International Journal of
Marketing Strategies
(IJMS)

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Fracier Nguru, Dr. Kepha Ombui and Dr. Mike A. Iravo

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
Vol.1, Issue 1 No.4, pp 42 - 62, 2016
www.ajpojournals.org

EFFECTS OF MARKETING STRATEGIES ON THE PERFORMANCE OF EQUITY BANK

1* Fracier Nguru
[1*]Post graduate student, Jomo Kenyatta University of Agriculture and Technology
*Corresponding Author's Email: fracier.nguru@barclayscorp.com
[2] Dr. Kepha Ombui
Lecturer, Jomo Kenyatta University of Agriculture and Technology
[3] Dr. Mike A. Iravo
Lecturer, Jomo Kenyatta University of Agriculture and Technology

Abstract

Purpose*:* The purpose of the study was to examine the effects of marketing strategies on the performance of Equity Bank.

Methodology: The study adapted a descriptive research design which was exploratory in nature to obtain qualitative information. The target population was customers of two branches of Equity Bank Westlands, Nairobi County. For the study, a questionnaire was the preferred instrument for data collection and before the study was conducted, the questionnaire was pre-tested to gauge its validity and reliability.

Results: The findings revealed that marketing strategies considered in this study namely customer relationship management, customer satisfaction, communication and customer loyalty have a positive relationship with performance. Additionally, the relationship was significant at 95% confidence since $p<0.05$ for all the four marketing strategies implying that they are important factors affecting performance of Equity bank. When the relationship between each marketing strategy and performance was considered individually, customer relationship management had a strong positive correlation with performance followed by customer satisfaction then customer loyalty. Communication had a weak but positive correlation with performance since the respondents felt that staff need to be more supportive than they are currently and open communication at the bank with customers' needs to improve although the bank has various communication channels.

Unique contribution to theory, practice and policy: The study therefore recommends that the bank should bear in mind factors related to customer relationship management and customer satisfaction in order to attract more customers and increase retention levels. Perhaps, the bank should explore market driven strategies which seeks to address customer needs and use segmentation, targeting and positioning as opposed to mass marketing.

Key words*: Marketing Strategies, Performance, Communication, Customer relationship management*

1.0INTRODUCTION

1.1 Background of the Study

The question of how foreign companies enter and adapt strategies to host country environments has been a popular area of research in international business. On the other hand there is a growing body of literature establishing that market orientation leads to better performance in organizations (Im & Workman, 2004).

Marketing may be defined as a management process which identifies, anticipates and satisfies customer requirement profitably (Nwankwo, 2003). This definition implies that marketing is both a concept and a series of techniques. The concept places the customer in the forefront of corporate thinking while the techniques permit the concept to be successfully, economically and profitably implemented. The study adopts the definition of Nwankwo (2003) that sees marketing as placing the customer at the forefront of corporate thinking in that the main focus of the organization is on how best to attract customers to purchase their goods and services and at the same time satisfying existing ones making them remain loyal.

To get a set of organizational goals and objectives, companies conceptualize, design, and implement various strategies (Akinyele, 2010). These strategies play an important role to maximize performance outcomes (Ul Hassan, Sharif & Mukhtar, 2013).These strategies can be corporate, business, or functional. Marketing strategies constitute one of the functional strategies amenable to application by contemporary companies in order to enhance performance (Akinyele, 2010).

Nowadays, marketing play a vital role in banking industry. The banking sector is an integral part of the economy. A weak banking sector not only jeopardizes the long-term sustainability of an economy, it can also be a trigger for a financial crisis which can lead to economic crises. Majority of the banking institutions are now putting emphasis on marketing to make customer aware about the services and benefits offered by them. There has been observed a tendency of opening one window for Islamic banking in already running conventional banks in order to meet the requirements of the consumers and to retain the customers (Bhatt & Gor, 2012). Marketing strategies must be analyzed and tackled carefully for any growing industry in order to get sustainable development. Marketing strategy is one of the most important issues that must be examined carefully in order to improve performance and ensure sustainable growth of banks as competition in the banking industry intensifies.

Certainly, marketing strategies can play a crucial role in performance of organizations especially banking performance. Akinyele (2010) reported that strategic marketing affected on Nigerian Oil and Gas Industry. Omotayo (2009) conducted a research to study effect of marketing strategies on export performance in Nigerian export companies. Result showed that marketing strategies such as firms' product adaptation, promotion adaptation and the firm marketing position affect the firm's export performance. Bhatt and Gor (2012) contend that marketing services are not only for the survival but also needed for improving the efficiency of banking services and building a loyal customer base.

1.2 Statement of the Problem

The banking industry has been faced with stiff competition of late and many local banks have been forced to wind up. The main reasons being failure to embrace effective marketing strategies that could have enabled it operate optimally in the volatile banking sector. For years, defined business has proved to be a hindrance to the growth and development of the

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
Vol.1, Issue 1 No.4, pp 42 - 62, 2016
www.ajpojournals.org

banking industry. In essence, competition has effortlessly brought down several economies to their knees. For many businesses, marketing strategies has been the way to approach the volatile banking business. While to some, customer satisfaction, a sound customer relationship and effective communication has been their main marketing strategic tool. Leadership in contemporary organizations has been left to ponder for what they should do in order to be at a competitive edge and be a benchmark to other banks in the banking industry. For other banks, diversification has been the way to approach the volatile banking business but legislation on banking business has often negatively affected venturing into other business other than the banking business.

It should be clearly noted that "introduction of Automatic Teller Machines (ATMs) and new back office processing technologies dramatically decreased the costs associated with handling and processing individual transactions. With economies in Africa liberating, the banking industry has concurrently improved. Governments have licensed many privately owned banks and many barriers have been lifted and regulations improved. The banks are incorporating micro-finance as a strategy to engage the huge numbers of Africans, majority who fall under the dollar bracket (Kimeu, 2008)".

1.3 Objectives of the Study

i. To determine the effect of customer satisfaction on the performance of Equity Bank
ii. To establish the effect of customer relationship management on the performance of Equity Bank
iii. To examine the effect of communication on the performance of Equity Bank
iv. To determine the effect of customer loyalty on the performance of Equity Bank

2.0LITERATURE REVIEW

2.1 Theoretical Framework

2.2.1 The Contingency Theory

The essence of contingency theory is that best practices depend on the contingencies of the situation. Contingency theory is often called the "it all depends" theory, because when you ask a contingency theorist for an answer, the typical response is that it all depends. While this may sound simplistic, assessing the contingencies on which decisions depend can be very complex. Contingency theorists try to identify and measure the conditions under which things will likely occur. A contingency is a relationship between two phenomena. If one phenomenon exists, then a conclusion can be drawn about another phenomenon.

The universal applicability of the concept of organization is a tempting and recurring theme in social sciences Clegg (2002), a sociologist and organizational theorist, contends: "Today, no one can pretend to understand the human condition that does not understand the organizations in which it is constituted, constrained, and transformed. Organization studies should be at the core of the study of the human condition, because without such subject matter we would have nothing of any consequence to discuss". Contingency theory is based on the idea that a fit between certain components of a managerial organization and certain contingencies will improve that organization's performance. Among these, the structure of the organization is perhaps most frequently related to contingencies. For this reason, the term "contingency theory" usually refers to "structural contingency theory." The contingencies usually related to the structure of the organization are environment, organizational size, strategy, and technology. Contingency theory assumes that each of these contingencies necessitates the existence of certain characteristics in the structure. When the structure of an organization bears those characteristics for the contingency in question, this means that there is a fit. This fit is supposed to increase the performance of the organization.

2.2.2 Resource Dependence Theory

Resource dependence theory is based on the principle that no organization is self-sufficient and that it obtains resources through exchanges with the environment (Barringer & Harrison, 2010). It focuses on the control factor over those resources, suggesting that the more power and control an organization has over the resources it requires, the less vulnerable it becomes. In addition, such power/control might make the organization more competitive *vis à vis* others in the same environment.

The competitive advantage can only be sustained provided the resources acquired "are rare, valuable in the market, imperfectly imitable, and no substitutable" (Barringer & Harrison, 2010). Their main critique of the resource dependence paradigm is that it focuses on the needs for resources and exchanges rather than the processes of how these take place. Their point is relevant when posited within a management discussion and is, therefore, a good example of the link between motivational paradigms and the alliance management process. The theory of resource dependency theory is used to establish the effects strategic alliance on expansion of commercial banks

2.2Empirical Review

Customer satisfaction is a state of mind that a customer has about a company when their expectations have been met or exceeded over the lifetime of the product or service. The achievement of customer satisfaction leads to company loyalty and product repurchase. However, customers who are merely satisfied are only at the first stage and they can easily switch to other companies. At Most Customers range from being moderately satisfied to moderately dissatisfied, which means that most customer are essentially ambivalent in their loyalty to a particular business. These customers would likely defect in the presence of even a modest motivator; such as getting a better price or finding a more convenient store location (Masrujeh 2009).

The globally competitive market place provides today's customers with choices never before imaginable by previous generations (Hoots, 2005). Moreover, the customers in the new marketing approach moved toward the top of the pyramid with new terminologies like "customer is the king" and "customer always right" are intensively used by managers in today's business environment. Hence, the goal of every enterprise, once it strips away all the activities that keep everybody busy every day, is simply to get, keep and grow customers. Whether a business focuses its efforts on product innovation, operational efficiency and low price or customer's intimacy, that firm must have customers or the enterprise isn't a business (Peppers & Roggers, 2004).

CRM defines customer relationship as the intangible connections between a customer and the company and constructs customer relationship from customers' basic needs. In CRM practice and needs construct value and value determine customer relationship. This intangible customer relationship is the fundamental force behind a customer's "loyalty" behaviors and the ultimate factor that provides a company with sustainable competitive advantages. To win a customer in his lifetime, it is far from enough to just keep this customer's account active in a company's database or to keep this customer buying from the company. A company has to win this customer's relationship from his/her heart by providing him the best value among the competitors (ICRM, 2002).

Today, due to the rapid growth of product and competitive market, demand for products and services often has a significant growth. Due to rapid changes in the status of the competitors, technology and the desires of customers, companies cannot always rely on their existing products. Customers looking for new and more advanced products and companies forced to produce and supply new products that meet the needs, tastes and expectations of customers. For this reason, each company needs to develop new product. The concept of relationship marketing at first time officially used by Berry In the field of services and it called as a strategy to attract, maintain and improve relationships with customers. The concept of relationship marketing is to build and maintain strong relations with customers and stakeholders. Relationship marketing is the process of identifying, creating, and maintaining, virtue, and if necessary terminate relationships with customers and other stakeholders in a mutual interest, so supply the objectives of all parties. Adamson and others have found in their study that, successful bank in compared with unsuccessful banks have more effort to apply relationship marketing strategy and create long-term relationships with customers (Barari & Ranjbarian, 2009).

Nwankwo (2003) sees marketing as placing the customer at the forefront of corporate thinking in that the main focus of the organization is on how best to attract customers to purchase their goods and services and at the same time satisfying existing ones making them remain loyal. One of the most important parts of effective marketing is communicating information about the product to potential customers. An array of communication methods can be used to pass on information about the product that is being sold

Ghauri *et al*. (2010) reveals that proper marketing communication methods like advertisement and promotion add excellence in business activities and strengthen the competitiveness and market share. Personal selling can be described as an interpersonal influence process involving an agribusiness' promotional presentation conducted on a person-to-person basis with the prospective buyer. It is used in both consumer and industrial marketing and is the dominant form of marketing communication in the case of the latter. Marketing communication methods goes a long way to contributing in the growth of business in many aspects if practiced efficiently like increase in volume of sales, mount in return on investment and maintain goodwill.

3.0 Research Methodology

The study adapted a descriptive research design which was exploratory in nature to obtain qualitative information. The target population was customers of two branches of Equity Bank Westlands, Nairobi County. Out of the 80 possible respondents, 62 responded translating to 77.5% response rate which was considered adequate. For the study, a questionnaire was the preferred instrument for data collection and before the study was conducted, the questionnaire was pre-tested to gauge its validity and reliability. In addition, the data analysis with the help of SPSS illustrated the relationship between market strategies and performance of Equity bank.

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
Vol.1, Issue 1 No.4, pp 42 - 62, 2016
www.ajpojournals.org

4.0RESEARCH FINDINGS AND DISCUSSION

4.1 Demographics

The respondents were asked to indicate their demographics from the choices given and the results for age, gender, department attached to, years of experience in the industry and years of service at the banks are shown below.

4.1.1 Gender of the respondents

The researcher had wanted to establish the gender of the participants. The results are shown in table 4.1;

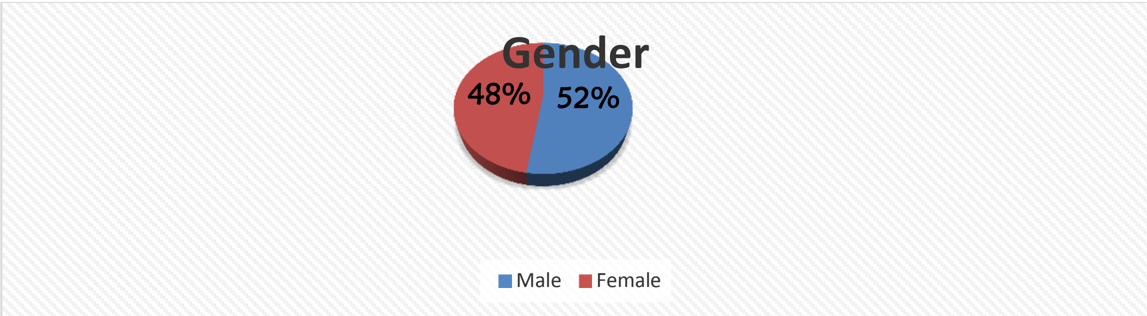

Figure 4.1 Gender of the respondents

Both male and female were targeted and results in figure 4.1 revealed that majority of the respondents' were male at 52% and female were 48%. This could imply that there are more male employees at Equity bank than female although it may be attributed to selection bias.

4.1.2 Age of the respondents

The researcher believed that age and experience in the company and industry go hand in hand. Experience comes with age and better understanding of the marketing strategy affecting performance. Results are shown in figure 4.2

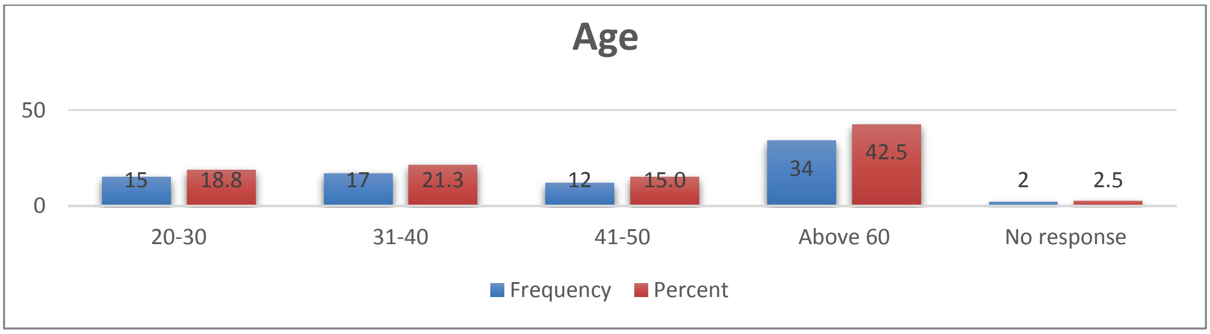

Figure 4.2 Age of respondents

As shown in figure 4.2, most of the respondents with a percent of 42.5% were aged above 60 Years, followed by 21.3% aged 31-40 years then 18.8% aged 20-30 years and finally respondents aged 4-50 years at 15%. The results show that only 2.5% of the respondents did not response on the question related to age during the study.

4.1.3 Experience with the bank

The researcher believed that experience in the industry measured in terms of years worked can be equated to better understanding of the marketing strategy affecting performance. Results are shown in figure 4.3

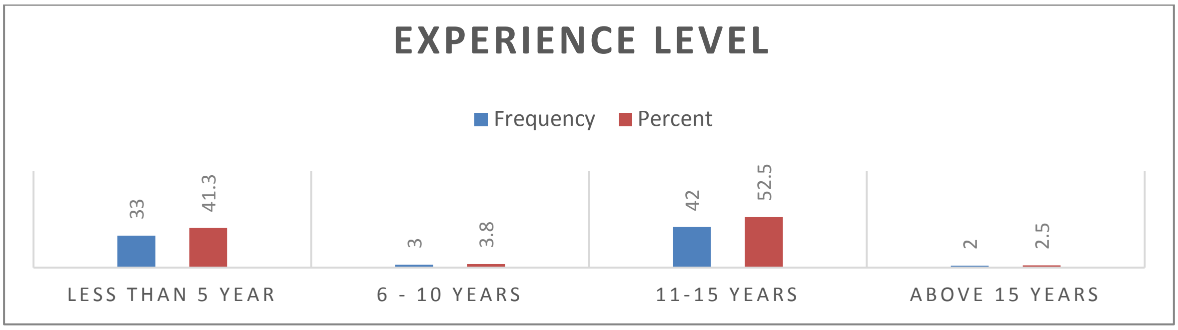

Figure 4.3 Experience Level

As shown in figure 4.3, most of the respondents in the study have worked between 11-15 years with only 3.8% having worked between 6-10 years. This shows that the respondents were experienced enough to answer to questions related to marketing strategies and performance.

4.2 Descriptive Statistics

Descriptive data is used to give a general overview of the data. The respondents were asked to rate, on a five-point scale, the extent to which they agreed with statements related to the relationship between marketing strategies (customer satisfaction, customer relationship management, communication and customer loyalty) and performance. The ratings ranged from 1 (strongly disagree) to 5 (strongly agree). Responses to various statements under each marketing strategy factor were aggregated and a composite index (mean score) computed for each variable. The results are presented in table 4.1 along with standard deviations.

Table 4.1: Descriptive statistics for main variables

Main Variables	Minimum	Maximum	Mean	S.Dev
Customer Satisfaction	2	5	4.21	.476
Customer Relationship Management	3	5	4.47	.447
Communication	2	4	2.85	.294
Customer Loyalty	1	4	3.52	.347

Table 4.1 shows that customer relationship management was rated highest on average with a mean of 4.47 with responses deviating from this mean by a standard margin of 0.447. This was followed closely by customer satisfaction with the mean of 4.21, with standard deviation of 0.476, followed by customer loyalty with a mean of 3.52 and a standard deviation of 0.347 and finally communication with a mean of 2.85 and a standard deviation of .294 in that order. This ordering could be interpreted to mean that customer relationship management constituted the most significant marketing strategy factor that affects performance of Equity

bank. Conversely, communication was the lowest marketing strategy factor affecting performance. The results also show that the bank should improve its communication with customers in order to enhance performance.

4.3 Marketing Strategies and Performance

4.3.1 Effect of Customer Satisfaction on Performance of Equity Bank

The study sought to establish the level of customer satisfaction of the bank's customers and its effect on performance. The respondents were asked to indicate their level of acceptance with the following statements measured on a scale of 1-5 where 1= Strongly disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly agree. Results are shown in table 4.3

Table 4.2: Consumer Satisfaction

Statement	1	2	3	4	5	Mean
Customer satisfaction is affected by customer perception of the banking services	0	3(6%)	6 (9%)	53(85%)	0	4.57
The reliability of employees in the banking sector determines customer satisfaction	0	0	50(81%)	9(15%)	3(4%)	3.58
The reputation of the bank affects customer satisfaction	0	0	48(77%)	8 (13%)	6 (10%)	3.77
Customer service is a real determinant of customer satisfaction	0	0	11(18%)	49(79%)	2 (3%)	4.67
Customers value how they are treated and perceived	0	0	0	49(79%)	13(21%)	4.66
Customers usually have long terms in mind when they make are satisfied with service provided	0	0	51(82%)	11(18%)	0	3.56
Customers are usually more determined to deposit their money when they are satisfied with the services they receive	0	0	17(27%)	32(52%)	13(21%)	4.13
Overall mean						**4.21**

Table 4.3 shows the results for customer satisfaction at the bank and its influence on performance. The results show that majority of the respondents 85% agree that customer satisfaction is affected by customer perception of the banking services followed by customer service is a real determinant of customer satisfaction and customers value how they are treated and perceived at 79% agree responses. On the contrary, majority of the respondents 82% were not sure if customers usually have long terms in mind when they make are satisfied with service provided followed by 81% who were not sure if the reliability of employees in

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
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the banking sector determines customer satisfaction then 77% who were also not sure if the reputation of the bank affects customer satisfaction.

Overall, the results indicate a mean overall member satisfaction of 4.21 indicating that most respondents agree that customer satisfaction affect performance of the bank.

4.3.2Effect of Customer Relationship Management on Performance of Equity Bank

In relation to customer relationship management, the respondents were asked to indicate their level of acceptance with the statements on a scale of 1-5 where 1= Strongly disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly agree. Results are shown in table 4.3.

Table 4.3: Customer Relationship Management

Statement	1	2	3	4	5	Mean
Customers value how the bank deals with conflict management	0	3(6%)	6 (9%)	53(85%)	0	4.83
Customers value how the bank deals with defaulters	0	0	0	56(90%)	6 (10%)	4.79
The bank ensures that the customers receive vital information concerning the banks financial status and performance at all times	0	6 (10%)	48(77%)	8 (13%)	0	3.51
The banks public relations and customer care personnel are willing and ready to offer their services without bias	0	13(21%)	0	49(79%)	0	4.55
Employees interpersonal skills determine the customer relationship management	0	0	0	51(82%)	11(18%)	4.87
The bank is always committed to its customer relationship	0	13(21%)	17(27%)	32(52%)	0	4.13
Customers are aware of importance of their relationship with the bank	0	5(8%)	13(21%)	39(63%)	5(8%)	4.56
Overall Mean						**4.47**

Table 4.3 shows the results for effects of customer relationship management on performance. Most of the respondents 90% agreed that customers value how the bank deals with defaulters with 10% strongly agreeing. This was followed by 85% who agree that customer's value how the bank deals with conflict management then 82% who agree that employees interpersonal skills determine the customer relationship management. On the contrary, majority of the respondents 77% were not sure if the bank ensures that the customers receive vital information concerning the banks financial status and performance at all times.

International Journal of Marketing Strategies
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www.ajpojournals.org

Results indicate a mean overall customer relationship management of 4.47. This result implies that the respondents agree that customer relationship management is one of the most important marketing strategies affecting performance. When individual factors under customer relationship management are taken into account, employees interpersonal skills determine the customer relationship management ranks high with a mean of 4.87 followed by customers value how the bank deals with conflict management at 4.83 then customers value how the bank deals with defaulters with a mean of 4.79.

Overall according to the respondents from the survey, customer value how the bank deals with conflict management and values how the bank deals with defaulters and it ensures that customers receive vital information concerning the banks, giving excellent repayment rates by offering quality services to its members thus fulfilling the main objective of the survey we carried out of commitment and trust.

4.3.3Effect of Communication on Performance of Equity Bank

In relation to customer relationship management, the respondents were asked to indicate their level of acceptance with the statements on a scale of 1-5 where 1= Strongly disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly agree . Results are shown in table 4.5.

Table 4.4: Communication

Statement	1	2	3	4	5	Mean
There is a sound communication system that the bank uses when communicating to the customers	0	40(65%)	12 (19%)	8 (13%)	2 (3%)	2.57
There is varied competition among banks in ensuring they attract customers and retain them	3 (5%)	3(5%)	39 (63%)	14 (23%)	3 (4%)	3.24
The bank seems to be aware of the risks of not being effective and efficient in its communication with the customers	0	35 (56%)	17 (27%)	10 (17%)	0	2.17
There are varied communication channels that the bank uses to get to the customers	0	6 (10%)	5 (8%)	43 (69%)	8 (13%)	4.13
Most of the customers trust MFI's than the bank	0	6 (10%)	53(85%)	3 (5%)	0	3.13
There is open communication between the bank and the	7(11%)	43(69%)	5 (9%)	7(11%)	0	1.87

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customers

Overall mean **2.85**

Table 4.4 reveals that majority of the respondents 69% agree that the bank has varied communication channels that the bank uses to get to the customers which improves performance. On the contrary, most respondents 69% disagreed that there is open communication between the bank and the customers followed by 65% who disagreed that there is a sound communication system that the bank uses when communicating to the customers then 56% who disagreed that the bank seems to be aware of the risks of not being effective and efficient in its communication with the customers. Most respondents 85% were not sure if most of the customers trust MFI's than the bank followed by 63% who were also not sure if there is varied competition among banks in ensuring they attract customers and retain them.

Results indicate a mean overall member satisfaction of 2.850 which implies that the respondents disagree that communication affects the bank's performance. In addition, the result also indicates that Equity bank's customers disagree that communication with customers is highly regarded at the bank which requires a huge improvement. But as the individual factors under communication reveal, the respondents agreed that there are varied communication channels that the bank uses to get to the customers at a mean of 4.13.

4.3.4Effect of Customer Loyalty on Performance of Equity Bank

In relation to customer loyalty and performance, the respondents were asked to indicate their level of acceptance with the statements on a scale of 1-5 where 1= Strongly disagree, 2=Disagree, 3=Not sure, 4=Agree and 5=Strongly agree . Results are shown in table 4.5.

Table 4.5: Customer loyalty

Statement	1	2	3	4	5	Mean
The bank has identified a way of ensuring they retain their customers	0	12(19%)	40(65%)	8 (13%)	2(3%)	3.67
The banks employees attitudes is satisfactory	3 (5%)	39(63%)	3(5%)	14(23%)	3(4%)	2.55
There is full customer satisfaction within the services offered	0	17(27%)	35(56%)	10(17%)	0	3.67
Customer expectations are fully met by the bank	0	6 (10%)	5 (8%)	43(69%)	8(13%)	4.23
The customers are fully motivated by the banks services that they influence	0	6 (10%)	53(85%)	3 (5%)	0	3.87

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other customers						
Customer loyalty has been taken to be of utmost importance and the bank has strategies in place to ensure this loyalty is kept	7(11%)	43(69%)	5 (9%)	7(11%)	0	2.77
Customers feel valued hence are loyal	0	35(56%)	17(27%)	10(17%)	0	3.13
Loyal customers are recognized	0	6 (10%)	5 (8%)	43(69%)	8(13%)	4.23
Overall mean						**3.52**

As shown in table 4.6, most respondents 69% agree that customer expectations are fully met by the bank and loyal customers are recognized at the bank. This could imply that the bank understands the need for customer loyalty leading to their recognition and meeting their needs fully. On the contrary, most respondents 69% disagree that customer loyalty has been taken to be of utmost importance and the bank has strategies in place to ensure this loyalty is kept followed by 63% who also disagree that the banks employees attitudes is satisfactory. Additionally, majority of the respondents 56% disagree that customers feel valued hence are loyal. From the results, 85% of the responses were not sure if the customers are fully motivated by the banks services that they influence other customers followed by 65% who were also not sure if the bank has identified a way of ensuring they retain their customers.

Results indicate a mean overall member loyalty of 3.515 implying that most respondents were not sure whether they are loyal to the bank or not. Additionally, the results indicate that the respondents were not sure if customer loyalty affects performance. Overall, the survey indicates that the banks has made itself known to its customers, communicate its intentions to its customers and their service delivery which they offer to members are satisfied. The respondents indicated that banks have improved their services, the level of internal and external communication affect performance and many customers agree that they get feedback promptly from the webpage. Loyalty programs lead to satisfaction of customers which is much commendable that many customers are willing to recommend others to visit the bank.

4.3.5Performance

Table 4.6: Marketing Strategy and Performance

Statement	1	2	3	4	5	Mean
Marketing places the banking institutions at a good performance index	0	0	6 (9%)	53(85%)	3(6%)	4.67
Marketing strategy is one of the most important issues that must be examined carefully in order to improve performance	0	0	0	50(81%)	12(19%)	4.58

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A strategy must meet the needs of customers for performance to be realized	0	0	0	40(65%)	22(35%)	4.47
Banking should bring out the areas requiring improvement	0	0	11(18%)	49(79%)	2 (3%)	4.67
Bank management has ensured that they put in place measures to heighten their performance	0	0	59(95%)	3(5%)	0	2.66
Embrace of the marketing mix places banks at a competitive edge	0	0	51(82%)	11(18%)	0	3.56
Competition is healthy to banks performances	0	0	17(27%)	32(52%)	13(21%)	4.13

As shown in table 4.6, most of the respondents 85% agree that marketing places the banking institutions at a good performance index with 6% strongly agreeing and 9% not sure. This shows that indeed marketing strategies affects performance. In addition, most respondents 81% agreed that marketing strategy is one of the most important issues that must be examined carefully in order to improve performance followed by 79% who agreed that banking should bring out the areas requiring improvement. On the contrary, majority of the respondents 95% were not sure if the bank management has ensured that they put in place measures to heighten their performance with 82% who were also not sure if embracing of the marketing mix places banks at a competitive edge. Overall when means are considered, marketing places the banking institutions at a good performance index and banking should bring out the areas requiring improvement ranked high with a mean score of 4.67 on a scale of 1-5 implying agreement to the statements. Bank management has ensured that they put in place measures to heighten their performance received the lowest mean of 2.66 followed by embrace of the marketing mix places banks at a competitive edge with a mean of 3.56.

4.4 Pearson's Correlation

This study was interested in establishing if there is a relationship between marketing strategies and performance i.e. to see if they are correlated. Pearson's correlation was therefore used to categorise the type of correlation (positive or negative) by considering the independent variables (marketing strategies) that were strongly related with the dependent variable (performance). To develop the Pearson's correlation matrix, the standard deviation and means of the variables were calculated and grouped into four dimensions; customer satisfaction, customer relationship management, communication and customer loyalty. The Pearson's correlation coefficient is denoted by r and is by design constrained as follows: $-1 \leq r \leq 1$. The decision rule is such that if $p \leq 0.5$, the test is significant and if $p \geq 0.5$, the test is not significant. Furthermore, positive values denote positive linear correlation; negative values denote negative linear correlation; and a value of 0 denotes no linear correlation. The closer the value is to 1 or –1, the stronger the linear correlation.

Table 4.7: Pearson's Correlation Coefficient Matrix

		Performance	CS	CRM	COM	CL
Performance	Pearson Correlation	1				
	Significance					
CS	Pearson Correlation	.634	1			
	Significance	.003				
CRM	Pearson Correlation	.796	.734	1		
	Significance	.026	.003			
COM	Pearson Correlation	.461	.596	.120	1	
	Significance	.046	.026	.379		
CL	Pearson Correlation	.596	.361	.390	.025	1
	Significance	.016	.026	.003	.853	

Table 4.7 shows the Pearson's correlation coefficient matrix. Firstly, the matrix shows that there exists a positive correlation between the four marketing strategies (customer satisfaction, customer relationship management, communication and customer loyalty) and performance. This positive correlation implies that when customer satisfaction, customer relationship management, communication and customer loyalty is enhanced, performance has a tendency to also increase. However, for each marketing strategy, the difference lies in the strength of the correlation. Firstly, there exist a strong and significant positive relationship between performance and customer relationship management at 0.796, p=0.046, p<0.05. Secondly, the matrix shows that there exists a strong positive and significant correlation between performance and customer loyalty at r= 0.596, p=0.016, p<0.05. Moreover, there exists a moderate but significant correlation between customer satisfaction and performance at r=.634, p=0.003, p<0.05. Lastly, the matrix shows that there exists a weak positive correlation between communiucation and performance at r=.461, p=.0.046, p<0.05.

On the overall, the relationship between the four marketing strategies and performance (profits and revenues) is significant p<0.05 although communication has a weak correlation

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
Vol.1, Issue 1 No.4, pp 42 - 62, 2016
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while customer relationship management and customer loyalty have a strong correlation with performance.

4.5 Model Fit

Table 4.8 Model Fit

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.718(a)	.559	.545	.51273

a. Predictors: (Constant), Customer Satisfaction, Customer Relationship Management, Communication, Customer Loyalty

b. Dependent Variable: Performance

Table 4.8 shows the results for variations between the dependent and independent variables. R^2 is the coefficient of determination and shows how performance is influenced by the marketing strategies. With R^2 .559 for the model, this means that the independent variables in the model i.e. Customer Satisfaction, Customer Relationship Management, Communication, Customer Loyalty could offer about 55.9% explanation of the variance in the dependent variable performance. This implies that variations in independent variables causes 55.9% change in dependent variable performance. But, the conservative explanation offered by adjusted R square was 54.5%.This is a strong relationship such that the predictors identified in this study are great influencers of performance. The 44.1% remaining implies that there are other factors that affect performance other than the four marketing strategies identified in the study. Hence, this implies that the selected marketing strategies (customer satisfaction, customer relationship management, communication, customer loyalty) contribute to performance of Equity bank.

4.6 Distribution of Coefficients

Table 4.9: Distribution of Coefficients

b. **Predictors: (Constant), Customer Satisfaction, Customer Relationship Management, Communication, Customer Loyalty**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.923	.072		1.601	.001
Customer Satisfaction	.768	.183	.276	2.411	.015
Customer Relationship Management	.879	.234	.084	2.092	.002
Communication	.478	.541	.051	1.882	0.13

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
Vol.1, Issue 1 No.4, pp 42 - 62, 2016
www.ajpojournals.org

Customer Loyalty	.632	.084	-.042	2.782	0.13

a. Dependent Variable: Performance

The model shows a statistically significant positive relationship between customer relationship management (β = .879, t= 2.092, p<0.05) and performance. There is also a statistically significant positive relationship between customer loyalty (β = .632, t= 2.782, p<0.05), customer satisfaction (β = .768, t= 2.411, p<0.05) and performance. Lastly, the relationship between communication and performance is weak and statistically insignificant at P>0.05. The consistency of regression coefficients on the marketing strategies suggests that these variables are important factors influencing performance. Moreover, the un-standardized value of the mentioned table illustrates obviously that independent variables have a positive impact on performance this study although communication has a weak and insignificant impact on performance. On the overall, this study suggests that on average, there was positive performance of the independent variables against dependent variable for all the cases under study. All the independent variables were significant predictors of performance since their significant value was less than (p<0.05) except communication.

From the regression model the following regression equation was derived:

$Y = 1.823+0.768\ CS_1+0.879\ CRM_2\ +0.478\ COM_3+0.632CL_4+e$

Where,

Y	-	Performance of Equity
β_0	-	Constant
β	-	Coefficients to be estimated
CS_1	-	Customer Satisfaction
CRM_2	-	Customer Relationship Management
COM_3	-	Communication
CL_4	-	Customer Loyalty
e	-	Error term

Constant = 1.923, shows that if customer satisfaction, customer relationship management, communication and customer loyalty are all rated as zero or held constant; performance would be a factor of 1.923.

C_1 = .768, shows that one unit increase in customer satisfaction results in an increase in performance by a factor of 0.768 and vice versa

C_2 = .879, shows that one unit increase in customer relationship management results in an increase in performance by a factor of 0.879 and vice versa

C_3 = .478, shows that one unit increase in communication results in an increase in performance by a factor of 0.478

C_4 = .632, shows that one unit increase in customer loyalty results in an increase in performance by a factor of 0.632

International Journal of Marketing Strategies
ISSN xxxx-xxxx (Paper) ISSN XXXX-XXX(Online)
Vol.1, Issue 1 No.4, pp 42 - 62, 2016 www.ajpojournals.org

From the above regression model, holding customer satisfaction, customer relationship management, communication and customer loyalty constant, performance in Equity bank would be a factor of 1.923. Thus, it can be seen that all the independent variables have a positive influence on the dependent variable (performance) although communication has an insignificant relationship with performance. This study had not intended to establish a causal relationship between the marketing strategies and performance but to show the strength of relationships.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

On the overall, the relationship between the four marketing strategies and performance (profits and revenues) is significant $p<0.05$ although communication has a weak correlation while customer relationship management and customer loyalty have a strong correlation with performance. None of the independent variables exhibited high levels of multicollinearity which showed that they were not related and did not measure the same thing.

This study successfully identified the marketing strategies that affect the performance of Equity bank. The findings of this study revealed that customer satisfaction, customer relationship management, communication and customer loyalty are the marketing strategies affecting the performance. The study findings further showed that the dependent variable (performance) is influenced by the independent variables to a large extent although communication has a weak positive relationship with the dependent variable. In addition, all the independent variables were significantly correlated with performance at $p<0.05$ showing that they are important marketing strategies affecting performance of Equity bank.

In addition, from the analysis of the data obtained it can be concluded that: there is a significance positive relationship between the financial marketing services and profitability of Equity bank of Kenya. There is also agreement among Kenyan banks on the ranking of factors that shape their marketing strategies. This is not unexpected given the background that the banks operate under the same regulatory environment, more or less the same products, the same market conditions and high labor turnover within the industry with top managers carrying ideas from one bank to another. Also from the facts available, Kenyan Banks appreciate the role of marketing in the achievement of the overall objective of the banks. However, practice on the marketing concept in the banks required towards customer's satisfaction which will in turn lead to increased profitability. Satisfying the customer is yet to be seen in some of the banks as the essence of marketing efforts. It was also noted that many of the country have a positive attitude towards embracing modern information technology in their operations and marketing activities. Mastering and efficient deployment of information technology will be one of the critical success factors in banks in the next few years. With increasing competition and higher customer expectation success in banking industry will be distinguished by the accuracy of information transfer and the way it accelerates customer's business transactions. The level of technical knowledge of the products offered by the bank was also found to be on the average among the customers and even the marketing officers. This is capable of impacting positively on the consumers in making his choice of products. Adequate training of marketing officers and enlightenment of customers will go a long way in solving this problem.

5.2 Recommendations

Banks should adapt STP (Segmentation, Targeting and Positioning) and differentiation strategies as a way of enhancing profits. STP strategy avoids mass marketing and targets specific market segments with specific products including promotional messages. This also means providing customers with a variety of products and services that differentiates its from other competitors.

The bank should understand that marketing is everything you do on a daily basis to sell a product or provide a service to a customer. Hence, since marketing encompasses every way in which a customer perceives a business and everything that generates enough interest from a customer and encourages customers to actually pay for the product or service, the bank should integrate customer relationship management in overall business strategy.

The marketing department should be strengthened and equipped with adequate human and material resources. Most customers are not aware of the services rendered by their bank. The market is growing at very fast pace for the last decade. In the highly price sensitive market, reduction of prices because of lower duties and taxes and progressive indigenization and rising middle class, incomes are likely to further increase industry growth rate. Greater emphasis should be placed on efficient services delivery. Some of their procedures and processes will need to be restructured. Turnaround time for processing needs to improve. Kenyan banks should encourage the use of consultancy firms in carrying out market research before new products are introduced. These firms have adequate man power and database which can be utilized, in erecting market research at a reduced cost. Advancement in information technology, its popularity, and general acceptance have made it imperative for any bank that wants to be relevant in the industry in the next few years to be fully computerized. Some Kenyan banks with adequate resources should not hesitate to embrace the opportunity offered by the federal government's pronouncement on provision of a level playing field for both commercial banks

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