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MARKETING MIX STRATEGIES AND THE PERFORMANCE OF TOUR FIRMS IN KENYA

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Abstract

This study's objective was to determine the effect of marketing mix strategies on the performance of tour firms in Kenya. The study was anchored on the Service Marketing Theory supported by the Marketing Mix Strategy Theory. The study adopted the positivist philosophy and descriptive research design. The study population comprised 234 tour firms operating under the Kenya Association of Tour Operators (KATO) and surveyed through a semi-structured questionnaire completed by key informants. The researcher used both descriptive statistics and inferential statistics to analyse the pertinent data. Correlation and regression analyses were conducted, and the relevant statistics used to test the hypothesis. The research findings found a positive and statistically significant influence of marketing mix strategies on organizational performance. The study makes theoretical, policy, and managerial contributions to knowledge by reinforcing the Marketing Mix Strategy Theory that contends that marketing mix strategy is an essential factor in influencing competitive advantage. Further, this study plays a significant role to policymakers as the insights learned will help them develop tourism programmes and policies that will encourage greater comparability of tour firms and knowledge sharing amongst different stakeholders to build capacity and capabilities. Managers must consider that their primary duty revolves around isolating customers' exact needs and deciding on the best marketing mix strategies to adopt to deliver products and services that satisfy both current and potential customers. This study recommends that policymakers and stakeholders operating in the tourism industry should take advantage of this research's findings and benefit from implementing the right kind of marketing mix strategies to maximize their organizational performance. The study further recommends that similar research be conducted based on other travel trade (the full range of organizations operating as intermediaries in the tourism and travel industry), such as hoteliers, travel agencies, as the unit of analysis. Such a study would increase the empirical knowledge in the subject matter while also extending the generalizability of the study findings.

Key words: *Marketing Mix Strategies, Organizational Performance, Tour Firms*

Introduction

Marketing mix strategies as a concept and its relationship with organizational performance have assumed prominence in this new millennium due to the compound, nebulous, and vibrant nature of the contemporary customers' needs (Chumaidiyah, 2014). This is not surprising bearing in mind that marketing practitioners are under increasing pressure to aid their organizations to realize organic growth with limited, top-down-driven budgets and short period horizons to yield tangible payback on their marketing campaigns (Eavani & Nazari, 2012). Changes in consumers' buying behaviours to more personalized buying habits that require relationship building have stimulated a shift in marketing tactics. There are also emerging issues such as electronic marketing and the proliferation of information technology, limiting the traditional marketing mix and, in turn, organizational performance (Dang, 2014).

Kwon (2011) viewed marketing mix strategies as a set of strategic marketing tools that include the product, price, place, and promotion that marketing experts can control to attain the set objectives. As a result, other than the practice of strategic management and strategic change, the right blend of marketing mix strategies can be an effective way of ensuring that an organization achieves its objectives of high performance, overall growth, and customer satisfaction (Eavani & Nazari, 2012). It, therefore, follows that marketing mix strategies can be defined as plans that are anchored on the 4P's or 7P's (in addition to the 4P's for services, namely; people, process management, and physical evidence) which dictate the direction of marketing effort to craft competitive advantage. Each firm endeavours to blend a composition of 4P's or 7P's that can yield the highest consumer satisfaction level and simultaneously meet its organizational goals. These activities are to be mixed or combined in the right proportion to realize the marketing goal.

The tourism industry is one of the leading global economic sectors and wealth and employment creation (WTTC, 2017). After the financial services industry, tourism is one of the rapidly-growing service sectors for many world economies (Alberti & Giusti, 2012), with over 260 million jobs, US$ 6.6 trillion in global GDP, US$ 760 billion in investments, and US$1.2 trillion in exports (Jucan & Jucan, 2013). In Kenya, tourism is the second leading contributor to the Gross Domestic Product (GDP) after agriculture, contributing about 10 percent and the largest foreign exchange (KNBS, 2019). Moreover, Kenya's tourism industry is one of the six vital sectors to drive the realization of the country's economic vision, as outlined in the Vision 2030 Strategy (KNBS, 2016). The tourism industry is, however, characterized by increasingly fierce competition and emerging new destinations. Research has revealed that the tourism market environment is highly competitive and unpredictable (Jogaratham & Law, 2006; Jurowski & Olsen, 1995; Yao-li et al., 2006). Also, there has been a significant shift in consumer behaviour since the late 1980s, driven by rising demand for new types of tourism experiences through a diversity of destinations. According to Holden (2004), the rapid proliferation of information technology in the last decade of the 20th century, which has dramatically facilitated the possibility of making hotel and airline reservations online at a place of convenience, has also had a significant effect on the performance of tourism-related firms. Different areas have also been transformed into prospective tourist destinations due to globalization trends. Subsequently, countless identical destinations cope with similar problems: ineffective market positioning, uncoordinated market presentation, a lack of destination identity, among other challenges.

Problem Statement

The increasing globalization and proliferation of information technology have yielded a significant change in all business environments in the twenty-first century. As one of the world's largest industries globally, the tourism industry is exceedingly competitive (WTTC, 2017). Amid increasing globalization activities, businesses can function and market themselves locally and internationally, with many of them opting for a competitive internationalization strategy. Furthermore, tourism has been characterized by low customer loyalty levels since consumers are in constant pursuit of new experiences. These revelations imply that businesses functioning within the industry must discover ways to stand out from rivals, market themselves as the best choice for tourists, and always share some of the features that make them superior and more competitive. Given this scenario, executing the right marketing mix strategies is vital to record excellent organizational performance in the competitive tourism environment. This paper analyses the extent to which tour firms in Kenya utilize the marketing mix strategies to enhance their performance.

Literature Review

The study was anchored on the Service Marketing Theory (Shostack, 1977) and supported by the Marketing Mix Strategy Theory (Borden, 1964; McCarthy, 1960). Services marketing is based on a thorough understanding of your customer needs and then providing services to make you more successful. Service marketers' significant challenges arise from its very nature and characteristics, such as intangibility, inseparability, heterogeneity, and perishability. For example, intangibility creates challenges in the display and communication of services. This makes service positioning more challenging than the positioning of a physical product due to the difficulties of communicating intangible benefits. Intangibility also leads to the challenge of inventorying and patenting the service (Jan, 2012). Marketing mix strategy theory proposes combining a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve their goal (Pruskus, 2015). According to Singh (2012), marketing is a complex range of marketing mix solution variables used in the company seeking to sell their goods and services. According to Henderson and Mitchell (1997), services marketing is founded on having great insights into the wants of the buyers and subsequently supplying services according to the consumer's needs to build success.

Several studies exist on the relationship between organizational performance and marketing mix strategies (MMS). But the findings on the effect of marketing mix strategies on organizational performance are mixed. A study by Kurtz and Boone (2011) conducted in the USA concluded that effective marketing mix strategies influence the level of strategies application that affects companies' performance. While on the other hand, studies by other researchers show that individual marketing mix elements have a significant effect on profitability and market share (MacMillan & Day, 1987; Tsai et al., 1991). Further, a study by Ali and Mubarak (2017), conducted in Sri Lanka on the effects of marketing mix strategies on the performance of tourist hotels concluded that the marketing mix factors such as price, product, place, people, promotion, physical evidence, and process have a significant impact on marketing performance of tourist hotels.

In addition, Ghouri, Khan, Malik, and Razzaq (2011) conducted a research in Iran on marketing practices and their effects on the firm's performance and concluded that firms that have adopted effective marketing strategies are capable of increasing their market share, competitive advantage and achieve increased sales performance. Conversely, Robinson (1990), while studying product innovation and start-up business market share performance, concluded that marketing had no significant effect on corporate venture performance. Ng' ang' a (2018) studied the influence of marketing strategies on the sales performance of multinational fast-moving consumer goods (FMCG) manufacturers in Kenya and established a significant relationship between marketing mix strategies and organizational performance. Further, Gituma (2017) studied the effects of marketing mix on sales performance in Unga Feeds Company in Kenya and concluded that marketing mix strategies positively affect sales performance.

However, the positive contribution of marketing mix strategies on organizational performance has been criticized by other scholars (Gruca, 2015; Dowling & McGee, 1994). Gruca (2015) notes that in these previous studies, their operationalization of marketing was inconsistent with the very definition of the marketing mix and prior research on the marketing strategies of mature firms. Therefore, the researcher observed that there existed a knowledge gap and the evident need to more rigorously establish the association between these two compound variables and especially in the context of service marketing and more so in tourism and contribute to the body of knowledge.

Methodology

The current study was anchored on the positivist philosophy. The researcher sought to ascertain the nature of existing affiliations that underlie the variables, test the hypotheses formulated, and deduce generalizations from the research findings. A descriptive research design was adopted for this study, with data collection mainly being executed using a survey approach. The population of the study comprised 234 tour firms (since out of the entire list of 260 KATO listed tour firms, 26 of them were unreachable and the researcher therefore, assumed that they may have closed down), both locally and foreign-registered operating under the Kenya Association of Tour Operators (KATO). Survey questionnaires were self-administered to these firms through electronic mail and drop-and-pick-up later method for collection of data. The researcher used both descriptive statistics and inferential statistics to analyse the collected data. Inferential statistics included correlation and regression analysis where the hypothesis was tested at a 95% confidence level.

The study involved the 7 Ps of marketing mix strategies variable, measured after the reduction of results into composite scores. Table 1 displays a summary of descriptive statistics results for marketing mix strategies sub-components.

Results

Table 1: Summary Descriptive Statistics for Marketing Mix Strategies

Marketing mix strategies (Composite scores)	N	Mean Score	Std. Deviation	Cv (%)
Product Strategy	121	4.23	0.91	23
Pricing Strategy	121	3.44	1.14	37
Place (distribution channels) strategy	121	3.44	1.23	36
Promotion Strategy	121	3.98	1.07	27
People Strategy	121	3.59	0.93	33
Process Management Strategy	121	3.51	0.87	33
Physical Evidence Strategy	121	3.01	0.82	35
Overall	**121**	**3.60**	**1.00**	**32**

The results in Table: 1 show that the mean score of the marketing mix strategies' sub-variables was 3.60 with a standard deviation of 1.00 and a coefficient of variation (Cv) of 32%. This means that the tour firms consider the combined marketing mix strategies with a Cv of 32% as a good contributor to organizational performance. The results also show that tour firms consider product strategy a very good contributing factor to organizational performance. While pricing, place (distribution channels), promotion, people, process management, and physical evidence are considered good contributing factors to organizational performance. The pricing strategy had the highest coefficient of variation (37%), slightly higher than the other sub-variables, but it is still a good contributor to organizational performance. The product strategy had the lowest coefficient of variation (23%) compared to other variables, meaning that it was viewed as a very good contributor factor towards organizational performance.

The research objective of the current study was to establish the relationship between marketing mix strategies and organizational performance of tour firms. The hypothesis formulated was H_1: *There is no significant relationship between marketing mix strategies and organizational performance*. This was tested through the simple linear

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regression analysis. The derived statistical results from a simple regression analysis are presented in Table 2.

Table 2: Regression Results for the Effect of Marketing Mix Strategies on Organizational Performance.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.752[a]	.565	.562	.18983	.565	154.816	1	119	.000	1.900

a. Predictors: (Constant), MMS

b. Dependent Variable: OP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.579	1	5.579	154.816	.000[b]
	Residual	4.288	119	.036		
	Total	9.867	120			

a. Dependent Variable: OP

b. Predictors: (Constant), MMS

Coefficients[a]

Model		Unstandardized Coefficients: B	Unstandardized Coefficients: Std. Error	Standardized Coefficients: Beta	t	Sig.	Collinearity Statistics: Tolerance	VIF
1	(Constant)	1.804	.187		9.652	.000		

	MMS	.573	.046	.752	12.443	.000	1.000	1.000
a. Dependent Variable: OP								

Scale; MMS=Marketing Mix Strategies, OP=Organizational Performance

The study found a strong positive relationship between marketing mix strategies and organizational performance (R= .752). The coefficient of determination (R^2 =.565) indicates that marketing mix strategies explain 56.5 % of organizational performance variation. The overall model was statistically significant (F=154.816, $p<0.05$). The t-value further manifests the significant relationship in the coefficient table (β=.573, t=12.443, $p<0.05$). This, therefore, depicts that marketing mix strategies are key in determining the performance of tour firms in Kenya. Thus the hypothesis that there is no significant relationship between marketing mix strategies and organizational performance is rejected. Therefore the Hypothesis, H1 was rejected.

Conclusions

The current study's research objective was to establish the relationship between marketing mix strategies and organizational performance of tour firms. The 7Ps of marketing mix strategies, that is, product, pricing, place (distribution channels), promotion, people, process management, and physical evidence, were considered. The study found a strong positive relationship between marketing mix strategies and organizational performance with a coefficient of determination indicating that marketing mix strategies explain 56.5% of organizational performance variation. The overall model was statistically significant, with the relationship further manifested by the significant t-value. This, therefore, depicts that marketing mix strategies are critical in determining the performance of tour firms in Kenya. Thus the hypothesis that there is no significant relationship between marketing mix strategies and organizational performance was rejected. The findings further support the marketing mix strategy theory, which argues that the marketing mix strategy is an essential factor in influencing competitive advantage. Each element of the marketing mix consisting of product, price, place, promotion, people, process management, and physical evidence have a different effect on the competitive advantage and proposes combining a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve the goals set by the company.

Implications Of The Study

The study also sheds more light on the existing and current theoretical debates on marketing mix strategies and organizational performance. The findings of the study showed that marketing mix strategies are integral elements that contribute to organizational performance. These findings reinforce the Marketing Mix Strategy Theory that contends that marketing mix strategy is critical in influencing competitive advantage. Changing market dynamics and economic cycles present significant challenges to policymakers in the tourism industry. From a geopolitical viewpoint, destination tourism can become more competitive and enhance sustainability if the tour firms package and market their wide-ranging attractions more cohesively to entice potential visitors. In such a market environment, an understanding of how to appeal to the markets necessitates a more in-depth knowledge of the link between marketing mix strategy and organizational performance. This research has shown that marketing mix strategies impact significantly on the performance of tour firms. Managers must take cognizance that their primary duty revolves around isolating customers' exact needs and deciding on the best marketing mix strategies to adopt to deliver products and services that satisfy both current and potential customers. Thus, suitable and effectively implemented marketing mix strategies are necessary to effectively guide the placement of existing resources in pursuit of desired organizational goals.

Recommendations and Suggestions For Further Studies

Running a successful business is not merely about having a high-quality product or picking a suitable market. It is also about leveraging the right kind of marketing mix strategies to reach out to the target audience and convert them into leads or customers. Traditional marketing may have changed over the past few decades. However, the fundamental features remain the same. The marketing mix strategies used in service marketing organizations heavily rely on the 7P's of marketing mix strategies: product, pricing, place (distribution channels), promotion, people, process management, and physical evidence. Thus, policymakers and stakeholders operating in the tourism industry should take advantage of this research's findings and benefit from the implementation of the right kind of marketing mix strategies to maximize their organizational performance. The study focused on tour firms only.

Further similar research in other industries should be conducted to validate the results of this study. It is suggested that similar research be conducted based on different components of the travel trade (the full range of organizations operating as intermediaries in the tourism and travel industry), such as hoteliers, travel agencies as the unit of analysis. Such a study would increase the empirical knowledge in the subject matter while also extending the generalizability of the study findings.

Another study to analyse how firms adjusted their marketing mix strategies to covid-19 would give us some insights into this uncharted territory.

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