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ABSTRACT

Demand for bakery products has realized a consistent growth over the recent years due to innovation in bakery products, rising need for healthy products and convenience of baked goods as key components of breakfast meals. This has prompted emergence of many bakeries in the country and more so, in Nairobi City County. As a result of the increased level of competition, there is need to explore growth strategies that bakeries may utilize to succeed in the market. The study objective was to examine how market penetration strategy influences bakeries' performance in Nairobi City County. This study engaged descriptive and explanatory research designs and targeted 271 employees at different levels within the organizations being 30% of 904 employees sampled from eight selected bakeries in Nairobi City County. A questionnaire having both closed & open-ended questions was developed and administered via a method of drop and pick later. Questionnaire was first piloted to determine its validity by establishing whether the questions measured the expected theorized variables through construct, face and content measurements. In addition, reliability was determined using Cronbach Alpha statistical test giving a greater value than 0.7 indicating that the questionnaire used to collect data was reliable. Collected data was quantitative as well as qualitative. Under qualitative data, content analysis was used and presented using themes and narratives; whereas quantitative data presented in tables and charts was analysed by inferential and descriptive statistics. Findings of the study showed a strong and significant positive relationship between market penetration strategy and performance of bakeries in Nairobi City County at 95% confidence level, and at $P\text{-value} = 0.000^b$. In conclusion, it's recommended that Bakery management should consider sending sales team to look for more market, adjusting prices to sell more, introducing loyalty programs to retain customers and placing attractive displays to generate more sales revenue and total output turnover. A suggestion that further studies be conducted in the country and even regional level for the Government of Kenya and bakery shareholders to understand more on how to sustain the bakery sector for a greater economic impact and sustainability. In addition, it is hoped this study will be significant to bakeries' management, new entrants in the baking industry, health and consumer policy makers, academicians, and researchers.

Key Words: Growth, Growth Strategies, Market Penetration Strategy, Bakeries, Performance

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INTRODUCTION

Baking has contributed significantly to human life for centuries and will still be a crucial sector in the coming years (Nindiani, Hamsal, & Purba, 2018). In the global scope as well as locally in Kenya, significant growth can be seen in the bakery sector much of which is attributed to the growth strategies namely, product development, market development, market penetration and diversification utilized by these companies with respect to developing new product ranges, market expansion, market penetration and diversification of product portfolio. These strategies implemented by bakeries in some cases resulted to a positive performance in terms of increased sales revenue and profitability. Globally, Theodoros (2015) reports that baking companies face challenges in keeping up with the constant change in consumer health trends, thereby needing growth strategies to maintain their presence in the market. Historically, bakery products, particularly bread has been an essential component of human diets across the globe (Lai & Lin, 2007). Baked goods are popular in Europe (traditional market) and have gained significant popularity in emerging markets. In Africa, mainly comprised of low- and middle-income economies, most bakeries need support as they work to remain active and satisfy their customers' needs. This is a worrisome scenario, particularly in developing countries like Nigeria, where most bakeries have experienced poor sales and profit results, leading to a shutdown. The Bakeries' inability to recruit marketing professionals who could establish an effective distribution network is a challenge that may result in lower sales volume in the industry since there are assortments of baked goods that require varied distribution approaches in part of Nigeria (Chukwuma et al., 2018).

The lack of proper equipment and technology has hindered the growth of the bakery sector in Kenya for years, thereby making a minimal contribution to the country's economic development (Kenyan Bakery Industry Report, 2019). Further to equipment and technology problems, the sector is

facing issues of technical expertise, capital, administrative skills, and R&D (research and development). In Kenya, essential bakery additives and spare parts are imported from larger parts of the world, which most bakeries need help managing (Gathungu, Aiko, & Machuki, 2014). Additionally, bakeries are faced with problems within their distribution channels. Apart from more organized Supermarket chains, most bread distributors have informal setups and are infiltrated by individuals with wrong motives; therefore, they require proper background checks on customers and sales employees (Mutahi, 2018). Most bakeries have lost much money on the routes due to wrong customers and sales employees, who work as a team to swindle companies' money. These are some of the problems that have affected the performance of bakeries globally, on the African continent, and in Kenya. Some of the bakeries that have collapsed in the recent past at the peak of their operations include Bake n Bite, Dotcom Bakery, Gal Baking Services Limited and Royal Swiss Bakery, all of which are in Nairobi County (Business Daily, 2016). These problems call for this research to examine how market penetration strategy influences and solves problems of bakeries' performance in Nairobi County.

Performance is one of the numerous goals and aims that is pursued by companies, such as maximization of the company's profit, generating more wealth for the shareholders and pursuing other ways to survive during financial difficulties. Different stakeholders require varied indicators to assess performance and make informed decisions. Mohd, Zuhriah, and Norsiah (2014) defines performance as monetary and non-monetary factors that demonstrate the extent of achieving an organization's targets. Aspects to be considered to understand bakery performance include the time frame, which indicates past results figures and projected future deliverables. For instance, a great past outcome does not imply a similar case in future. Richard et al., (2009) asserts that organization performance is a firm's outcome with

respect to shareholders return, market-product performance and financial performance. According to Mugambi and Wanjau (2016), organizational performance is multifaceted, with three specific metrics for firm success and effectiveness namely financial performance (return on investment, profits, and assets, etc.), products with regards to generated revenue on the sales, market concerning change in value of shares, and returns obtained from investments entrusted to the company (economic value added, gains on total shareholders, among others).

Success in business or entrepreneurial ventures is measured by growth. There are various connotations of growth: revenue generation, addition and value creation, and expanding business volume. It is qualitatively measured by market positioning, product quality, and customer loyalty (Bagshaw, 2014). Growth strategies namely: product development, market development, market penetration and diversification are the approaches through which a firm intends to attain its objective of growing and expanding a business regarding turnover, quantity, and quality (Al-Damen, 2017). This study will review market penetration strategy as the independent variable under bakeries' performance by maximizing sales of current products in the existing market.

Gathungu et al. (2014) stated that market penetration strategy involves using existing products and focusing on the same market the firm has been operating in, to increase market share. Market penetration strategy aims to grow company's revenues without deviating from its initial product market-market strategy. Through this strategy, a bakery business can boost sales volume among its current customers or acquire new ones for current products to enhance its performance. The bakeries need to engage in marketing strategies leading to offering of a unique proposition to the market. Howard and James (2013) enumerate specific ways under the market penetration strategies applicable to increase the sale of present products in the current market. The techniques

employed under the market penetration strategy include promotion or advertisement, price, and cost reduction strategies. The indicators that will be used in measuring market penetration strategy includes sending the sales teams to the market for aggressive selling of bakery products, developing a concrete marketing plan by adjusting or lowering product prices, and introducing loyalty programs for new & existing customers and setting up attractive display cases in the outlets.

Statement of the Problem

Many challenges are affecting small and medium-sized bakeries in Kenya. Ng'ang'a and Tarus (2013) did research noting problems that small and medium-sized Kenyan bakeries are encountering, including low performance, declining innovative marketing trends and high attrition levels. Despite their crucial role in attaining Kenyan Vision 2030, which states that the bakery industry needs to contribute about 8% of the GDP, their contribution remains dismal thus encourages adoption of market penetration strategy (RoK, 2015). This was why, in 2014, some of these firms posted negative results due to poor sales revenue and profit generation (RoK, 2015). If such failures are not addressed, they may result in unproductivity, thus reduction in GDP.

Freeman and Engel (2015) assert that the bakery industry attracted limited research studies attempting to scrutinize the connection between performance and market penetration strategy. The bakery industry has been the subject of numerous international studies, but it has yet to focus on Kenya. Zagozewski (2015) study concentrated on how technology affected workers' skills at each location however, none of its variables were either on market penetration strategy or performance, thus creating a gap this research would bridge. In Kenya, critical challenges affecting bakeries' growth includes managing product shelf-life, controlling food allergies, especially gluten, supply chain disruptions and ever-changing consumer preferences (Kenya Bakery Industry Report, 2021). These challenges have negatively impacted

bakeries' profitability, sales turnover, market share and total output turnover performance.

A study by Mutua (2013) investigated the operational performance that retail bakery design influences Nairobi City County supermarket bakeries. The research focused on design and omitted other factors that the current study considers crucial to ensuring business success. Therefore, it was necessary to investigate how well-applied and implemented market penetration strategy could help solve these challenges. Based on these studies, establishing how market penetration strategy (independent variable) affects bakeries' performance (dependent variable) in Nairobi City County, Kenya, was this research's main objective. Market penetration strategy was linked to bakeries profitability, sales turnover, the overall market share and total output turnover in the industry. The declining results and instances of closure of some bakeries were suspected to originate from poor or lack of proper implementation of this strategy which was aimed at improving overall bakery outcomes.

Objective of the study

The general objective of this study was to ascertain how market penetration strategy affects performance of bakeries operating in Nairobi City County, Kenya. Specifically, this study sought to address:

- The effect of market penetration strategy on performance of bakeries in Nairobi City County.

LITERATURE REVIEW

Theoretical Review

The focus of this study was on four theories including: Resource-Based View (RBV), Ansoff Growth Matrix, Dynamics Capabilities Theory and Balance Scorecard which are often used in strategic management.

Resource-Based View (RBV)

Penrose (1959) founded this hypothesis. It is a managerial framework that can be applied in an organizational setup to ascertain the strategic resources that can be exploited by a firm to achieve

sustainable competitive advantage. Barney (1986) argued that RBV approach take the firm's resources as being fundamental contributing factors to the competitive advantage and organizational performance of the firm. An RBV assumption is that companies that operate in a certain industry are probably going to be diverse because of range resources that they have control over. Secondly, the RBV theory assumes that resource heterogeneity is likely to persist over time since resources employed in implementing the strategies of the organization are not perfectly distributed across organizations. The theory holds that firms have plethora of resources at their disposal inclusive of processes, competencies, assets, and substitutes that are geared towards offering the firm a better competitive advantage (Drees &Heugens, 2013).

In the context of the preceding study, RBV theory will be anchored on the objective of determining how resource management in market penetration strategy affects organizational performance. According to Shahmansoum, Estafan and Niki (2013), this theory focuses on an organization's capacity to leverage firm-specific resources, i.e. its strategic assets, including physical, human, and organizational resources, to outperform other companies and establish a competitive edge.

Ansoff Growth Matrix

This theory was initially developed by Igor Ansoff in 1957. It is a strategy-based decision-making tool that enables businesses to examine their opportunities based on their products and target market. Businesses can also use the tool to analyse the risks involved and decide which way to proceed, especially when making new marketing strategic decisions. He established growth vectors for this theory: product and market development, penetrating the market with current product offerings, and diversifying to offer an expanded product portfolio. Kyle Peterdy (2022) stated that the matrix must be used with other business tools such as PESTEL, SWOT and Porter's five frameworks to support more robust assessments of drivers of business growth. Hall and Lobina (2007) stated that

a business must change and grow continuously by applying the Ansoff Growth Matrix.

John Dawes (2018) explains that Ansoff's theory depicts business advancement options as a two by two (2x2) matrix with one axis representing existing or new products and the other representing existing or new markets (Dawes 2018). He further states that two logical problems arise from the matrix related to new assumptions or interpretations. It helps consider the implications of focusing on new or current products to expand business presence and new markets. Each of the two alternatives depends on the internal and external examinations, influencing factors, and rationale of the conducted analysis. Given that the Ansoff Matrix theory encompasses four growth strategies in focus, it tended to lean heavily on supporting specific strategy of market penetration because this could be used to identify which tactics should be used in the marketing activity by varying what products should be sold and to which market segment.

Dynamics Capabilities Theory

Teece (1989) introduced organization's dynamic capabilities, and it was later developed by other proponents in the early 1990s. Teece (2014) on the other hand stated that dynamic capability refers to the ability of the firm to exploit resources and harness them in performance of an activity or task which an organization can undertake and modify its operations systematically, in a bid to become more effective. The theory is hinged on the conception that firms are ever seeking to restore resources endowment in a manner that's in line with a dynamic environment. Critical assumption is that companies with excellent dynamic capabilities consistently outperform those with limited capabilities. Generally, when firms operate in a dynamic environment, there is need for a continuous renewal and regeneration for the specific capabilities to remain competitive.

It's exceedingly tricky acquiring and transferring the capabilities since they are typically embedded in the unique organization's histories. Teece (2014) opines that firms with solid capabilities demonstrate agility

in the market and technological, thus able to create new desirable technologies. Further positioning include differentiation to maintain superior processes, business structures and modelling itself for higher competitive advantage, thus giving a new form of market orientation whenever necessary (Teece, 2014). In the context, dynamic capability theory underpinned the market penetration strategy, which depends on the available dynamic capabilities that allow a firm to choose the best resources.

Balance Scorecard

Research by Kaplan and Norton (1992) established the Balance Score Card model, a tool for measuring performance that transforms strategy into performance metrics and align with the strategy applied. There are four Balance Scorecard performance measures namely: financial, learning & growth, internal processes and performance. Kaplan, Norton, and Rugelsjoen (2010) further stated that by delivering measurable financial ratios, customer share and cash flow, the Balance Scorecard tool's financial perspective enables the business to succeed financially in satisfying the owner's (shareholders) demands.

Market penetration strategy requires that customer demands are met by concentrating on the customer perspective. This corresponds to monitoring the time spent in addressing customer queries, like how fast purchases are processed, questions are answered, and complaints addressed. This also implies that the company must organize periodic and regular customer satisfaction surveys and ensure that the survey recommendations are implemented (Tanko, Yusuf, & Shuaibibu, 2018). By ensuring the company selects the best business policies and processes to meet its specific customer expectations, the internal perspective seeks to please both shareholders and customers in the market (Niven, 2011).

In learning and growth perspective, a company must realize its goals and vision by having the ability to adapt and sustain change (Northcott & Ma'amora, 2012). Further, this perspective steers

the organization on where to concentrate its funds in training sales employees. Additionally, it guarantees the development of a positive cultural behaviour that leads to achieving the firm's vision and goals.

Empirical Review

Research on the competitiveness and market penetration models of Kenyan mobile telecommunications was done in 2016 by Byaruhanga, Gacheo, and Thuo. The study's findings showed that penetration of the market directly affects competitiveness since high rates are associated with improved performance in profitability compared to sector average. Due to the study's emphasis on competitiveness, there is a variable gap whereby the measures of competitiveness differ from the measures of performance; that implies that research outcomes may not apply to the scenario.

Wainaina and Oloko (2016) performed research in the Kenyan soft drink industry, and the findings confirmed existence a relationship between penetration and growth. It was noted that organizational growth and promotional strategy have positive correlation, but on the contrary, have negative relationship with price and distribution methods. The study findings concluded that all market penetration strategies are necessary because each strategy builds on the others; thus, each should be included in the marketing plan. The study has a methodological gap that needs to be addressed, and the conflicts with the research methods must be addressed. A new research methodology is needed to inform the researcher about the procedure to reach the results.

Njomo and Margaret (2016) researched market penetration versus development in soft drinks market whereby a random sampling technique (stratified) was applied in 160 businesses. Both Descriptive and inferential statistics were used i.e. correlation analysis (Swathi 2014). There were connections between market penetration and organizational development, whereas pricing as a strategy had no notable influence on development.

However, research was limited since its context was a case of Soft Drinks. Because the study focused on market penetration, there was variable gap whereby the measures of market penetration differed from the measures of performance; so, it may not apply to present scenario.

Chandola and Fu (2017) explored market penetration approaches of smartphone companies of Chinese origin in the Indian Market through a multi-case research model. The research further refined the outcome by looking at the effectiveness of the marketing policies employed through interviews targeting executives from key manufacturers of Chinese cell phones and new brands introduced to the Indian market. Results depicted a similar business model among the companies, i.e., customer segmentation, by creating innovative products that target different customers based on affordability. Findings also indicated a resemblance in their conduct about managing customer relationships. The limitation of the study is the contextual gap whereby the study is conducted in a different country whose applicability might differ from the country where the study is conducted. Secondly, multi-case research was applied, which may restrict the conclusion due to different results from various cases.

Research by Waithaka and Mwangi (2020) used a descriptive survey design focusing on 20 agrochemical companies as the target population. A purposive sampling and census survey amongst 60 senior management staff was conducted. It established that penetration strategies greatly improved agrochemical companies' performance. Research reiterated that high customer service fosters customer loyalty and helps agrochemical firms increase their market share through referrals and recommendations by delighted customers. These findings are vital to scholars to understand further how market penetration strategies affect organization performance in other industries. The specified market penetration techniques are primarily suitable for agrochemical firms, not food industries such as bakeries.

Conceptual Framework

Imenda (2014) described it as a representation in diagrammatic format defining variables and mapping how they relate. In this research, market penetration strategy was the independent variable represented by sending the sales team to new and existing markets for aggressive promotion of the products, adjusting prices for affordability,

introducing loyalty programs to customers, and setting up attractive display cases. Performance was the dependent variable as represented by profitability in terms of financial health, sales turnover by tracking revenue growth, market share by establishing an organization's presence and total output turnover by the production numbers.

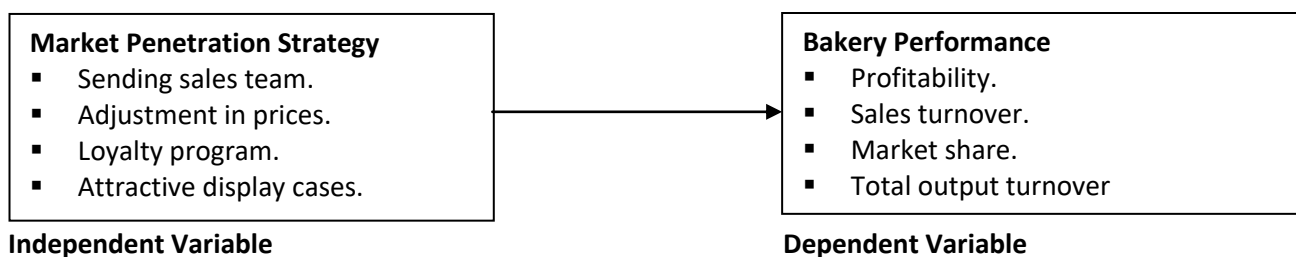


Figure 1: Conceptual Framework

Source: Researcher (2024)

METHODOLOGY

This study will focus on descriptive and explanatory research designs since they better explain market penetration strategy and its connection to performance. Nairobi City County is the location for the research and the selected bakeries are situated within and on the city's outskirts, allowing for both qualitative and quantitative data collections.

The targeted population included employees from Bakeries, namely Mini Bakeries Limited, DPL Festive, Eliots Bakery, BnB Bakery, Harvest Bakery, Yummy Bakery, Flora Bakers, and Penisha Bakery, all of which are located within Nairobi City County. Target respondents were randomly selected from various departments in Production, Sales & Marketing, Accounts and Procurement. The number of respondents depended on the workforce's average size in each bakery. According to Kombo and Trump (2006), a sampling frame is viable when selecting respondents; in this case, the study applied the same. The number of target employees in Mini Bakeries is 311, whereas Festive Bakery has 178 employees in the selected department. BnB bakery has a total of 130 employees. However, the aggregate populace size in the eight bakeries taking various roles in Production, Sales & Marketing, Accounts and Procurement, as per the information

collected from the bakery's records, is 904 employees. It should be noted that the strata sample in the study was decided upon based on the aggregate sample. A relatively sizeable representative sample was used to limit the chances of sampling error in the study. Mugenda and Mugenda (2003) noted that 10% to 30% of the populace is a good sample for study. In this research, 30% of the target population was a sufficient sample size relevant to the study. Considering the available populace, 30% would translate into 271 employees.

Semi-structured questionnaires were used to collect data while focusing on employees from various departments in the identified bakeries. Content validity is attained through assessing and double-checking questionnaire to determine what it should measure accurately. There were 33 appropriate questions in the questionnaire, which aligned with the intended subject matter variables to be measured. Construct validity ensured the operationalization of terms and study variables, and in addition, expert opinions were sought to assess the appropriateness of the questionnaire. Cronbach Alpha was used in the study for test-retest reliability measures.

Stratified random sampling was used to group employees from various bakeries into high, middle, and low levels. The respondents' years of work in their respective organizations were picked through stratification. Systematic random sampling was applied to avoid any possibility of bias.

Researcher's data gathering was quantitative and qualitative. Content analysis was used through narratives and themes to analyze qualitative data. In contrast, descriptive analysis i.e. mean, standard deviation, inferential statistics, and multiple regression was used to analyze quantitative data. Coding of questionnaires was done to enhance statistical data analysis and data entered in the SPSS system. Subsequently, to ascertain how dependent or independent variables were related, a multi-linear regression analysis below was used:

$$Y = S_0 + mX_1 + e \dots \dots \dots (i)$$

In which: Y = Performance

X₁ = Market Penetration

S₀ = Constant

e = Error (*Variations between Y estimates= Performance*). Small error = better estimates.

m = Slope (*Performance change per 1-unit change in X₁*)

The researcher applied inferential statistics techniques since they provided population generalization upon which the sample was drawn. To summarize, characterize and aid in the interpretation of data, variance, mean score, maximum, minimum and standard deviation was employed. A regression model score was obtained from one variable and correlated to another variable's scores. In this regard, interpreted in statistical figures of (-1 and +1), values representing perfect relationship that are extremes. Moore (1983) noted that any value where $y = 0.00$ shows no relationships between variables. If obtained $y = -1.00$, it indicates a perfect negative relationship. If y

$= +1.00$, it depicts positive perfect relationship. Considering this, any other value that falls in between will be interpreted as required. For better understanding, results were presented in percentages and frequency tables.

FINDINGS AND DISCUSSIONS

Response Rate

This study adopted stratified random sampling to group employees systematically from the eight bakeries selected. 254 questionnaires were dispensed and administered successfully given the 271 sampled respondents amounting to 94.02% response rate on aggregate.

The response rate varied from stratum to stratum with the highest stratum registering 100% and the lowest response rate at 80%. The response rate of 94.02% is considered good given the assertion by Kothari (2004) that a response rate greater than 70% is worthy and that a measuring mechanism is reliable if it gives steady results. The participation/response rate was dependent on bakeries employees' availability and their willingness to participate in the study by filling and completing the questionnaires given.

Characteristics of Respondents

Role of Respondents

Respondents are distributed by role played as shown in Figure 1 and that the number of employees for general managers was 7 (2.91%), production managers was 46 (18.11%), sales managers was 49 (19.29%) and sales representatives 152 (59.84%). This study indicates that the sales representatives are the biggest number who play an important role in market penetration therefore, they give in-depth information about each of their bakery's performance in the market.

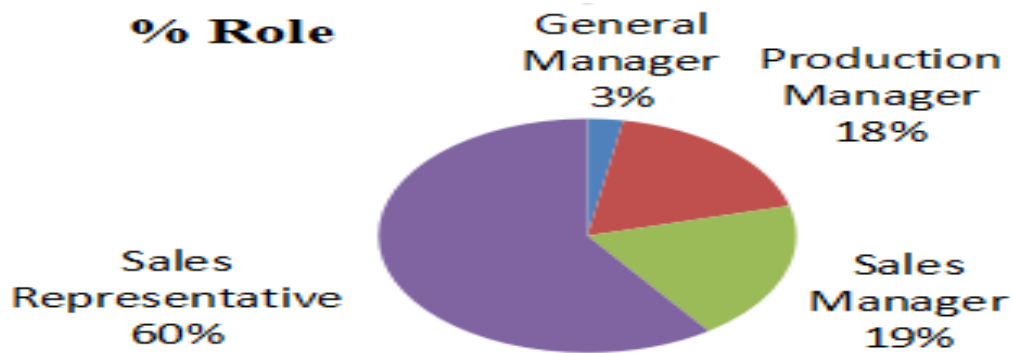


Figure 1: Role of Respondents

Source: Primary Data (2024)

Duration in Role

There is adequate work experience in the roles played in the bakeries thus appropriate for purposes of proving information of interest in this

research. Figure 2 below shows the duration the employees targeted have worked in their various bakeries.

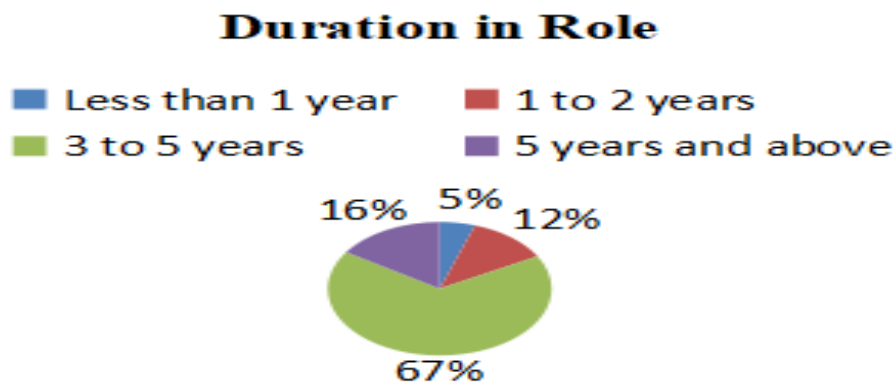


Figure 2: Duration in Role

Source: Primary Data (2024)

The outcome of this showed that majority of respondents (67.32%) have been working in these roles for between 3 and 5 years, followed by 15.75% who have been in this role for more than 5 years; others (11.81%) have worked in these roles for between 1 and 2 years; the rest (5.12%) have worked in less than a year.

Duration in Business

The number of years a bakery has been in operation directly help to understand the trends and progress on how the business has been performing in terms of market penetration. The respondents were asked to indicate the number of years the business has been in operation and the responses are shown in Figure 3 below:

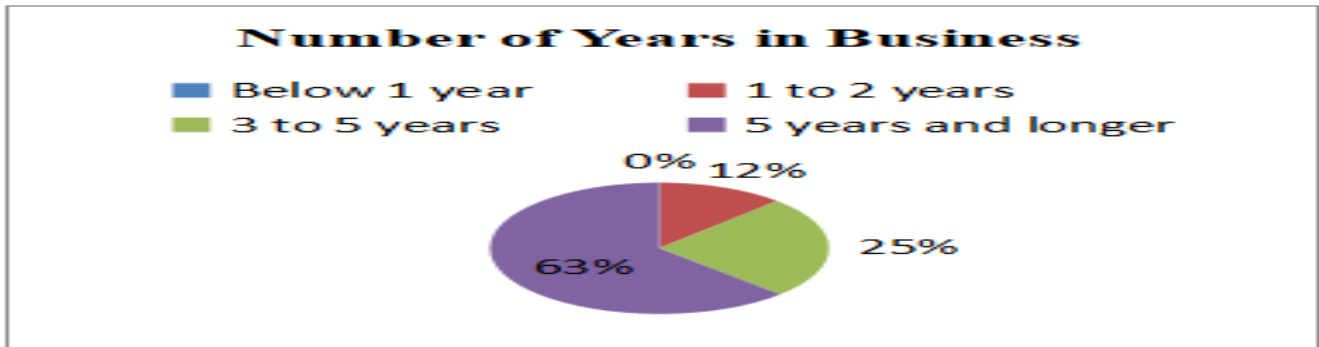


Figure 3: Number of Years in Business

Source: Primary Data (2024)

The outcome shows that majority of bakeries (62.59%) have been in operation for over 5 years; 25.21% have been in business for a period between 3 to 5 years; 12.2% have been in operation for a period between 1 to 2 years, while the none have been in business for less than a year.

Bakery Ownership

This study can be able to understand that most private businesses have less bureaucracy in decision-making and profit-oriented thus can be able to apply market penetration strategy to get impressive performance. In Table 1 below, the respondents were asked if the bakeries they work in are either private or public and the results are shown in Table 1:

Table 1: Ownership of Bakery

Type	Frequency	Percentage
Public	0	0.00
Private	254	100.00
Total	254	100.0

Source: Primary Data (2024)

The results showed that most of the bakeries in the target sample were not public and 100% private. As much as there were no public bakeries, they are also profit-oriented and try to apply the growth strategies even in a small way thus have some effect on its performance.

Range Of Bakery Products

Bakeries not only produce bread as one of Kenya’s staple breakfast preferences, but also other variety

of bakery products that can be used as both substitute and compliments to the breakfast and snack tables; thus, able to provide synergies for the bakery to grow business in their existing markets. The respondents were asked to indicate the range of products their bakeries produce, the responses were as shown in Figure 4 below:

Bakery Products

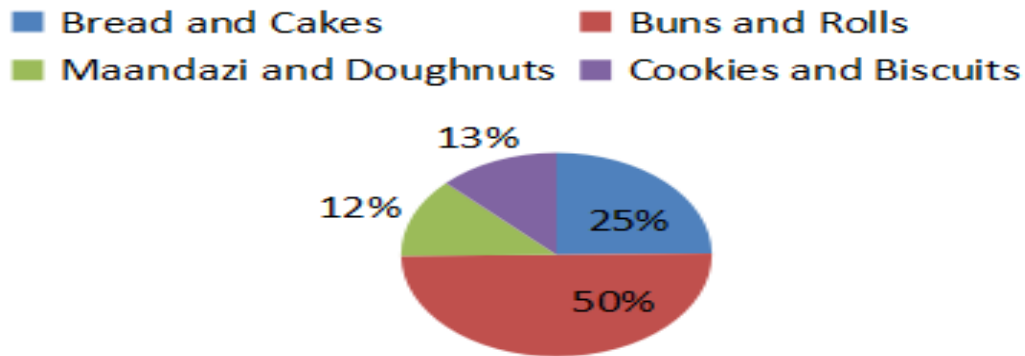


Figure 4: Bakery Products

Source: Primary Data (2024)

The results showed that majority of bakeries in the target sample (24.8%) produced bread and cakes; 50% added buns and rolls to their product range; 12.6% also produced maandazi and doughnuts, while the rest (12.6%) also have cookies and biscuits in their production range.

Size of Bakery

The reason as to why the size of the bakery matters is because of strategic planning of resources and

decision-making when applying the market penetration strategy. Customer base showed the biggest frequency although the percentages do not really differ from each reason. Therefore, all these reasons work simultaneously depending on the unit of production and the extent to which a bakery is willing to implement penetration strategy to spur its performance. The need to know the size of the bakery according to various aspects of a business enterprise is shown in Figure 5 below:

Reason for Size of Bakery

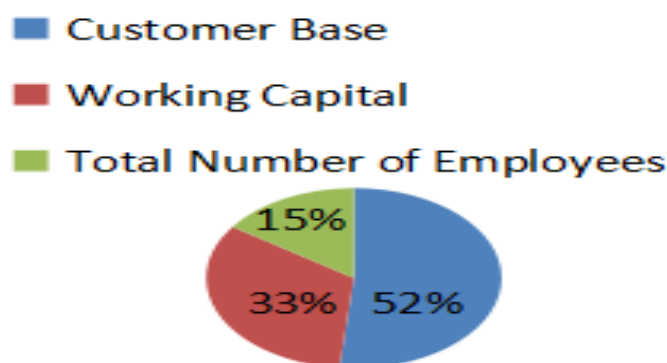


Figure 5: Reason for Size of Bakery

Source: Primary Data (2024)

The outcome showed that 51.57% used customer base to understand bakery size, 33.07% were in

terms of working capital and 15.36% based on the total number of employees.

Growth of Business

The respondents were asked if there has been any growth in the bakery in the last 3 years and identify the areas where it was realized because growth in number of customers and production size is an

indication that the bakery has grown in the existing market. The responses were as shown in Figure 6 below:

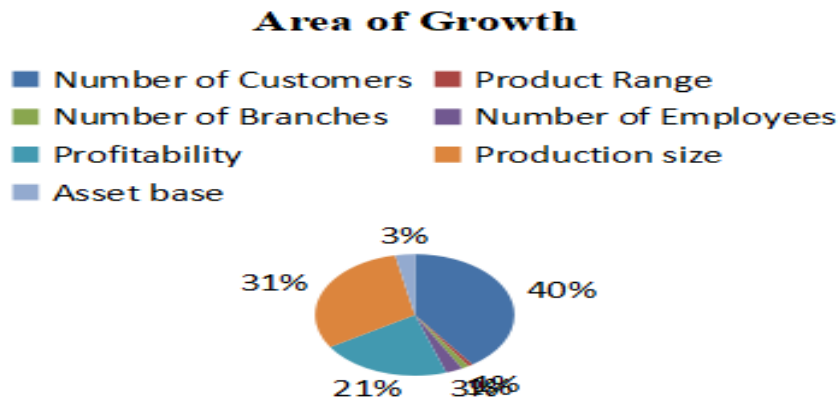


Figure 6: Area of Growth

Source: Primary Data (2024)

The outcome of this shows that growth in the bakeries in the last 3 years according to number of customers was 40.16%, product range 0.78%, number of branches 1.18%, number of employees 2.76%, profitability 21.26%, production size 30.71% and asset base 3.15%. This clearly shows that the respondents have an idea of market strategy can do.

Market Penetration Strategy vs Performance

The study sought to evaluate what effect market penetration strategy has on performance of bakeries in Nairobi County by showing the response results through Table 2 below:

Table 2: Market Penetration Strategy

	Descriptive Statistics					
	N	Min	Max	Sum	Mean	Std. Dn
Sending sales team	254	1.00	5.00	736.0	2.8976	1.20496
Attractive display cases	254	1.00	5.00	733.0	2.8858	1.35087
Adjustment in prices	254	1.00	5.00	733.0	2.8858	1.17566
Loyalty program	254	1.00	5.00	719.0	2.8307	1.15194
Aggregate Score					2.8750	1.22086
Valid N (listwise)			254			

Source: Research Data (2024)

This section’s recorded total aggregate mean of 2.875 and standard deviation of 1.221 implying that averagely, bakery employees affirmed that market penetration strategy affects performance of bakeries on moderation. Results indicated that performance is affected by sending sales team to various locations of the bakery jurisdiction (mean

score=2.8976) to a moderate extent. Factually, it can be explained that for market share to be felt, bakeries need to keep sending their sales team to various parts of the market segments. The findings further indicate that adjusting prices of bakery products and putting up attractive displays both having a mean score of 2.8858 and affects

performance of bakeries to a moderate extent. This is clearly indicating that in the Kenyan economy that keeps declining, there is need to market these products by putting up attractive display cases and adjusting the bakery product prices to push for an increase in sales and total output turnover. Also, implementing loyalty programs for customers have a moderate effect, however, since the loyalty program have 2.8307 means score, bakery management should encourage customers to register for the program and give rewards in line with customer loyalty.

Test of Normality

As for normality's requirement, parametric tests need to be performed. According to Ghesami & Zahediasi (2012), it is presumed that population is normally distributed due to statistical procedures such as correlation, t-test and regression. Nonetheless, Pallant (2007) pointed out that a deviation from normality won't cause significant problems if sample sizes are 40 or above; meaning, parametric procedures is still applicable in data sets not normally distributed. The Shapiro-Wilk Test 1965 as pointed out by Slogrove (2014) was used to test normality, and results presented in Table 3.

Table 3: Normality Test

	Tests of Normality			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Market Penetration Strategy	.056	254	.055	.986	254	.163
Bakery Performance	.056	254	.052	.986	254	.112
Lilliefors Significance Correction						

Source: Research Data (2024)

In 1965, Samuel S. and Martin W. developed a test statistic for normality where resulting P-value indicated normality. Outcomes above show a rejection of the null hypothesis since data is normally disseminated at 95% confidence and a P-value = 0.05 thus accepting assumption that

population is normally distributed (95%). In addition, given that the sample size for this study was above 40, it was considered normal distributions because the P-values above 0.05 were reported for all variables.

Test of Linearity

Table 4: ANOVA - Market Penetration Strategy

			ANOVA TABLE				
			Sum of Squares	df	Mean Square	F	Sig.
Market Penetration Strategy	Between Groups	(Combined)	132.257	4	33.064	55.352	.000
		Linearity	122.990	1	122.99	205.894	.000
		Deviation from Linearity	9.267	3	3.089	5.171	.202
	Within Groups		148.739	249	0.597		
	Total		280.996	253			

Source: Research Data (2024)

Given the sig. deviation from a linearity of 0.202 > 0.05 based on the ANOVA Table 4, it can be concluded that the relationship between market penetration strategy and performance of bakeries is linear.

Establish Market Penetration Strategy's Effect on Performance

It was established from output Table 8 that P-value of 0.083 indicates statistically that the variable is significant at 95 percent confidence level.

Therefore, null hypothesis is rejected and alternative hypothesis accepted that market penetration strategy has significant effect on bakeries' performance. The coefficient was 0.22 depicting a positive relationship between market penetration and performance of bakeries. Hence, an increase in market penetration activities would lead to improved performance of bakeries (Van, Phong and Thanh 2017).

Byaruhanga, Gacheo, and Thuo (2016) researched on the competitiveness and market penetration models on Kenyan mobile telecommunications and

established that penetration of the market directly affects competitiveness since higher rates are associated with better performance. Wainaina and Oloko (2016) performed research in the Kenyan soft drink industry on market penetration strategies versus growth of organizations, and the findings confirmed the existence of this relationship because for an organization to grow in market share, all market penetration strategies are necessary since each strategy builds on the other; thus, each should be part of the marketing plan. The above findings agree with the current research.

Table 5: Coefficients of the model

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Xx% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.648	.151		4.278	.027	.349	.946
Market Penetration Strategy	.220	.073	.202	3.029	.083	-.077	.364

a. Dependent Variable: Performance

Source: Research Data (2024)

Model Specification

Regression equation fitted on the data as shown below:

$$Y = 0.648 + 0.22X_1 + e$$

Whereby: Y = Bakery Performance; X_1 = Market penetration; and e = Error term

The model, therefore, indicates a positive correlation between market penetration strategy and performance of bakeries in Nairobi City.

Qualitative Analysis

Qualitative analysis using closed- ended question was done and results showed that most bakeries embrace application of growth strategies widely. Results are shown in table 6 as follows:

Table 6: Closed-ended questions analysis

Closed-ended questions	YES (%)	NO (%)
Do you think market penetration strategy will influence performance if employed in your organization?	79	21

Source: Research Date (2024)

Based on the qualitative analysis using closed-ended questions presented in the table 6 above, results show that applying the market penetration strategy positively affects their bakeries' performance.

CONCLUSIONS AND RECOMMENDATIONS

It was recognized that penetration strategy has significant positive effect on bakeries performance in Nairobi City County. Bakeries are sending their sales teams to reach the deeper markets to

establish market share; they are putting attractive display to avert competition and attract more customers and increase sales turnover. Bakeries are adjusting their prices in a fast changing and turbulent economy so as to remain relevant and increase total sales output; they are also introducing loyalty programs to remain relevant to their customers hence increase sales and profitability. In regard to influence of market penetration on bakeries' performance, researcher concludes that adoption and implementation would lead to improved bakeries' performance. Therefore, sending sales team and adjustment of prices to the segmented markets increases profits and market share. In addition, introduction of loyalty programs to customers and placing attractive display cases increases sales turnover thus improving the total output turnover.

Recommendations of the research are that market penetration strategy should be applied by sending

the sales teams to the market, adjusting the prices of the bakery products, introducing loyalty programs and placing attractive display cases, will help the bakeries increase their sales turnover and profits. Given the experienced generalizability because study area entailed bakeries in Nairobi City, research findings might have translated differently to bakeries in other counties in Kenya due to differences in economic structures and scope. Therefore, further studies should be done on national geography to establish effect of market penetration strategy on bakeries in Kenya to create more awareness, thereby mitigating the anticipated problems, and thus improving the bakery sector in the economy. These research findings then, be implemented by the stakeholders and the government fully to ensure smooth running of these bakeries.

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