9
4.Market share	77.4
5.Number of customers	58.1
6.Introducing new product	61.3
7.Divesting of old product	51.6
8.Stated marketing objectives	58.1

n=31, Source interviews

4.50 Monitoring and evaluation

Of the 31 firms studied 55% indicated that marketing planning is not well conceived in their organization and their internal communication do not function properly. 84% still have unexploited opportunities while 65% indicated that there are still organizational weaknesses. 81% indicated that control mechanisms exist to ensure that planned objectives are met. 68% indicated that there are procedures for dealing with marketing planning process in their organization and 65% indicated that there is a contingency plan in the event that such objectives are not met or the conditions are changing. 39% indicated that there are conflicts between corporate and marketing function in their organization (See table 4.51).

Table 4.51; Monitoring and evaluation of marketing planning

Variable	Percent
Marketing Planning system	54.8
Control mechanism	80.6
Unexploited opportunities	83.9
Internal communication	54.8
Organizational weaknesses	65
Procedures	68
Conflicts	39
Contingency plans	64.5

n=31, Source interviews

4.60 The likert type profile

Before the Kruskal-wallis one way analysis of variance test was conducted, two likert type profiles were drawn to present any visual difference between various sub-samples with respect to the C.E.O knowledge of marketing planning and also use of marketing research to aid in marketing planning process. They were based on the sector and ownership and are presented in table 4.71 and 4.72 respectively. Their results are discussed below;

Sector

From the table 4.71, it can be concluded that the three sub-samples (agro- based, chemical and minerals and engineering and construction industrial sector) are drawn from the same population. All tend to be between 3 and 4 of the likert scale. It can be concluded that their approach to marketing planning is not significantly different.

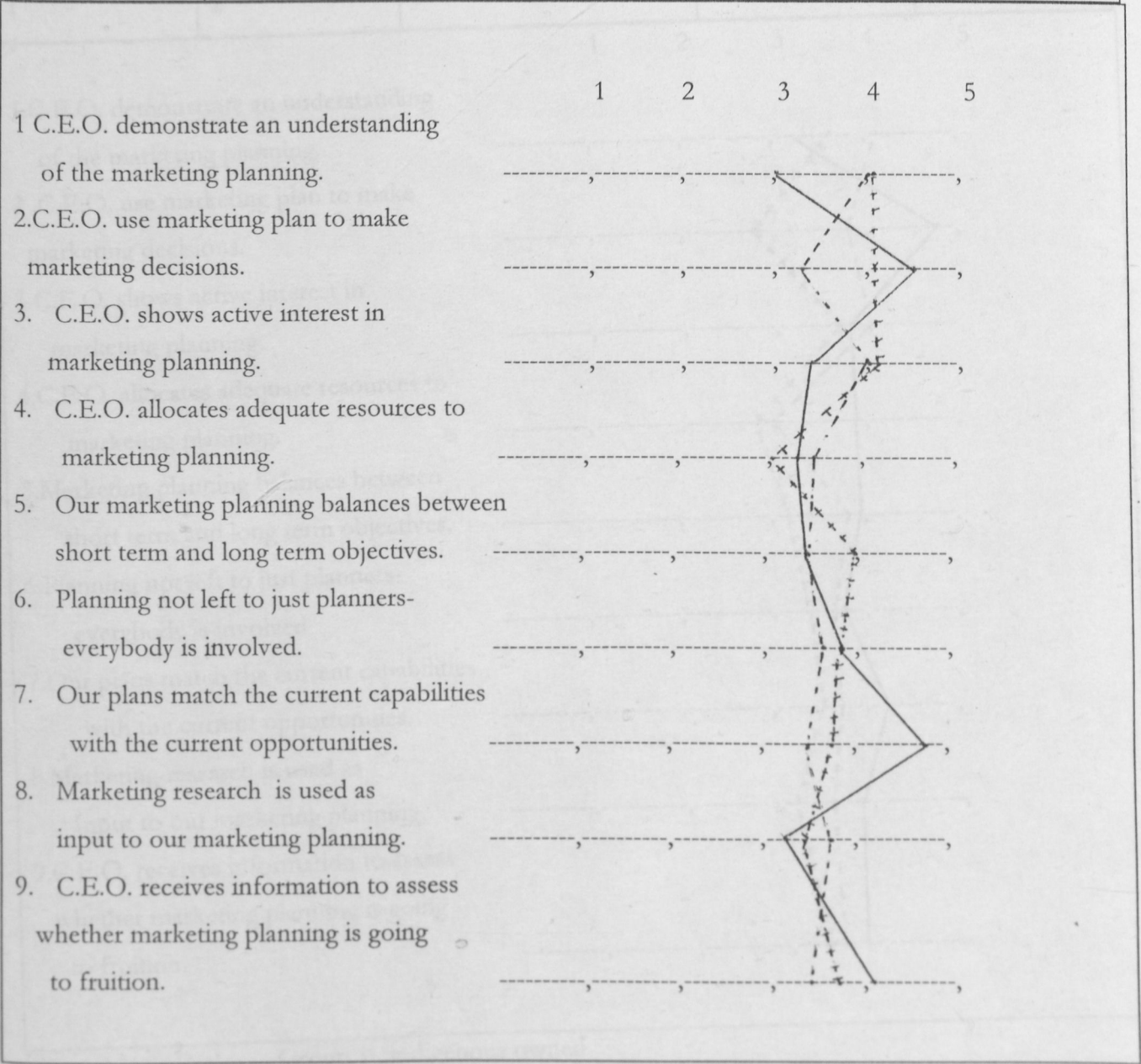
Ownership.

As illustrated by table 4.72, it can be concluded that the three sub-samples (indigenous, foreign and joint owned) based on ownership of organisations are drawn from the same population. Their approach to marketing planning is the same.

Table 4.71

Likert profile 1 based on the sector

If you strongly disagree with the statement	If you tend to disagree with the statement	If you don't know if you agree or disagree with the statement	If you tend to agree with the statement	If you strongly agree with the statement
1	2	3	4	5



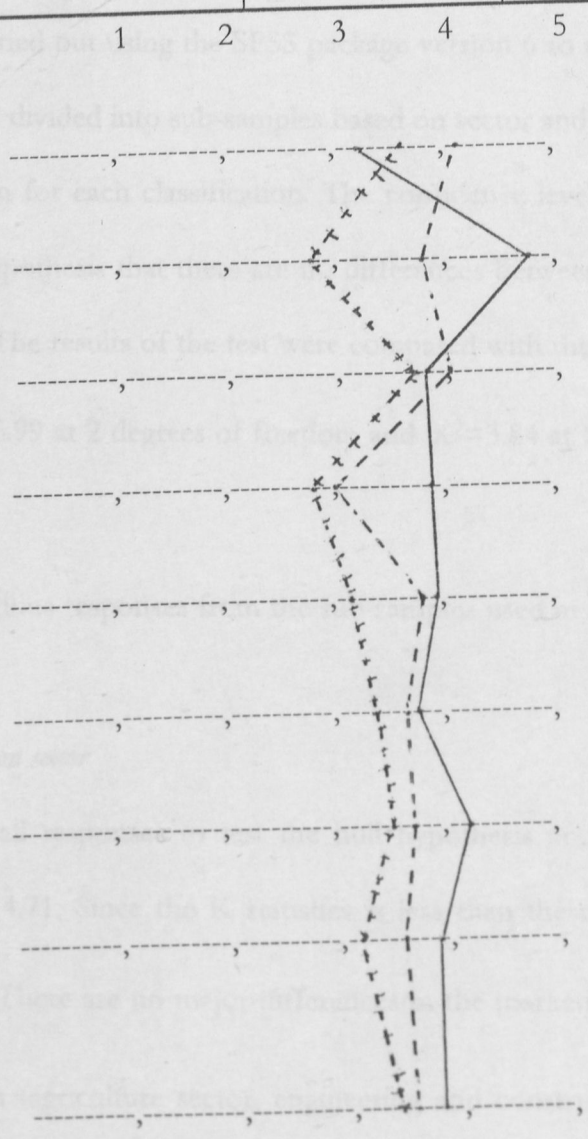
Key ----- Group 1; agro- based industrial sector
----- Group 2; engineering and construction industrial sector
+++++ Group 3; chemical and minerals industrial sector

Table 4.72

Likert profile 2 based on ownership

If you strongly disagree with the statement	If you tend to disagree with the statement	If you don't know if you agree or disagree with the statement	If you tend to agree with the statement	If you strongly agree with the statement
1	2	3	4	5

- 1.C.E.O. demonstrate an understanding of the marketing planning.
- 2 .C.E.O. use marketing plan to make marketing decisions.
- 3.C.E.O. shows active interest in marketing planning.
- 4.C.E.O. allocates adequate resources to marketing planning.
- 5.Marketing planning balances between short term and long term objectives.
- 6.Planning not left to just planners- everybody is involved.
- 7.Our plans match the current capabilities with the current opportunities.
- 8.Marketing research is used as Input to our marketing planning.
- 9.C.E.O. receives information to assess whether marketing planning is going to fruition.



Key ----- Group 1; indigenous owned
----- Group 2; foreign owned
+++++++ Group 3; joint owned

4.70 Findings from Kruskal-wallis rank test

To test the difference among the various groups, the Kruskal-wallis one way analysis of variance was used. All the cases from the groups are combined and ranked. For each group, ranks are summed and the Kruskal-wallis statistic is computed from these sums. The K statistic has approximately a Chi-square distribution with $v = c-1$ degrees of freedom (where c is the number of sample groups) under the hypothesis that the groups have same distribution.

The Kruskal-wallis rank test was carried out using the SPSS package version 6 to confirm the findings of the likert profile. The sample was divided into sub-samples based on sector and ownership. The Kruskal-wallis rank test was undertaken for each classification. The confidence level was set at 95%(5% significant level) to test the null hypothesis that there are no differences between the major groups based on the sector and ownership. The results of the test were compared with the table value of the chi-square. The table values are $X^2=5.99$ at 2 degrees of freedom and $X^2=3.84$ at 1 degrees of freedom.

Note; Variables represent the averages of various responses from the sub-samples used in drawing the likert type profile.

Results of Kruskal-wallis rank test of groups based on sector

The K statistics is computed for all responses to test the null hypothesis at 5% level of significance. This is presented in the table 4.71. Since the K statistics is less than the critical value $X^2=5.99$, we fail reject the null hypothesis. There are no major differences in the marketing planning activities among groups in different sectors (agriculture sector, engineering and construction sector and chemicals and the minerals sector). This confirms the findings of the likert type profile that no difference exist between the different sub-samples based on the sector.

Table 4.81; Sector of the respondents

Variables	95	96	97	98	99	100	101	102	103
chi-square(K).	1.656	1.828	.581	.118	.322	.219	.652	.318	.620
df	2	2	2	2	2	2	2	2	2
Asymp. Sig.	.437	.401	.748	.943	.851	.896	.722	.853	.734

a n=31, Source interviews

b Kruskal Wallis Test

c Grouping Variable: SECTOR

Results of Kruskal-wallis rank test of groups based on ownership;

Testing the null hypothesis at 5% level of significance, the K statistics is computed for all responses and presented in the table 4.72. Since the K-Statistics are less than the critical value $X^2=5.99$, we fail to reject the null hypothesis that there are major differences in the marketing planning activities among different ownership groups (indigenous Kenyans, foreign and jointly owned firms). This confirms our findings of the likert type profile that no significant difference exist between firms owned by different people.

Table 4.82; Distribution by ownership

Variables	95	96	97	98	99	100	101	102	103
chi-square	.968	5.950	.017	2.863	1.209	1.554	1.601	1.710	.053
Df	2	2	2	2	2	2	2	2	2
Asymp. Sig.	.616	.051	.992	.239	.546	.460	.449	.425	.974

a n=31, Source interviews

b Kruskal Wallis Test

c Grouping Variable: ownership

4.80 Hypothesis testing

To test the hypothesis, the Kruskal-wallis one way analysis of variance was used. The test was carried out using the SPSS package version 6 to find out whether the difference in the groups were statistically significant. To carry out the Kruskal- Wallis test the sample was divided into sub-samples based on history of planning, ownership and level of competition. The Kruskal-wallis rank test was undertaken for each classification. The confidence level was set at 95%(5% significant level) to test the null hypothesis that there are no significant differences between the major groups based on history of planning, ownership and level of competition. The results of the test were compared with the table value of the chi-square. The table values are $X^2=5.99$ at 2 degrees of freedom and $X^2=3.84$ at 1 degrees of freedom.

Note; Var- represent the various responses from the sub-samples used in analysing the data.

The three hypotheses were tested using the Kruskal-Wallis rank test. The results of the test are presented in the table below;

Hypothesis	decision	Results
1H	Reject	Significant
2H	Reject	Significant
3H	Reject	Significant

n=31, Source interviews

Discussion of hypothesis results

History of planning and involvement in marketing planning

Companies that had a history of planning were compared with those that had no history of planning in respect to their practices of marketing planning. The practices were corporate issues, marketing issues, monitoring business environment, monitoring developments in marketing, analysis of competitive environments, analysis of industry activities and chief executive understanding and

support for marketing planning activities. In all these marketing planning aspects, companies that had a history of planning were significantly different from those that had a short or no history of planning. They were more involved in strategic marketing planning. The detailed results are in appendix v.

Ownership and involvement in marketing planning

Foreign owned companies were compared with locally owned companies in respect to their involvement in marketing planning activities. The practices were corporate issues, marketing issues, monitoring business environment, monitoring developments in marketing, Sot analysis, analysis of competitive environments, analysis of industry activities and chief executive understanding and support for marketing planning activities. In all these aspects of marketing planning, foreign owned companies were significantly different from locally owned companies. They were more involved in marketing planning.

This can be explained by the fact that foreign owned companies are subsidiaries of bigger multinational companies and they receive support and are influenced by their parent companies. Aosa, (1992) call such a relationship dependence and argue that dependent companies tend to differ from independent companies in their management approaches. The detailed results are presented in appendices vi

Competitive environment and involvement in marketing planning

Companies operating in highly competitive environment were compared with those operating in less competitive environments in respect to their involvement in marketing planning activities. The practices were corporate issues, marketing issues, monitoring business environment, monitoring developments in marketing, analysis of competitive environments, analysis of industry activities and chief executive understanding and support for marketing planning activities. In all these aspects companies operating in highly competitive environment were significantly different from those in less competitive environments. They were more involved in the practice of marketing planning.

This can be explained by the fact that companies operating in highly competitive environments are fighting for survival and have seen the need to adopt a more marketing oriented

approach to their marketing activities. The results are in appendix vii.

4.90 Comparison with other empirical studies

A number of empirical studies have been carried out on the planning activities of companies in different countries at different times. Wellender, as reported in Aosa, (1992) found that managers in Africa carried out Ad hoc planning. Woodburn (1984) found in his study of South African firms that foreign companies were more involved in strategy development than local ones. He also found out that size and complexity significantly influenced involvement and formality of planning activities. Our findings were consistent with their findings.

Fubara (1986), found that planning in Nigeria tended to be informal and characterized by budgeting. Most of the formal plans reported were actually budgets. Profitability was greatly emphasized. Our findings on Kenya indigenous firms is that they were largely professional and their planning formal.

Adegbite (1986) also carried out a study in Nigeria. He found that formal corporate planning was widespread in Nigeria. Modern management was institutionalized in Nigeria. These results were similar to ours.

McDonald (1990) carried out a research into the practices of marketing planning among British manufacturing companies. He identified marketing planning as a major area of weakness among British firms. They tended to concentrate more on short term planning. Our findings among Kenyan manufacturing firms are the same.

It is evidenced that our findings were largely similar to those of other researchers on strategic planning.

5.00 CHAPTER FIVE: DISCUSSIONS, SUMMARY AND CONCLUSION

As set out in chapter one, the objective of this study was to investigate the current practices of marketing planning and use of marketing planning to gain a competitive edge by firms in the manufacturing sector. This chapter will discuss our findings as they relate to the 2 objectives of the study. It also contains the implications and limitation of the study as well as suggestions for further research.

5.10 Summary and conclusion

In chapter two, a model of marketing planning is discussed. The model brought out the various components of marketing planning process. These include marketing audit, mission statement, objectives, strategies, marketing mix, action plan and the organization. A summary of the findings are discussed below,

On the **first objective** of the study, corporate and marketing issues were assessed in relation to marketing planning. In addition competitive environment and industry activities were also investigated. Two hypothesis were developed and tested. The findings of the two hypothesis are,

i) Companies that had a history of planning were more involved in strategic marketing planning than those that had no history of marketing planning. This can be attributed to the fact that they had developed marketing planning systems and expertise over time.

ii) Foreign owned companies were more involvement in marketing planning than locally owned companies. This can be attributed to the fact that most of these are branches of multinationals operating in Kenya and received a lot of assistance from their mother companies in terms of financial resources and expertise.

Most of the organization studied had both the corporate and marketing plan. They understood the purpose of a marketing plan and had a marketing plan by product, which is well communicated to all the relevant managers. Respondent claimed that marketing planning tended to be short term in

Kenya as managers are under too much pressure to produce results in the short-run in poor performing economy. Other's felt that it is normally done in a hurry to meet deadlines and is never reviewed over time to accommodate the changing environment.

The discipline of marketing planning is certainly there in organizations. It is practiced but not to the degree it should be practiced to yield positive results. Managers also felt that marketing plans drawn are generally very impressive but enough resources are never allocated to implement them. Other respondents claimed that the plans are never written and that they exist in the minds of the practitioners.

Marketing planning lack clear support from the top management in most organizations. They had no idea of the business their company wanted and the kind of support it would be willing to throw into various markets. With no support from where decisions are made that really control the business, the plans they come up with are bound to fail.

The situation above seemed to prevail in many of the companies. Instead of building marketing planning solidly into the management process, it is carried on as a parallel activity that gets plenty of lip service and little real attention from the decision-makers.

Despite the conviction among top managers that marketing planning is important, many of the executives interviewed are disappointed with their marketing planning efforts so far. When asked to comment about what their companies have done to become more marketing oriented, they quote such things as declaration of support from top management, creation of a marketing organization, adoption of administrative mechanism-formal marketing planning approaches and increased marketing expenditures. Such moves are useful but by themselves, they cannot guarantee marketing success. The change that is needed is a fundamental shift in thinking and attitude throughout the company so that everyone in every functional area places paramount importance on being responsive to market needs.

It takes a long time to define the market right. Getting the right product/market focus will contribute to accelerated growth and profit more than anything else. Successful companies place much

less emphasis on marketing planning system that is on such components as format, techniques and lengthy writing assignments. Naturally, the recommended marketing plan gets the approval from top management before it becomes a blue print for the business. An approach based on continuous dialogue between key managers rather than on completion of forms by functional heads working in isolation ensure the kind of balancing between functions and between long and short term interest required to make the marketing planning a success.

Marketing plans will always be subject to unknown risk and so must be tempered by the judgement and experience of decision-makers. But a systematic analysis of market forces and their probable effects on a particular product will go a long way towards keeping the risks at tolerable limits.

Virtually many of the companies interviewed were quick to admit that their efforts to do a good job of planning are not nearly as effective as they should be. Many companies tended to regard marketing planning as a discrete function and they developed discrete marketing plans. Successful companies concentrate their marketing planning efforts by ensuring that they have the right strategic focus for their business. Reviewing the strategic focus is important as it is all too easy to develop "marketing myopia".

The **second objective** involved investigating the use of marketing planning by large, private manufacturing companies in Kenya in developing a competitive edge. A third hypothesis was developed and tested to help meet this objective. The findings of the hypothesis are,

i) Companies operating in highly competitive environment were compared with those operating in less competitive environments. Those operating in very competitive environments were more involved in strategic marketing planning than those operating in less competitive environment. This can be explained by the fact that they had realised the use of marketing planning to gain a competitive edge in the market place.

Most respondent indicated that marketing planning forms an integral part of their planning process but regretted that most Kenyan managers are yet to appreciate the role of marketing planning to the success of their business. They also indicated that the discipline has improved over time

particularly in the 1990s as companies respond to the ever increasing competition and the liberalization of the economy.

The study revealed that most firms are collecting information about their markets and customers. Most companies monitored their competitive environment in a conscious way. This shows that unlike in the past when the environment was relatively stable, companies are trying to search for uniqueness in the segment they serve. The study found that the shift towards a market driven approach is still very low. Environmental scanning which is very important in marketing planning process is still done poorly in the manufacturing sector due to lack of experience in the process. Companies must learn to undertake environmental scanning in a formal and a systematic way.

Companies must monitor the activities of their competitors so that to offer value to customers at a cost lower than theirs. Many companies seemed to have given in to the idea that competition is too stiff and it is difficult to outdo competitors. Others argued that everyone had some groups of customers and as such no need to put too much effort in fighting competitors.

Strategic marketing planning is very crucial to any organization as it takes into consideration fundamental changes in the environment and makes them be pro-active rather than reactive to the issue of the day. With the dynamic changes taking place in the environment the study found that deliberate attempt is being made by the management of the manufacturing organizations to improve their marketing planning. It was found that with the increasing turbulence, firms in the manufacturing sector are beginning to be marketing driven in many of their activities.

There is nothing particularly sophisticated about the marketing planning as it applies to manufacturing sector or is there anything conceptually difficult about what it takes to come up with a good marketing plan. What it takes is total company involvement from top down and willingness to depart from the traditional practices. It is a tough job to succeed in marketing planning. Proof of difficulty lies in the fact that only a few companies have done it well. A good marketing plan gives a company's responsiveness needed to gain a competitive advantage at the market place and accelerate their profit growth in the years ahead.

Ignorance of marketing planning theory is not the cause of the disappointment so many manufacturing companies are experiencing. While many marketing executives in companies agree that the principles of marketing planning are simple and clear, only a few live by them. And in my judgement, this is what separates the successful companies from unsuccessful companies in the manufacturing sector.

5.20 Implications of the study

The finding of the study is that the practice of marketing planning is still very poor among manufacturing companies in Kenya. Most executives are well aware that effective marketing planning depends on markets and economics facts and results in operating programs, not just budgets. Few executives appeared to be at all mystified by formal marketing planning concepts. Yet major problems crop up when such companies set about putting these concepts into practice.

Companies need to step up their marketing planning practices. There is need to formalize the marketing planning activities especially now that they are faced with stiff competition. It may also be advisable to ensure professionalism in their management. There is need for people with skills, competence and experience. Such people will help in improving the way marketing planning is done in these organizations.

Most of the executives complained that marketing planning seemed not to add any benefit to their organization and only added cost. But if Marketing planning is to have any real impact on the performance of the company, it will have to be adapted more closely to the particular requirements of business. This demands less emphasis on the business system that is sophisticated techniques and lengthy writing assignments. Instead the whole focus should be on achieving substantive improvement in thinking and action through tough-minded analysis, continual environmental scanning and more top management inputs. This is the only approach that can lead to better ways of doing things and improved results, thus making formal marketing planning process something more than a costly façade.

5.30 Limitations of this study

The first limitation is that there was no previous study on which to base this one. This meant that the researcher had to collect too much information on various aspects of marketing planning and as such the study-lacked focus.

There were also a lot of practical constraints. The researcher was operating within limited time and resources. This affected the number of companies visited.

There was also a reluctance of marketing decision-makers to respond to questions, a fact demonstrated by the low response rate.

5.40 Recommendations for further research

This study documented the practice of marketing planning in the Kenya manufacturing sector. It would recommend that a study of Marketing planning be done for organizations in different sectors and also for specific organizations in the various sectors in Kenya. This would provide a lot of insights into the area of Marketing planning.

Due to constant changes in the environment studies can be done on regular basis to document the effects of these changes on Marketing planning.

Appendixes

Appendix i

MAY 1999

Dear respondent,

I am a Postgraduate student in the Faculty of commerce, University of Nairobi pursuing a Masters degree in Business and Administration (MBA). I am conducting a study on the topic "*AN INVESTIGATION OF ASPECTS OF MARKETING PLANNING WITHIN LARGE PRIVATE MANUFACTURING COMPANIES IN NAIROBI*".

Your organisation has been selected to form part of this study. Kindly assist me by completing the attached questionnaire as well as providing any other relevant information, which you feel, will assist in this study.

The information is purely for academic purposes and your name will in no way appear in the report. Any information provided will be treated in strict confidence. A copy of the research findings will be made available to your organisation upon request.

Your co-operation will be highly appreciated. Thank you.

Yours Faithfully,

Wanjere M.D

MBA CANDIDATE.

Appendix ii

Part A :

Company data

Please answer the following questions on the spaces provided.

1. Name of the organization.....
2. Year of establishment.....
3. Who owns the company (Tick one):
 - ☐ Indigenous investors
 - ☐ Foreign investors
 - ☐ Joint Foreign and Indigenous investors
4. Number of employees (1998)
.....
5. Value of total assets in Kenya(1998).
(Kshs).....
6. Products produced in Kenya:
 - ☐ number of product lines.....
 - ☐ number of product items in the lines.....
7. Annual sales turnover for the last six years (Kshs):

1993.....	1996.....
1994.....	1997.....
1995.....	1998.....
8. Annual pre-tax profits (losses) for the last six years (Kshs):

1993.....	1996.....
1994.....	1997.....
1995.....	1998.....
9. Nature of production facilities in Kenya (Tick one):
 - ☐ single plant
 - ☐ multi-plant
10. Markets served (Tick one):
 - ☐ domestic markets only
 - ☐ foreign markets only
 - ☐ domestic and foreign markets

11. Type of products produced (Tick one):

- ☐ predominantly consumer products
- ☐ predominantly industrial products
- ☐ Both consumer and industrial products

12. Level of capacity utilization (average for 1998) (Tick one):

- ☐ 81% - 100%
- ☐ 61% - 80%
- ☐ 51% - 60%
- ☐ 41% - 50%
- ☐ less than 40%

13. For how long have you been conducting your market planning? (Tick one);

- ☐ 0- 5 yrs
- ☐ 5- 10 yrs
- ☐ over 10 yrs

14. What proportion (%) of your sales **if any** do you sell to;

- ☐ Government agencies.....
- ☐ Non commercial organizations.....
- ☐ Commercial organizations.....
- ☐ Others.....

15. How can you describe the level of competition in your organization,

- ☐ Very competitive.....
- ☐ Not competitive.....

Part B

Please indicate by ticking in the appropriate spaces provided

Yes; If it is true	No ; If it is not true	Don't know; If you do not know whether it is true or not	Not applicable; If it is not applicable according to you or your organization		
Section 1. <u>Corporate Issues:</u>		Yes	No	Don't know	Not applicable
1. Is there a corporate plan in your organization?					
2. Is there a corporate statement about; ◆ The nature of company's current business mission? ◆ The vision of the future?					
3. Are there defined boundaries in terms of: ◆ Product or services (that will be offered)? ◆ Customers or markets (to deal with)? ◆ Distribution facilities? ◆ Size and character of the workforce?					
4. Are there objectives for promoting the corporate image with: ◆ The stock market?..... ◆ Customers?..... ◆ The Local Community?..... ◆ The employees?..... ◆ Environmentalist/conservationist lobby?.....					

Please indicate by ticking in the appropriate spaces provided.	Yes	No	Don't know	Not applicable
Marketing Issues:				
4. Do you have a marketing plan?				
5. Is it compatible with corporate plan?				
6. Does the marketing plan cover the same period as corporate plan?				
7. Is the marketing plan regularly reviewed?				
8. Is the marketing plan based on an assessment of market potential or past performance?				
9. Is there a marketing plan by product?				
12 Do the relevant manager have a copy of the marketing plan?				
Section 2. 1 a) Are the following factors of the business environment monitored on a regular and conscious way in terms of how they affect the company's business prospects? ♦ Economic factors..... ♦ Political/legal factors..... ♦ Fiscal factors..... ♦ Technological factors..... ♦ Social-cultural factors.....				

Please indicate by ticking in the appropriate spaces provided.	Yes	No	Don't know	Not applicable
b). Are the following developments in marketing monitored in a regular and conscious way in terms of how they affect the company's business prospects? (i)Trend in Market size /growth: ◆ in volume..... ◆ in value.....				
ii)Developments/trends in prices; ◆ term and conditions ◆ trade practices				
(iii)Development trends in; ◆ Channels of distribution..... ◆ Purchasing pattern..... ◆ Turnover.....				
(iv)Developments/trends in; ◆ Product use..... ◆ Product demand..... ◆ Product presentation..... ◆ Substitutes.....				
(v)Developments/trend in; ◆ Communications..... ◆ Use of sales force..... ◆ Advertising..... ◆ Promotion..... ◆ Exhibitions.....				

Please indicate by ticking in the appropriate spaces provided.	Yes	No	Don't know	Not applicable
c) Are the following aspects of competitive environment monitored in a regular and conscious way in terms of how they affect the company's business prospects? d) Competitors..... ◆ Competitors marketing strategies..... ◆ Competitors strengths/weaknesses..... ◆ New entrants..... ◆ Mergers/acquisitions..... ◆ Competitors reputations.....				
d) Are the following industry activities monitored in a regular and conscious way in terms of how they affect the company's business prospects? ◆ trade association(s)..... ◆ inter- industry profitability..... ◆ investment levels of competitors..... ◆ activities of trade association(s)..... ◆ changes in cost structure..... ◆ investment prospects..... ◆ technological developments..... ◆ sources of raw materials..... ◆ energy utilization.....				

Please indicate by ticking in the appropriate spaces provided

Section 3: SWOT analysis	Yes	No	Don't know	Not applicable
1) Is there someone (individual or group) responsible for converting the analysis of factors in Section 2 into a summary which highlights, ♦ Company's Principal Strengths? ♦ Company's principal Weaknesses?				
2) Does this person have access to the necessary information?				
3) Is this person sufficiently senior for his analysis to make an impact?				
4) Is the organization climate such that a full and accurate analysis is seen as striving for improvement rather than an attack on specific department or vested interest?				

Please indicate by ticking in the appropriate spaces provided

Section 4: Marketing Objectives and Strategies	Yes	No	Don't know	Not applicable
1) Are the Marketing Objectives clearly stated and consistent with the corporate objectives?				
2) Are there Clear strategies for achieving the stated Marketing Objectives?				
3) Are there agreed objectives about; ♦ The product range?..... ♦ The volume of sale?..... ♦ Market Penetration?..... ♦ Market share?..... ♦ Number of Customers?..... ♦ Introducing new products?..... ♦ Divesting of old products?.....				

Please indicate by ticking in the appropriate spaces provided.

Section 5. Monitoring and Evaluation	Yes	No	Don't know	Not applicable
1. Is the Marketing planning system well conceived and effective?				
2. Do control Mechanisms exist to ensure planned objectives are met?				
3. Do internal communications function effectively?				
4. Are there any problems between marketing and other corporate functions?				
5. Are people clear about their roles in the marketing planning process?				
6. Is there a procedure for dealing with the marketing planning process?				
6. Is there evidence that such a procedure reduces the chance of subsequent failure?				
7. Are there still organizational Weaknesses?				
8. Are there still unexploited opportunities?				
9. Are the assumptions upon which the marketing planning was based valid?				
10. Are there contingency plans in the event of objectives not being met/conditions Changing?				

Part C

A	B	C	D	E		
If you strongly disagree with the statement	If you tend to disagree with the statement	If you don't know if you agree or disagree with the statement	If you tend to agree with the statement	If you strongly agree with the statement		
<i>Please indicate by ticking in the appropriate space provided.</i>		A	B	C	D	E
1 the chief executive demonstrates an understanding of marketing planning.						
2 the chief executive use the marketing plan as the basis for making key marketing decisions.						
3 the chief executive show an active interest in market planning.						
4. the chief executive allocate adequate resources to ensure that marketing plan is completed satisfactorily.						
5. Our marketing plan has a good balance between short term and long term objectives.						
6. In our organization we don't leave planning just to the planners, other managers have a valuable contribution to make.						
7. Our plans recognize that in the short term, we have to match our current capabilities with opportunities.						
8. Marketing research studies (by internal staff or agencies) are often used as inputs to the marketing planning process.						
9).The chief executive officer receive information, which enables him to assess whether or not the marketing plan is going to fruition as expected.						

Other relevant information

10. Drawing from your work experience what can you say about the practice of marketing planning;

- in your organization.

.....

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.....

.....

- Kenya in general.

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11. Any other information on marketing planning in Kenya.

Thank you for your cooperation. Your contribution will go a long way in making this study a success.

Appendix v,

History of planning

VAR00018

by VAR00013

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Appendix vi,
Ownership

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Appendixes vii competition

VAR00019

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.0173 1 .8953 .0246 1 .8754

VAR00020

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.0481 1 .8264 .0782 1 .7797

VAR00021

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.1082 1 .7422 .2169 1 .6414

VAR00022

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.1736 1 .6770 .4027 1 .5257

VAR00023

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.2327 1 .6295 .4686 1 .4936

VAR00024

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.1923 1 .6610 .3169 1 .5735

VAR00025

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.0942 1 .7589 .1226 1 .7262

VAR00026

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.3769 1 .5393 .6789 1 .4100

VAR00027

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
1.2019 1 .2729 1.4720 1 .2250

VAR00028

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.0692 1 .7925 .0901 1 .7641

VAR00029

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.3505 1 .5538 .4324 1 .5108

VAR00030

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
2.9250 1 .0872 5.8558 1 .0155

VAR00031

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.8889 1 .3458 1.1243 1 .2890

VAR00032

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.7312 1 .3925 .8913 1 .3451

VAR00033

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.3005 1 .5836 .8367 1 .3603

VAR00034

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
1.1077 1 .2926 2.2143 1 .1367

VAR00035

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
2.769 1 .5987 5.552 1 .4562

VAR00036

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
1.2505 1 .2635 2.5071 1 .133

VAR00037

by VAR00106

Chi-square D.F. signif. Chi-square D.F. Signif.
.0481 1 .8264 .1726 1 .6778

VAR00038
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.6582 1 .4172 1.5270 1 .2166

VAR00039
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.2543 1 .6140 .7121 1 .3987

VAR00040
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0173 1 .8953 .0400 1 .8414

VAR00041
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.7312 1 .3925 2.6250 1 .1052

VAR00042
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0812 1 .7756 .8125 1 .3674

VAR00043
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0812 1 .7756 .8125 1 .3674

VAR00044
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.3250 1 .5686 1.6852 1 .1942

VAR00045
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
1.3000 1 2.5423 .6250 1 .0569

VAR00046
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.3250 1 .5686 1.6852 1.1942

VAR00047
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.7312 1 .3925 2.6250 1 .1052

VAR00048
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0236 1 .8780 .0550 1 .8146

VAR00049
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0236 1 .8780 .0550 1 .8146

VAR00050
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0812 1 .7756 .1448 1 .7035

VAR00051
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0236 1 .8780 .0550 1 .8146

VAR00052
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.0077 1 .9301 .0125 1 .9110

VAR00054
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.6231 1 .4299 1.4538 1.2279

VAR00055
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.7312 1 .3925 2.6250 1 .1052

VAR00056
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.9308 1.3347 1.2496 1 .2636

VAR00057
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
1.1077 1 .2926 1.8252 1 .1767

VAR00058
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.3250 1 .5686 1.6830 1 .1945

VAR00059
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.2543 1 .6140 .7121 1.3987

VAR00060
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
1.3000 1 .2542 3.6400 1 .0564

VAR00061
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.6231 1 .4299 1.4538 1 .2279

VAR00062
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
1.9082 1 .1672 2.8983 1 .0887

VAR00063
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.2327 1 .6295 .5429 1 .4612

VAR00064
by VAR00106
Chi-square D.F. signif. Chi-square D.F. Signif.
.1231 1 .7257 .2028 1 .6525

Appendixes viii

1. Agip (K) ltd
2. Allpack industries
3. British America
4. Bayer E.A ltd
5. BOC (K) ltd
6. Cadbury (K) ltd
7. Colgate Palmolive (K) ltd
8. Cosmos ltd
9. Cussons &Co ltd
10. E.A.Foundry Work ltd
11. Economic Housing Group ltd
12. Galsheet Kenya ltd
13. General Motor (K) ltd
14. Glaxo welcome ltd
15. Haco industries ltd
16. Henkel Kenya ltd
17. Farmer's Choice ltd
18. East Africa industries ltd
19. International distillers (k) ltd
20. Ital products ltd
21. Kenya Shell ltd
22. Nestles Foods (K) Ltd
23. Paper Converter (K) ltd
24. Rhone-Poulenc (K) Ltd
25. Unga limited
26. Union locks (K) ltd
27. Sanpack ltd
28. Spinners and spiners ltd
29. Timsales limited
30. CMC Engineering ltd
31. SmithKline-Beecham ltd
32. Kenya Wine Agencies ltd
33. Kenya Orchards ltd
34. Kiwi Brands ltd
35. Kenya Converters ltd
36. Razco foods ltd
37. Tetra pack ltd
38. Kenya New nrearyr
39. Procter and Gamble
40. Twiga construction company

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