

ABSTRACT

The importance of marketing strategy in the wake of intense banking industry competition and financial turmoil cannot be overemphasized. Coupled with massive regulations, the competition and other challenges ailing the banking sector call for effective marketing strategies. An appropriate mix of the 4Ps of marketing strategy may influence competitiveness and hence performance of a commercial bank. The current study sought to establish the influence of marketing strategies on financial performance of commercial banks in Kenya. The study was guided by the following specific objectives: to evaluate the influence of product selection strategy on financial performance of commercial banks in Kenya, to investigate the influence of the price determination strategies on financial performance of commercial banks in Kenya, to determine the influence of selection of the channels of distribution for bank services to reach the customer's place on financial performance of the commercial banks in Kenya, and to examine the influence of adoption of promotional strategies on financial performance of commercial banks in Kenya. The study followed a cross-sectional, descriptive research design, with data collection obtained by way of questionnaires, targeting the 41 commercial banks in the industry as at June 1st 2017. In the questionnaire, the concepts were measured using likert scale of 1-5, where 1 meant strongly agree and 5 strongly disagree. Using the drop and pick later technique, the data was obtained from the marketing managers or relationship managers of the banks and another staff in the department. Therefore, the study targeted 2 employees in each bank, hence 82 possible respondents. The study obtained 78 fully completed questionnaires that were used for the data analysis. The data was analyzed using SPSS to obtain descriptive statistics such as mean, median, mode, skewness and kurtosis statistics, as well as inferential statistics such as R, R-Square, coefficients and significant/P-value. The obtained coefficient of determination (R) was 0.514 the R-Square was 0.264 indicating a weak positive overall causation of the 4Ps on bank performance. That was supported by the positive coefficients for all the study variables. Regarding the influence of product selection strategy on financial performance of commercial banks in Kenya, the significant value was 0.006, which is less than 0.05, meaning that it is statistically significant. Regarding, the influence of the price determination strategies on financial performance of commercial banks in Kenya, the significant value for the corresponding coefficient was 0.006, which was less than p-value of 0.05, hence statistically significant. As regards the influence of the channels of distribution for bank services to reach the customer's place on financial performance of the commercial banks in Kenya, the significant value for the coefficient was 0.085 which is greater than 0.05, hence not statistically significant. Also, the significant value for adoption of promotional strategies against financial performance of commercial banks in Kenya was 0.123 which is larger than 0.05, hence not significant. Thus, the study concludes that the product selection that lead to adoption of technology and pricing strategies have a positive relationship with firm performance; at 95 percent accuracy level because the p-values were less than 0.05, and R-Square was positive. On the other hand, the study concludes that the channels of distribution or place strategy and promotion strategies do not influence financial performance of Kenyan commercial banks since their corresponding p-values were greater than 0.05.