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Market Penetration Strategies and Market Performance of Small and Medium-Tiered Deposit-Taking Saccos in Kenya

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Abstract

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Purpose: To explore the effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya

Methodology: This proposed study utilized the positivist research philosophy and adopted a descriptive research design. A census of all 141 small and medium deposit-taking-SACCOS was conducted. Data was collected using questionnaires which were physically or electronically administered to the CEOs or their assistants who were the respondents in this study. Data analysis utilized descriptive and inferential statistics which were used to deduce the nature and strength of the relationship between variables. The inferential analysis yielded correlation and regression outputs which are best for determining relationships and prediction among variables. Key correlation and regression analysis techniques such as the coefficient of determination (r^2) were utilized. The analysed data was presented using tables, charts and graphs.

Findings: The findings confirmed that market penetration strategies have a positive and significant effect on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya (β=0.490, p=0.000). This implies that changes in 1 unit of the aspects related to market penetration strategies lead to a change in the market performance of small and medium-tiered deposit-taking SACCOs in Kenya by 0.490 units. Hence the rejection of the null hypothesis that market penetration strategies are not statistically significant to the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

Unique contribution to theory, policy and practice: From study results when market penetration strategies such as service, brand, pricing and promotion differentiation are effectively induced by small and medium-tiered DT-SACCOs, the resultant effect is growth in sales revenue and market share, an increase in the number of new customers growth, service delivery excellence as well as growth in the number of innovations. Furthermore, small and medium DT-SACCOs are better engrained in the market, making them suitable to serve customers' needs and attain a better position in the market when compared to other competitors. The study thus concluded that relationship between market penetration strategies and market performance is statistically significant, however in spite of the effect being statistically significant, study also found out that given a mean score of 3.59 and 3.62 respectively, brand differentiation and service differentiation strategies did not effectively boost market performance. The study thus recommends that small and medium Deposit taking SACCOs should invest in high yielding market penetration strategies such as price differentiation and increased advertising in order to boost market performance.

Keywords:

Service Differentiation
Brand Differentiation.
Improved advertising
Price Differentiation
Market Performance

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1.0 INTRODUCTION

1.1 Background of the study

Global competition and increasing demand from stakeholders for better performance have mounted pressure on businesses to review their growth strategies for improved market performance (Mbugua, 2020). The African continent has experienced far-reaching financial reforms which have been characterized by trade liberalization, removal of trade barriers, growth of internet and communication technology as well as privatization of hitherto public institutions which have created opportunities for business development and growth in countries' economies (Abofaied, 2017). This has necessitated the need for growth strategies.

Growth strategies are means by which organizations plan to achieve their objectives which could be to increase in size, volume and turnover (Mwania, 2017). This definition agrees with Thomsons & Strickland (2013) who looked at growth strategies as an enabler of a firm to achieve a profitable and sustainable position in the market of operations by; attracting and pleasing customers, competing successfully with other players in the industry, conducting operations and improving companies financial and market performance.

Marketing performance is the effectiveness and efficiency of a firm's marketing undertakings suitable for the achievement of market-related goals and objectives such as return on investment, sales, cash flow and market share (Poi & Okwandu, 2021). Numerous theories have been offered for promoting market performance, however, due to the uniqueness of organizations and the situation, background or environment-dependent nature of their operations, it has become difficult to find the most suitable growth strategy that a firm can use to get there (Nguyen et al., 2022). Nevertheless, a study of some of the fast-growing firms revealed that such firms are quick in adopting management strategies that are relevant to the environment in which they are used to (Kigwe, 2018). Furthermore, even in an uncertain and complex environment, some firms seem to employ strategies that lead to better market performance (Homburg Theel & Hohenberg, 2020).

Thus, marketers' inability to account for the function's contribution to firm performance is recognized as a key factor that leads to marketing's loss of stature within organizations (Nguyen et al., 2022). Therefore, the current study also adopts the usage of growth as an indicator of marketing performance. That is the growth in market share, growth in new customers, growth in gross loans and growth in sales volume. Growth strategies can also take the direction of consolidation, market penetration, product development, market development and diversification. This study pursues the growth strategies through market penetration and market performance of small and medium-tiered deposit-taking SACCOs in Kenya (Ansoff, 1965).

In Kenya, SACCO's distinguishing and unique character trait from other types of cooperatives is the object and purpose for which they are incorporated, which is the mobilization of savings and advancement of credit facilities to their members. Since the provision of savings and credit facilities forms part of the financial service sector, SACCOs are often referred to as financial cooperatives and are clustered together with other financial intermediaries like investments and housing cooperatives (SASRA, 2021). Deposit-taking SACCOs are those that take demand deposits and thus offer withdrawable savings accounts similar to those offered by banking institutions and similar to credit unions in a jurisdiction such as the USA, Canada, UK, Australia and Latin America or Cooperative banks in South Africa, India and other parts of Europe (Mwaka, 2017).

Deposit-taking SACCOs have managed to extend banking services to their members and non-members, by giving each a chance to pool resources together for reinvestment in areas such as the provision of decent housing, healthcare, education, transport and benevolence and now growing into areas that involve innovation and product development albeit with challenges. Some of the common challenges met by deposit-taking SACCOs during their operations include; management challenges, low domestic savings and investments, high cost of finance, inadequate market access, low adoption of ICT, poor governance, highly dynamic economic environment, inadequate cooperative education and training, poor publicity and advocacy, ill health and emerging lifestyle challenges, ageing membership, inadequate policy, legal and regulatory framework. (Ministry of Industrialization, Trade and Cooperatives, 2021).

Deposit-taking SACCOs are recognized as a key player in pursuit of national social and economic objectives which are rapid economic, equitable and sustainable development hence the increasing desire to have deposit-taking SACCOs transformed into vibrant social and commercial entities through marketing and research, cooperative credit and banking services and promotion of good cooperative governance, (GOK, 2021). For instance, deposit-taking SACCOs contributed on average 5.71 per cent to the GDP for the past four years between 2017 to 2020 representing a total of ksh9.26 billion. In 2020 deposit-taking SACCOs contributed 6.11 per cent an equivalent of ksh10.267 billion. Deposit-taking SACCOs' contribution to the GDP is expected to grow to 7.5% in 2021 (Bwana, 2022).

While basing the growth rate in terms of deposits, large-tiered deposit-taking SACCOs have been recording a faster growth rate than the rest of the pack since the 2017/2018 period. The large-tiered deposit-taking SACCOs have grown at 12.13% in a period of three years, from 2017 to 2020 while on the contrary, the average growth rates of the small and medium-sized tiered deposit-taking SACCOs have been relatively lower recording average growth rate of 7.64% and 11.29% respectively in the three years. Although the market decline is a natural function of market dynamics, if the trend continues, then the market share of the small-tiered deposit-taking SACCOs is likely to drastically reduce and impair the competitiveness and sustainability of small and medium-tiered deposit-taking SACCOs (SASRA, 2021).

1.2 Statement of the problem

Despite the world recognition of DT-SACCOs sector growth and development in Kenya, small and medium-tiered DT-SACCOs continue to battle stiff competition from the large-tier DT-SACCOs with a high failure rate of 51% and 42.8% of the licensed DT-SACCOS having their deposit-taking licenses revoked (Ndegwa et al., 2020). SASRA (2017) indicated that 70% of small and medium DT-SACCOs were faced with the challenge of poor strategic management, and 85% of the small and medium deposit-taking SACCOs did not have an established department dedicated to strategic management. SASRA (2021) further asserts that the market share of small and medium-tier DT-SACCOs is at risk of reducing drastically, threatening the competitiveness and sustainability of this business segment. Most new entrant DT-SACCOs in the market struggle to survive the fierce competition in the financial market with some being placed under receivership or liquidation due to non-compliance with capital requirements by SASRA (FDS, 2018). In 2018, 2 DT-SACCOs licenses were revoked and placed under liquidation while in 2019, 3 DT-SACCOs' licenses were not renewed. Cases of fraud and non-compliance with the capital requirements also increased from 8.64% in 2017 to 9.64% in 2020 (SASRA, 2021). In light of these observations, it is clear that there was a need for research on the effect of growth strategies on market performances of small and medium tiered Deposit-Taking SACCOs in Kenya

The researcher identified contextual gaps, methodological gaps and theoretical gaps that would be filled by the proposed study. In the studies of the effect of market penetration on performance, Sang, Kiiru and Wambugu (2021) focused on dairy cooperatives in Meru, Kenya; Bulle (2020) focused on the case of Steel firms in Kenya; Murguiyia (2018) on steel manufacturers in Kenya; Gacheo, Thuo & Byaruhanga (2016) on Kenya's mobile services providers; while Wainaina and Oloko (2016) focused on the case of soft drink sector in Kenya. These studies presented a contextual gap.

Methodologically, the study by Rundh (2022) took a qualitative approach and the findings fell prey to biased representativeness. Li, Larimo and Leonidou (2021) in the assessment of the influence of social media marketing strategy on market performance, were not able to elaborate clearly on the methodology used to arrive at the findings. Likewise, Iheanachor et al. (2021) adopted a qualitative method while focusing on financial services providers. The above studies provided insights into the application of growth strategies but their procedures to arrive at the findings presented weaknesses of subjective findings which could have been avoided if the quantitative approach was employed. Thus, these studies presented a methodological gap.

Theoretically, the study also identified some deficiencies and gaps. For instance, Sang, Kiiru and Wambugu (2021), Iheanachor et al. (2021) and Ommala (2021) applied the use of the Resource Based View model Barney (2001). However, the theory did not bring out testable hypotheses on how managers can identify opportunities to grow revenue for a business through developing new products and services or tapping into new markets. On the contrary, emphasis was placed on the application, bundling, and utilization of internal firm resources to increase competitive advantage and performance while neglecting how to develop new processes and products. These studies presented a theoretical gap.

From the evidence presented, there are very few studies conducted on the effect of market development strategies-on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya. Therefore, the current study identified research gaps and seeks to fill them by assessing the effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

1.3 Research objective

The objective of this research was to assess the effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

1.4 Research hypothesis

H_0: Market penetration strategies do not have a statistically significant effect on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

2.0 LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Ansoff's Product or Market Growth Model

Ansoff's growth matrix is an essential framework which helps to identify the possible strategies that can bridge the gap between a firm's current position without a change in strategy and where the firm dreams to be (Proctor, 1997). The Ansoff growth matrix provides product and market choices made available to an organization where markets can be described as customers and products as goods or services available to customers for sale (Lynch, 2003). The Ansoff

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Growth Matrix is a strategic planning tool which provides an effective framework that supports organizations in planning and implementing effective growth strategies Pilcher(2020) and helps managers in making appropriate decisions regarding the next course of action, given the present performance (Phdessy, 2008). Ansoff's product or market growth model comprises four possible product or market strategy combinations: Market penetration, Product development, Market development and Diversification (Ansoff, 1957).

Market penetration strategy drives organizations to grow by using their existing offering within their existing market segments through favourable pricing, advertising, securing predominance of growing markets, restructuring a developed market by driving away competitors and increasing use by existing customers. Through tactics such as improving customer experience, leveraging on existing resources, price cuts, heightened promotion and marketing support, product training, buying out rivals within the same market and product refinements (Ansoff, 1957). The matrix has been found instrumental in the current study in assessing the effect of market penetration strategies on the market performance of small and medium-sized tiered deposit-taking SACCOs in Kenya.

2.2 Market penetration strategies and Market Performance

Sang, Kiiru and Wambugu (2021) sought to establish the influence of market penetration strategies on the organizational performance of dairy cooperatives in Meru County, Kenya. The study adopted a descriptive survey research design with a target of 42 dairy cooperatives in Meru County, Kenya. There were 131 responders in all, including general managers, assistant managers, marketing managers, and officers from the Ministry of Agriculture, Livestock, and Cooperatives. Using a stratified random sampling procedure, the population was divided into 99 respondents. According to the findings, adopting market penetration techniques had a favourable and significant impact on the profitability of dairy cooperatives. Extensive marketing approach operations and partnership initiatives have a substantial impact on cooperative success. This indicated that the three techniques are applicable and should be used if cooperative groups are to gain competitiveness.

Bulle (2020) researched the impact of market penetration tactics on organizational performance at Telkom Kenya Limited in Kenya. The study used a descriptive survey research methodology with 65 members of staff as participants. According to the findings, pricing structure, distribution network strategy, diversification, and differentiation advantage, all have a positive and significant impact on organizational success. According to the report, a competitive pricing approach sets the corporate commodity against alternative market possibilities. According to the report, firms ought to appreciate their consumers' behaviour since it will aid in reframing marketing operations and will lead to a knowledge of clients' readiness to purchase at a particular price. The company should establish how much value a salesperson offers to its goods and solutions.

Auma and Waithaka (2020) investigated the impact of the market integration approach on the organizational effectiveness of Kenyan public institutions. The research was based on Ansoff's matrix and used a cross-sectional research approach that targeted 33 Kenyan universities and colleges. Semi-structured study surveys were used to collect data. According to the findings of the study, a market penetration expansion strategy has a beneficial impact on the productivity of public institutions. Higher education institutions have boosted their advertising spending to guarantee that university programs are effectively advertised. To attract

more students, the study suggested that more focus be placed on corporate press promotion and digital networking.

H_0: Market penetration strategies do not have a statistically significant effect on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

2.3 Market Performance

Market performance describes the results achieved by a firm out of the efficiency of a market in optimum use of available resources to meet consumers' needs and wants through research and production efficiency. Marketing performance metrics thus measure the degree to which marketing spending contributes to profits as well as other initiatives such as sales and customer service (O'Sullivan, 2007). Market performance describes the composition of results in the dimensions of price, output, production, cost, selling cost, and product design which an enterprise arrives at in any market as the consequence of pursuing a specific line of business conduct (Njuguna & Mwilu, 2020).

Some of the factors which influence the market performance of many firms include laws and regulations, technology external relations, age and location of a firm especially in situations where small firms are located close to large firms (Njuguna & Mwilu, 2020). Some key factors to consider in market performance measurement include brand awareness, customer acquisition, and customer retention as growth strategies. However, it is not one size fits all as the correct metric depends on the marketing objectives as well as the existing business model, it is therefore incumbent on the marketing leadership within an organization to find the most relevant and meaningful marketing key performance indicator (Marr, 2021).

Market performance has been successfully measured in terms of profitability, market share, customer retention, growth of revenue and new product development. In this study market performance measures were based on the balance scorecard approach. A balanced scorecard is based on the idea of checking all the strategic measures in addition to the conventional financial measures of performance with the aim of getting a more balanced view of performance (Norton & Kaplan, 2023).

In this study market performance for Small & Medium tiered DT-SACCO was presented from four different perspectives; Financial perspectives which mainly look at a firm's financial performance and use of financial resources. In this study, financial performance measures will encompass market share and growth of revenue. The customer perspective looks at organizational performance from the perspective of the customer or key stakeholders the firm is designed to serve. In this study customer or key stakeholders' measures will entail new customer acquisition and retention. Internal business processes, which look at the quality and efficiency of an organization's performance related to products, services or other key business processes, will be viewed from the point of service delivery excellence and the level of ICT leverage within the small and medium-tiered DT-SACCOs and Learning and innovation perspective which focuses on human capital, infrastructure, technology, culture and other capacities key to breakthrough performance. This study mainly focuses on the number of innovations and technology leadership within the Small & Medium tiered DT-SACCOs. (Muthiga et al., 2022) successfully used a balanced scorecard in measuring market performance.

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2.4 Conceptual framework

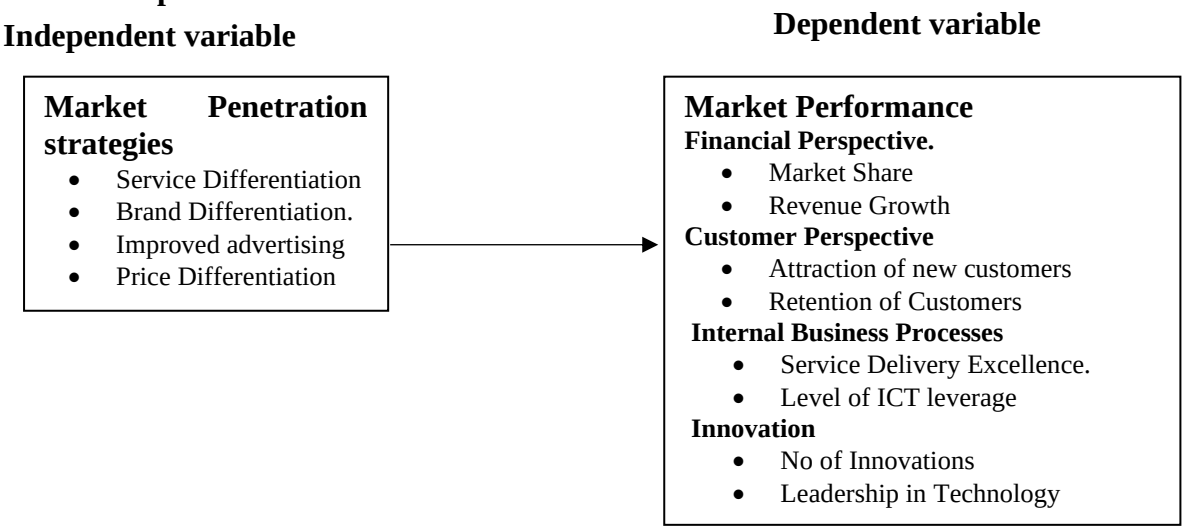

Figure 1: Operational framework

3.0 RESEARCH METHODOLOGY

3.1 Research Philosophy

This study sought to adopt the positivism philosophy when analyzing the association connecting market penetration strategies and market performance of small and medium-tiered deposit-taking SACCOs in Kenya. Its adoption was based on the fact that this philosophy views the world as factual where reality can be identified and apprehended (Gill, 2012). This study took place in a regulated setting where hypotheses were proven through quantifiable methods. (Calzon, 2022). The researcher's role was restricted to data collection and interpretation from an impartial point of view and the findings were overly measurable (Muhoro, 2021). Hypothesis testing was conducted to allow forecasting on the premise of past observed and determined truths (Greener, 2008).

3.2 Research design

The study adopted a descriptive research design in an attempt to establish relationships among selected market penetration strategies and market performance. The descriptive design allowed the researcher to correctly describe the study variables, the variable's characteristics as well as variables' relationships without dishonest data conditioning (Saunders et al., 2012).

3.3 Target Population

The population is described as a research universe, the entirety of cases complying with the identified parameters spelt out in the research, which would include persons, events or other items of interest to the researcher (Todd, 2022). The population comprises a group of persons or things from which representative is acquired and results deduced (Kothari, 2008). The target population of this study included 141 licensed and registered small and medium–tiered deposit-taking SACCOs operating in Kenya (SASRA, 2021).

3.4 Sample & Sampling techniques

Owing to the small size of the population, this study adopted a census approach. A census entails an exhaustive enumeration of the target population (Kothari, 2008). Thus, the study

surveyed the 141 licensed and registered small and medium–tiered deposit-taking SACCOs operating in Kenya.

3.5 Data Collection Instruments

The study utilized primary data. Primary data was collected using a structured questionnaire, presented on a 5-point Likert scale where **5=Strongly Agree 4=Agree 3=Not Sure 2=Disagree, 1=Strongly Disagree.**

3.6 Data Collection Procedure

The questionnaires were administered physically or electronically through email to all 141 CEOs' or their assistants in Kenya according the respondent's convenience. Both physically and electronically administered questionnaires offer greater control for reliability (Saunders et al, 2012). To make the method of data collection convenient, respondents were mapped along the 47 counties in Kenya.

3.7 Pilot Study

Pilot testing was carried out to test the reliability of the research instrument. It also helped to guarantee that all the expected measurements of research were adequately covered and that all questions are unambiguous. According to Toshkov (2016), 1% to 10% of the target population is viewed as satisfactory for a pilot study and hence 14 (fourteen) respondents were involved in the pre-testing. Respondents were drawn among non-withdrawable deposit-taking SACCOs in Nyeri and Embu counties which share similar economic conditions and demographic characteristics.

3.7.1 Test of Validity of the Instrument

Three dimensions of validity include; content, and construct validity. In this study, content validity was assessed by the use of professionals such as university lecturers, who were requested to give their opinion on the suitability of the instrument to realize the objectives of the research while construct validity was assessed and enhanced by ensuring that measurement obtained conforms to theoretical expectations (Mugenda & Mugenda, 2003). The results of the KMO of the current pilot study are presented in Table 1.

Table 1: Validity Test

Variable	KMO	Bartlett's Test of Sphericity			Conclusion
		Approx. Chi-Square	df	Sig.	
Market performance	0.653	136.663	66	0.000	Acceptable
Market penetration strategies	0.712	149.011	66	0.020	Acceptable

Table 1 presented the summary of the KMO tests of each variable. All the variables showed KMO values of greater than 0.5 implying that the respective statements were valid for data collection. Likewise, the variables presented corresponding statistically significant values ($P<0.05$) confirming that the statements regarding market performance and market penetration strategies are adequate and valid for data collection.

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3.7.2 Test of Reliability of the Instrument

The Cronbach's Alpha with a cut-off of 0.7 was used to measure reliability. The reliability is expressed as a coefficient between 0 and 1.00. Table 2 presents the findings of the reliability statistics.

Table 2: Reliability Statistics

Variables	Cronbach's Alpha	Number of Items	Conclusion
Market performance	0.897	12	Reliable
Market penetration strategies	0.919	16	Reliable

The reliability test results proved that the variable statements were highly reliable.

3.8 Diagnostic Tests

From the diagnostic testing, the study indicated that the outliers were removed from the data. All the data were also normally distributed since they had p-values greater than 0.05. The correlation matrix indicated that market penetration strategies were linear. Given, the tolerance values of greater than 0.2 and the VIF values of less than 10, it was noted that market penetration strategies were not collinear with the other independent variables. The study also indicated a constant variance (homoscedasticity) while the Durbin-Watson statistics within the range of 1.5 and 2.5 indicated no presence of first-order autocorrelation.

3.9 Inferential Analysis

The collected data was sorted and coded in line with the variables and objectives of the study in preparation for processing. The coded data were analyzed by use of a statistical package for social sciences (SPSS version 26.0), this statistical software package eased data processing and helped in generating a myriad of outputs which are useful for this study. The study used descriptive statistics, that is measures of central tendency and dispersion as well as inferential statistics originating from a general family of statistics model known as a general linear model which consists of correlation analysis, t-test, analysis of variance (ANOVA) and regression analysis. The analysed data was presented in tables, bar and pie charts, line graphs and scatter graphs. The regression equation is given below:

H_0: Market penetration strategies do not have a statistically significant effect on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

Market performance = f (Market penetration strategies + random error)

$$MP = \beta_0 + \beta_1 MPS + \epsilon$$

Where;

MP = Market Performance
β_0 = regression constant
β_1= Beta Coefficient
MPS = Market Penetration strategies.
ϵ = Error term

3.10 Ethical consideration

For the researcher to produce effective and relevant Ethical work, it is essential to have ethical considerations that give well-informed assent and appropriate regard to the rights of individuals under study (Kombo & Tromp, 2006; Muhoro, 2021). The ethical behaviour of the researcher

is also carefully examined (Fisher & Trimble, 2006). Rules and regulations that govern the relationships of parties participating in research are normally set to ensure that research ethics are observed (Choto & Tengah, 2015). Principle ethical considerations that a researcher should endeavour to address during the research process include, Informed consent, the potential for harm, voluntary participation, anonymity, confidentiality and results communication (Bell & Bryman, 2007). Considering that deposit-taking-SACCOs are financial institutions that rely on reputation, collecting information on growth strategies and market performance would likely raise ethical concerns. To mitigate challenges associated with ethical concerns during the study, the researcher sought the necessary approval from the University and the National Council for Science Technology and Innovation (NACOSTI) before starting the process of data collection.

Confidentiality refers to a condition where the researcher knows the research subjects but takes deliberate steps to maintain anonymity and privacy of all the information and records provided by them or obtained directly about them (Argyrous, 2011). Privacy and anonymity of the respondents in this study were observed by omitting the requirement for respondents to provide their names on the questionnaire and the data collected was treated with strict covertness. To ensure there is voluntary participation, respondents were only involved in the study based on their voluntary participation. The questionnaire was thus administered to the respondents based on their willingness to participate and no coercion or inducements were used to lure them. However clarification on the purpose and benefits of this research was given (Saunders et al, 2012). Respondents took part in the study on basis of informed consent. The researcher provided sufficient information and assurances about the study to permit the participants to understand the consequences of participating to arrive at a well-thought-out decision about whether or not to participate devoid of pressure or coercion. Use of offensive, discriminatory or unacceptable language was strictly avoided in the questionnaire. In addition, all works by other authors were properly acknowledged with the use of the American Psychological Association (APA) referencing system. A high level of objectivity was maintained in all discussions and analyses throughout the study. The researcher endeavoured to communicate with honesty and transparency while avoiding misleading and misrepresentation of results findings (Bryman & Bell, 2007).

4.0 FINDINGS AND PRESENTATIONS

4.1 Response Rate

One hundred and forty-one (141) questionnaires were distributed to the potential respondents. Out of these, 134 were filled and returned. This gives a response rate of 95.04%. The results are presented in Table 3.

Table 3: Response Rate

Response	Frequency	Percentage
Returned	134	95.04%
Unreturned	7	4.96%
Total	**141**	**100.00%**

Agustini (2018) indicated that a response rate of more than 50% is appropriate for descriptive research. Similarly, Babbie (2004) observed that response rate of 50% can be justified, 60% is good and 70% is very good. In this study, a response rate at 95.04%, can be described as very good for deliberation. The good response rate was attributed to great cooperation experienced from the respondents.

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4.2 Descriptive Statistics Results for Market Performance

Market performance was the predictand variable, whose parameters are based on balance score card measures of financial perspective, customer perspective, internal business processes and innovation. Twelve statements were then derived along the four perspectives of market performance. All the weighted scores of parameters, measuring Market development strategies were summed and divided by the overall number of the respondents to obtain the mean values while the difference of each score from the mean was obtained and squared to obtain the Standard deviation, Percentages were obtained by dividing individual scores by the total number of responses and multiplying the resultant by 100. Results of the three descriptive measures (i.e.) percentages, mean values and standard deviations were then presented in Table 4.

Table 4: Descriptive Analysis Results for Market Performance

Statements	1	2	3	4	5	M	S D
	%	%	%	%	%		
Financial Perspectives							
1. Incremental growth in customer deposits has contributed to excellent market performance.	9.7	14.9	34.0	36.6	9.7	3.89	1.14
2. Increase in the amount of loans disbursed to customers has resulted to growth in the market performance.	4.5	18.7	24.6	39.6	4.5	3.74	1.36
3. Growth in revenue effectively boosts the DT-SACCO's market performance.	17.9	18.7	26.1	29.1	17.9	3.5	1.30
	8.5	**10.7**	**17.4**	**28.3**	**35.1**	**3.71**	**1.27**
Customer Perspective							
4. The business has been recording growth in new membership enrollment.	8.2	10.4	17.2	32.8	31.3	3.69	1.25
5. The business is able to handle customer complaints effectively.	5.2	8.2	14.2	38.1	34.3	3.88	1.13
6. Effective customer retention strategy contributes towards better market performance.	16.4	14.2	12.7	25.4	31.3	3.41	1.47
	9.9	**10.9**	**14.7**	**32.1**	**32.3**	**3.66**	**1.28**
Internal Business Processes							
7. The business reputation for service delivery excellence has boosted market performance.	17.2	9.7%	11.9	29.1	32.1	3.49	1.46
8. The firm is able to constantly leverage information communication technology in all business processes.	14.2	15.7	19.4	23.9	26.9	3.34	1.39
9. Ability to meet SASRA licensing requirements	9.7	9.7	20.1	25.4	35.1	3.66	1.31

	has been critical to the growth of the market performance.						
		13.7	**11.7**	**17.1**	**26.1**	**31.4**	**3.50**	**1.39**
Innovation								
10.	The business is able to innovatively offer new products which creates completely new markets.	3.0	6.0	14.9	37.3	38.8	4.03	1.03
11.	The firm's position as a market leader in technology has boosted market performance.	14.2	15.7	19.4	23.9	26.9	3.34	1.39
12.	Innovation in new service delivery processes has boosted market performance.	7.5	9.7	20.9	25.4	36.6	3.74	1.26
		8.2	**10.5**	**18.4**	**28.9**	**34.1**	**3.70**	**1.23**
Overall Mean/Std Dev							**3.64**	**1.29**

Note: 5=Strongly Agree 4=Agree 3=Not Sure 2=Disagree, 1=Strongly Disagree, M= Mean, S D = Standard Deviation

With regard to financial perspectives of the Deposit-taking SACCOs surveyed in Kenya, Table 4.4 shows that 70.9% of the participants disagreed that incremental growth in customer deposits has contributed to excellent market performance at a mean value 3.89 and standard deviation value of 1.14 implying that on a scale of 1 to 5, the participants were in agreement. Likewise, 64.2% of the respondents indicated that increase in the amount of loans disbursed to customers had resulted to growth in the market performance at a mean value 3.74 and standard deviation value of 1.36 implying that on a scale of 1 to 5, the participants were in agreement. Furthermore, 55.2% of the respondents indicated that growth in revenue effectively boosts the DT-SACCO's market performance at an average value 3.50 as well as a standard deviation value of 1.30 which implies that on a scale of 1 to 5, the participants were in agreement.

Also, regarding customer perspective 64.1% of the respondents indicated that the business has been recording growth in new membership enrollment, with a mean value of 3.69 as well as a standard deviation value of 1.25 which imply that on a scale of 1 to 5, the participants were in agreement. Likewise, 72.4% of the respondents indicated that the business is able to handle customer complaints effectively. A mean value of 3.88 as well as a standard deviation value of 1.13 implied that on a scale of 1 to 5, the participants were in agreement. Likewise, 56.7% of the respondents indicated that effective customer retention strategy contributed towards better market performance given a mean value 3.41 and a standard deviation value of 1.47 which implied that on a scale of 1 to 5, the respondents were not sure about the statement.

Furthermore, regarding internal business processes, 61.2% of the respondents indicated that the business reputation for service delivery excellence had boosted market performance given a mean value 3.49 as well as a standard deviation value of 1.46 which implied that on a scale of 1 to 5, the participants were in agreement. Also, 50.8% of the respondents indicated that the firm is able to constantly leverage information communication technology in all business processes given a mean value 3.34 as well as a standard deviation value of 1.39 which implied that on a scale of 1 to 5, on average, the respondents were not sure about the statement. Table 4.4 also shows that 60.5% of the respondents indicated that ability to meet SASRA licensing requirements has been critical to the growth of the market performance given a mean value

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3.66 as well as a standard deviation value of 1.31 which indicates that on a scale of 1 to 5, the participants were in agreement.

Likewise, concerning innovation, 76.1% of the respondents indicated that the business is able to innovatively offer new products which creates completely new markets given a mean value of 4.03 and a standard deviation value of 1.03. This implies that on a scale of 1 to 5, majority of the participants were in agreement. Furthermore, 50.8% of the respondents indicated that the firm's position as a market leader in technology had boosted market performance giving mean value 3.34 as well as a standard deviation value of 1.39, this implies that on a scale of 1 to 5, majority of the respondents were not sure about the statements.Finally,62.0% of the respondents indicated that innovation in new service delivery processes had boosted market performance given a mean value of 3.74 as well as a standard deviation value of 1.26 which implies that on a scale of 1 to 5, the participants were in agreement.

Financial perspective of market performance had the highest mean score at 3.71, followed by innovation at 3.70, then customer perspective and internal business processes at 3.66 and 3.50 respectively. Thus, the study results gave an opinion that among the four market performance perspectives, there is a strong agreement that financial perspective measures have the highest impact on market performance. This may be attributed to the belief among managers that finances contribute significantly to the achievement of strategic objectives. The findings corroborate with Maithya (2021) who discovered that the collective use of growth strategies accounted for 45.6 % of the variances in profitability of these organizations. Similarly, Mwilu and Njuguna (2020) discovered that business expansion techniques had a favorable and substantial influence on the productivity of SACCOs in Nairobi County. Likewise, Bulle (2020) who focused on into the case of Steel firms in Kenya; Ommala (2021) who focused on sugar manufacturers in Kenya; Iheanachor, Umukoro and David-West (2021) who focused on Nigeria's financial services providers; and Muchele (2019) who focused on the case manufacturing firms in Nairobi County, Kenya indicated a positive influence of the growth strategies applied by the firms on their marketing performance.

4.3 Descriptive Statistical Results on Market Penetration Strategies

All the weighted scores measuring Market Penetration strategies were summed and divided by the overall number of the respondents to obtain the mean values while the difference of scores from the mean was obtained and squared to obtain the Standard deviation, Percentages were obtained by dividing individual scores by the total number of responses and multiplying the resultant by 100. Results of the three measures (i.e.) percentages, mean values and standard deviations were then presented in Table 5.

Table 5: Summary of the Percentages, Means and the Standard Deviations of Market Penetration Strategies

Statements	1	2	3	4	5	M	S D
	%	%	%	%	%		
Service Differentiation							
1. Convenience of the banking services boosts growth of revenue	7.5	15.7	18.7	30.6	27.6	3.55	1.25
2. Reputation for excellence in customer service attracts more new members to the firm.	9.0	7.5	17.2	41.8	24.6	3.66	1.19

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3.	Efficiency in processing members' loans calls for leverage on ICT.	14.2	4.5	18.7	24.6	38.1	3.68	1.39
4.	Demand for simplified application processes demands high investment in technology.	5.2	17.9	20.1	25.4	31.3	3.60	1.25
		9.0	**11.4**	**18.7**	**30.6**	**30.4**	**3.62**	**1.27**
Brand differentiation								
5.	Brand performance in the market contributes to growth of revenue.	9.0	9.0	21.6	35.8	24.6	3.58	1.21
6.	A reputable brand name boosts recruitment of more new customers to the deposit taking SACCO.	17.9	17.2	14.9	22.4	27.6	3.25	1.47
7.	Reputation for unique products supports excellence in service delivery.	5.2	11.2	16.4	35.8	31.3	3.77	1.16
8.	Investment in a strong brand name supports growth of innovations.	5.2	11.2	14.9	39.6	29.1	3.76	1.14
		9.3	**12.2**	**17.0**	**33.4**	**28.2**	**3.59**	**1.25**
Improved advertising								
9.	Regular personalized advert boosts growth of revenue.	11.9	4.5	19.4	24.6	39.6	3.75	1.34
10.	New advertising strategies boosts recruitment of new members.	3.7	10.4	14.9	40.3	30.6	3.84	1.09
11.	Need for seasonal promotions adverts boosts level of ICT leverage. in business processes.	8.2	6.7	12.7	33.6	38.8	3.88	1.23
12.	Increase in mass media advertisements boosts growth of innovations	12.7	12.7	18.7	25.4	30.6	3.49	1.38
		9.1	**8.6**	**16.4**	**31.0**	**34.9**	**3.74**	**1.26**
Pricing differentiation								
13.	Attractive dividends payouts boost growth of customer deposits.	9.0	0.0	11.2	30.6	49.3	4.11	1.19
14.	Incentives such as sales commission on new recruitment boosts growth of new customers enrolled.	8.2	0.0	17.2	47.0	27.6	3.86	1.08
15.	Demand for low interest loans has raises the level of ICT integration in the business processes.	6.7	3.0	19.4	42.5	28.4	3.83	1.09
16.	Competitive pricing of our savings and credit products has resulted to growth of innovations.	7.5	3.7	31.3	44.8	12.7	3.51	1.02
		7.9	**1.7**	**19.8**	**41.2**	**29.5**	**3.83**	**1.10**
Overall Mean							**3.70**	**1.22**

Note: 5=Strongly Agree 4=Agree 3=Not Sure 2=Disagree, 1=Strongly Disagree, M= Mean, S D = Standard Deviation

With regard to service differentiation of the Deposit-taking SACCOs surveyed, Table 5 shows that 58.2% of the respondents agreed that convenience of the banking services has boosts growth of revenue including an average/mean value 3.55 as well as a standard dispersion/deviation value of 1.25 which indicates that on a scale of 1 to 5, the participants were in agreement. 66.4% of the respondents agreed that reputation for excellence in customer service has attracts more new members to the firm including an average/mean value 3.66 as

well as a standard deviation value of 1.19 which indicates that on a scale of 1 to 5, the participants were in agreement. Moreover, 62.7% of the respondents agreed that efficiency in processing members' loans boosts ICT leverage in the firm including an average/mean value 3.68 as well as a standard deviation value of 1.39 which indicates that on a scale of 1 to 5, the participants were in agreement. Likewise, 57.6% of the respondents agreed that demand for simplified application processes demands high investment in technology including an average/mean value 3.60 as well as a standard dispersion/deviation value of 1.25 which indicates that on a scale of 1 to 5, the participants were in agreement. Likewise, according to Oluoch (2021), differentiation strategy is achieved when the firm focusses on, uniqueness and superior quality, innovation and creativity, strong brand, marketing and customer service, and total quality management.

With regard to brand differentiation of the Deposit-taking SACCOs surveyed, Table 5 shows that 60.4% of the respondents agreed that brand performance in the market contributes to growth of revenue including an average/mean value 3.58 as well as a standard dispersion/deviation value of 1.21 which indicates that on a scale of 1 to 5, the participants were in agreement. In addition, 50.0% of the respondents agreed that a reputable brand name helps to recruit more new customers to the deposit taking SACCO including an average/mean value 3.25 as well as a standard deviation value of 1.47 which indicates that on a scale of 1 to 5, on average, the respondents were not sure about the statements. Moreover, 67.1% of the respondents agreed that reputation for unique products supports excellence in service delivery including an average/mean value 3.77 as well as a standard dispersion/deviation value of 1.16 which indicates that on a scale of 1 to 5, the participants were in agreement. Likewise, 68.7% of the respondents also agreed that investment in a strong brand name supports growth of innovations including an average/mean value 3.76 as well as a standard deviation value of 1.14 which indicates that on a scale of 1 to 5, the participants were in agreement. According to Zhang et al. (2022), brand differentiation positioning helps businesses to identify valuable features that aid in the development of a distinctive selling offer in the face of intense competition

With regard to improved advertising of the Deposit-taking SACCOs surveyed, Table 5 shows that 64.2% of the respondents agreed that regular personalized adverts have boosts growth of revenue including an average/mean value 3.75 as well as a standard dispersion/deviation value of 1.34 which indicates that on a scale of 1 to 5, the participants were in agreement. 70.9% of the respondents also agreed that new advertising strategies boosts recruitment of new members including an average/mean value 3.84 as well as a standard deviation value of 1.09 which indicates that on a scale of 1 to 5, the participants were in agreement. Moreover, 72.4% of the respondents agreed that need for seasonal promotions adverts boosts level of ICT leverage in business processes including an average/mean value 3.88 as well as a standard dispersion/deviation value of 1.23 which indicates that on a scale of 1 to 5, the participants were in agreement. Likewise, 56.0% of the respondents agreed that increase in mass media advertisements boosts growth of innovations including an average/mean value 3.49 as well as a standard dispersion/deviation value of 1.38 which indicates that on a scale of 1 to 5, the participants were in agreement. These findings also agree with Molla and Rahaman (2021) who suggest that advertising expenditure enhances accounting results. Furthermore, advertising has been shown to have a statistically significant impact on operational profit and return on equity. This indicates that the economic advantages of advertising expenditure disappear totally during

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the present period and should be viewed as a cost, but when handled effectively, generates long-term returns.

With regard to pricing differentiation of the Deposit-taking SACCOs surveyed, Table 5 shows that 79.9% of the respondents agreed that their attractive dividends payouts boost growth of customer deposits including an average/mean value 3.86 as well as a standard dispersion/deviation value of 1.08 which indicates that on a scale of 1 to 5, the participants were in agreement. Likewise, 74.6% of the respondents agreed that incentives such as sales commission on new recruitment have boosts growth of new customers enrolled including an average/mean value 3.83 as well as a standard dispersion/deviation value of 1.09 which indicates that on a scale of 1 to 5, the participants were in agreement. Furthermore, 70.9% of the respondents agreed that demand for low interest loans has raises the level of ICT integration in the business processes including an average/mean value 3.51 as well as a standard deviation value of 1.02 which indicates that on a scale of 1 to 5, the participants were in agreement. 57.5% of the respondents also agreed that competitive pricing of savings and credit products has resulted to growth in innovations including an average/mean value 3.83 as well as a standard dispersion/deviation value of 1.10 which indicates that on a scale of 1 to 5, the participants were in agreement. Kawira (2021) also suggests that SME entrepreneurs and directors use a pricing plan in order to attain higher success. To reap the full advantages of the pricing model, price judgments must be made with other firm-wide elements in mind, which impact the predicted results of such judgments.

The mean score of 3.70 indicates that, on average, the participants agreed with the statements. The standard deviation of 1.22 shows that there was some variation in the responses. Pricing differentiation had the highest mean score at 3.83, followed by innovation at improved advertising at 3.74, service differentiation at 3.62 and lastly brand differentiation at 3.59. Thus, the findings conclude that market penetration strategies have been strongly impacted by the aspects related to price differentiation such as attractive dividends payouts, incentives, low interest on loans and competitive pricing. The findings also agree with Auma and Waithaka (2020) that market penetration growth strategy has a positive influence on the performance of public universities. Ojwaka & Deya (2018) supported the previous findings by establishing the existence of a positive relationship between marketing strategy and growth. Marketing strategy has a positive correlation with growth in sales suggesting that increased use of market penetration strategy resulted in sales growth of firms.

4.4 Effect of Market Penetration Strategies on Market Performance

All the weighted scores measuring market penetration were regressed against the weighted scores for the market performance in a linear regression model and results presented in Table 6.

Table 6: Model of Fitness for Market Penetration Strategies

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747	0.557	0.554	0.3101

Table 6presents the correlation coefficient (R) of 0.747 and associated R^2 of 0.557, the results indicates that 55.7% of the variations in the market performance of small and medium-tiered deposit-taking SACCOs in Kenya can be explained by market penetration. Therefore approximately 44.3% of variation in market performance could not be explained by market

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penetration. In addition to the model fitness for market penetration strategies, ANOVA statistics for market penetration strategies and results are presented Table 7.

Table 7: ANOVA for Market Penetration Strategies

	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.993	1	15.993	166.264	.000
Residual	12.697	132	0.096		
Total	28.69	133			

Results in the ANOVA table 7 shows an F value of 166.24 and associated p-value of 0.000. These two statistics indicates that market penetration strategies are significant in predicting market performance of small and medium-tiered deposit-taking SACCOs in Kenya. Based on these statistics, this study concludes that market penetration strategies have a positive and statistically significant effect on market performance of small and medium-tiered deposit-taking SACCOs in Kenya and hence we reject the null hypothesis in this study, H0; that market penetration strategies do not have a statistically significant effect on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya. Similarly, regression coefficient for market penetration strategies were generated and the results are presented in Table 8.

Table 8: Regression of Coefficients for Market Penetration Strategies

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	0.689	0.234		2.944	0.004
Market penetration strategies	0.824	0.064	0.747	12.894	0.000

Table 8 shows that market penetration strategies has a constant with a β value of 0.689 and associated P-value of 0.004, furthermore market penetration strategies as a variable has a β value of 0.824 and associated P-value of 0.000. This means that both the constant and market penetration strategies coefficients are statistically significant in the model and hence the model can be stated as follows:

$$MP = 0.689 + 0.824\,MPS$$

This model means that changes in 1 unit change in market performance is associated with 0.824 units increase in market penetration strategies. These study findings agree with Auma and Waithaka (2020) that market penetration growth strategy has a positive influence on the performance of public universities. Sang, Kiiru and Wambugu (2021) that adopting market penetration techniques had a favorable and significant impact on the profitability of dairy co-operatives just like extensive marketing approach operations and partnership initiatives.

4.6 Hypothesis

The hypothesis was evaluated using the predictive design outputs, with the affirmation/rejection format being that if the p-value< 0.05, the hypothesis is not adopted, but if p value > 0.05, the hypothesis is dismissed.

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Table 9: Hypotheses Test Results

Research objective	Tested Hypothesis	Regression Model	Decision Rule	P-value (results)	Results/Decision
To explore the effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.	H_{01}: Market penetration strategies do not have a statistically significant effect on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.	$MP=\beta_0+\beta_1 MPS+\epsilon$ Where; MP=Market Performance. β_0= a constant. β_1= regression co-efficient. MPS= Market Penetration strategies. ϵ =Error Term.	p-value< 0.05, null hypothesis not adopted	0.000	Reject H_{01}

Table 9 notes that there is a significant effect between market penetration strategies and the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

This section presents the summary, discussion and recommendations on the research findings done in line with the study objectives. The discussion was done to answer the research questions of the study.

5.1 Summary of Findings

This objective explored the effect of market penetration strategies on the market performance of small and medium tiered deposit taking SACCOs in Kenya. The study covered 134 respondents, the overall mean score and corresponding standard deviation for market penetration were 3.70 and 1.22 respectively, indicating that, on average, the participants agreed with the statements while the standard deviation of 1.22 shows that there was some variation in the responses. Price differentiation had the highest mean score at 3.83, followed by improved advertising at 3.74, service differentiation at 3.62 and lastly brand differentiation at 3.59. Thus, the findings showed that market penetration strategies have been strongly impacted by the aspects related to price differentiation such as attractive dividends payouts, incentives, low interest on loans and competitive pricing.

Before carrying out regression analysis, regression assumptions were tested for outliers, multi-collinearity, auto-correlation and linearity. The test for outliers yielded a z-score of -2.98, test multi- collinearity yielded a tolerance value of 0.631 and variance Inflation factor (VIF) of 1.585 while the test autocorrelation yielded a Durbin-Watson statistic of 2.004 indicating absence autocorrelation and was thus within the range finally linearity test yielded a positive score of 0.747.

The correlation coefficient (R) of 0.747 indicated a strong positive linear relationship between the market penetration strategies and market performance while the associated R^2 of 0.557 indicated that the market penetration strategies explain 55.7% of the variation in the market performance of small and medium-tiered deposit-taking SACCOs in Kenya. Likewise, the ANOVA statistics provided an F value of 166.264 and associated p-value of 0.000, indicating that market penetration strategies have a statistically significant effect on market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

The regression of coefficients gave a **β** value of 0.490 an associated t value of 8.206 and corresponding p value of 0.000 which was less than P-value of 0.05, this confirmed that market penetration strategies have a positive and significant effect on market performance and also implied that a change in 1 unit of the aspects related to market penetration strategies leads to a

change in market performance of small and medium-tiered deposit-taking SACCOs in Kenya by 0.490 units. Hence rejection of the null hypothesis that market penetration strategies do not have a significant statistical effect on the market performance of small and medium tiered deposit-taking SACCOs in Kenya.

5.2 Conclusions

This study tested the hypothesis that there is no statistically significant effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya. The ANOVA for market penetration gave F-statistic value of 166.264 and associated P-value of 0.000 which was less than P-value of 0.05, hence the null hypothesis was rejected and thus confirmed that there is there is a statistically significant effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya.

The study findings agree with Auma and Waithaka (2020) that market penetration growth strategy has a positive influence on the performance of public universities. Sang, Kiiru and Wambugu (2021) that adopting market penetration techniques had a favorable and significant impact on the profitability of dairy co- operatives just like extensive marketing approach operations and partnership initiatives.

5.3 Contribution to Policy, Practice and Theory

The study findings established that there is a statistically significant effect of market penetration strategies on the market performance of small and medium-tiered deposit-taking SACCOs in Kenya. The study thus concluded that relationship between market penetration strategies and market performance is statistically significant, however in spite of the effect being statistically significant, study also found out that given a mean score of 3.59 and 3.62 respectively, brand differentiation and service differentiation strategies did not effectively boost market performance. The study thus recommends that small and medium Deposit taking SACCOs should invest in high yielding market penetration strategies such as price differentiation and increased advertising in order to boost market performance.

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