International Journal of Innovative Research and Advanced Studies (IJIRAS)
Volume 11 Issue 11, November 2024

ISSN: 2394-4404

Market Penetration Strategy And Performance Of Bakeries In Nairobi City County

Donald Mbogo
MBA Candidate, School of Business, Kenyatta University

Dr. Paul Waithaka
Lecturer, Department of Business Administration, Kenyatta University

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. However, the need for bakery growth is crucial in sustaining their competitive advantage in the industry and in the recent past, some bakeries such as Bake n Bite, Dotcom Bakery, Gal Baking Services and Royal Swiss Bakery collapsed at the peak of their operations. 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. Despite the important contribution of bakery industry in our economy, not much has been conducted in the past to establish the relationship between different strategies of growth and how bakeries perform when implemented. Therefore, the main study objective was to examine how market penetration strategy influences bakeries' performance in Nairobi City County. The specific objective was the impact of Market Penetration Strategy on performance of Bakeries 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-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.

Keywords: Growth, Growth Strategies, Market Penetration Strategy, Bakeries, Performance

I. INTRODUCTION

A. BACKGROUND OF THE STUDY

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, Theordoros (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, 2015). 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.

B. 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.

C. 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.

D. RESEARCH QUESTION

The research was steered by this research question:

- ✓ To what extent does market penetration strategy influence performance of bakeries in Nairobi City County?

II. LITERATURE REVIEW

A. THEORITICAL 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.

a. 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.

b. 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.

c. 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.

d. 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.

B. 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.

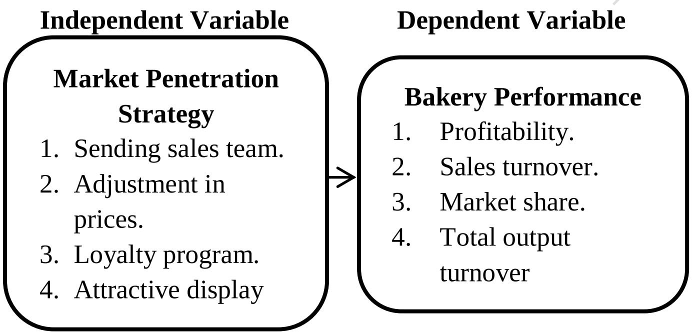
Njomo and Margaret (2016) researched market penetration versus development in soft drinks market whereby a random sampling technique (stratified) was applied in 160 businesses. Both Descriptive and inferential statistics were used i.e. correlation analysis (Swathi 2014). There were connections between 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.

C. 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.



Source: Researcher (2024)

III. RESEARCH METHODOLOGY

A. RESEARCH DESIGN

Bougie and Sekaran (2017) explained research design as a strategy for gathering, evaluating, and analyzing data produced to address a research topic. This study will focus on descriptive and explanatory research designs since they better explain market penetration strategy and its connection to performance. Cooper and Schindler (2006) stated that descriptive research demonstrates good data collection and how the gathered information is examined and measured to accomplish the goals being explored in the study. Mugenda and Mugenda (2003) stated that descriptive and explanatory designs provide an opportunity to establish variables relationships and to analyse gathered information quantitatively. The study could explain occurrences within the area by seeking individual perceptions. 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.

B. TARGET POPULATION

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. Table 1 below shows a summary of study population.

Bakery Name	Production	Sales & Marketing	Acc.	Procurement	Population	Sampled Population (30% of Population)
Mini Bakers	213	59	19	11	311	93
DPL Festive	102	53	15	8	178	53
Eliots	44	16	4	3	67	20
BnB	78	42	6	4	130	39
Harvest	42	13	4	2	61	18
Yummy	37	8	4	3	52	16
Flora	49	11	3	3	66	20
Penisha	25	8	2	4	39	12
TOTAL	**570**	**243**	**52**	**39**	**904**	**271**

Source: Bakery HR Offices (2023)

Table 1: Population Study

C. INSTRUMENTS OF DATA COLLECTION

According to Kumar (2009), researchers use different data collection methods to obtain data for study purposes. Primary data from the field was gathered and used to conduct a research study. In this case, semi-structured questionnaires were used to collect data while focusing on employees from various departments in the identified bakeries. Considering the large sample size, the questionnaire is the most suitable tool for assembling the required information for the research (Creswell, 2003). Employees self-administered the questionnaires across various departments in the selected bakeries. Respondents were requested to complete questionnaires in two days, and they were later collected and returned for analysis. This strategy to data collection is helpful since it increases the possible response rate from the target population. To support smooth data collection procedures, permission from top bakeries' management was sought to give employees the go-ahead to participate in the research exercise.

a. VALIDITY

Validity means results represent accurate findings as per what they should measure (Kothari, 2004). It ensures the meaningfulness and accuracy of inferences regarding the study results. Reliability is a measurement tool indicating consistent results from comparable measurements (Crano & Brewe, 2009). It is appropriate in descriptive design; therefore, findings would apply to the entire bakery industry in Kenya, which makes it possess external validity. In pilot testing, Face validity makes tests appear sensible to influenced measurements of the variables; 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.

b. RELIABILITY

To achieve a reliable questionnaire as a research instrument in this study, it was well-defined with clarity of purpose and administered adequately and appropriately. A reliability test to assessed if yielding consistent results could be measured was done. Cronbach Alpha was used in the study for test-retest reliability measures as shown in Table 2. Cooper and Schindler (2008) recommended a Cronbach alpha of 0.7 or more as a suitable criterion for the reliability test. Therefore, to test the research instrument's reliability, the researcher did a pilot test on Penisha Bakery employees to establish whether questions measured the expected conceptual framework's hypothesized variables. The questionnaire was adopted because it was valid and reliable.

Variable	**Number of Items**	**Cronbach's Alpha**	**Cronbach's Alpha based on Standardized items**
Market Penetration Strategy	4	.7657	.7708

Source: Research Data (2024)

Table 2: Reliability

D. DATA COLLECTION PROCEDURE

Mugenda and Mugenda (2003) defined sampling as method through which specific individuals are chosen from target population to acquire a representation of entire population. The research provides comprehensive information about the population using a representative sample. 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.

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 target population was sufficient sample size relevant to use. Considering the available populace, 30% would translate into 271 employees.

E. ANALYSIS AND PRESENTATION OF DATA

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:

$Y = S_0 + mX_1 + e$................(i)

In which: Y = Performance

X_1 = Market Penetration

S_0 = Constant

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

m= Slope *(Performance change per 1-unit change in* X_1)

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.

IV. RESEARCH FINDINGS AND DISCUSSIONS

A. 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 as shown in Table 3 below:

Bakery Name	Sample	Response	Percentage
Mini Bakers	93	89	95.69
DPL	53	47	88.67
Elliots	20	18	90.00
BnB	39	36	92.31
Harvest	18	17	94.44
Yummy	16	16	100.00
Flora	20	19	95
Penisha	12	12	100.00
Total	**271**	**254**	**94.02**

Source: Primary Data (2024)

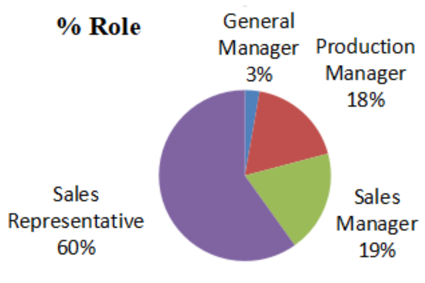
Table 3: Response Rate per stratum

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.

B. CHARACTERISTICS OF RESPONDENTS

a. 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.

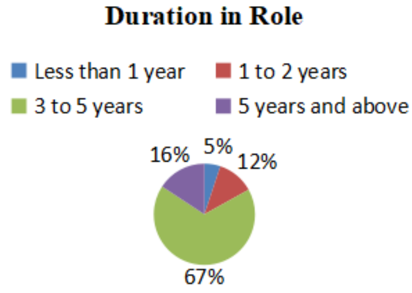


Source: Primary Data (2024)

Figure 1: Role of Respondents

b. 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 the various bakeries interviewed:



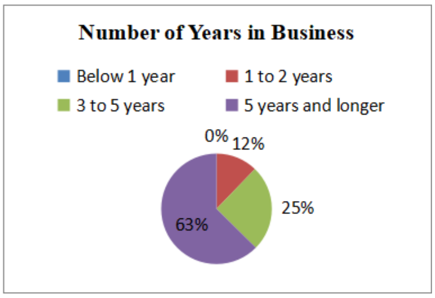
Source: Primary Data (2024)

Figure 2: Duration in Role

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.

c. 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:



Source: Primary Data (2024)

Figure 3: Number of Years in Business

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.

d. 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 4 below, the respondents were asked if the bakeries they work in are either private or public and the results are shown in Table 4:

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

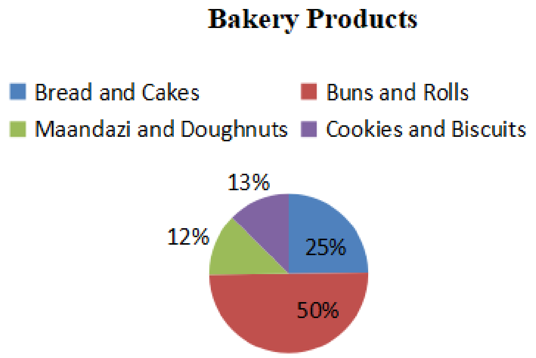
Source: Primary Data (2024)

Table 4: Ownership of Bakery

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.

e. 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:



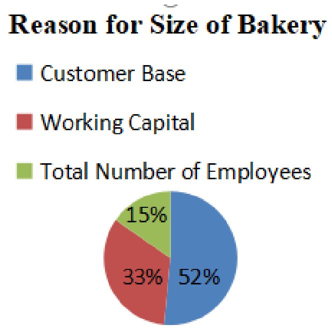
Source: Primary Data (2024)

Figure 4: Bakery Products

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.

f. 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:



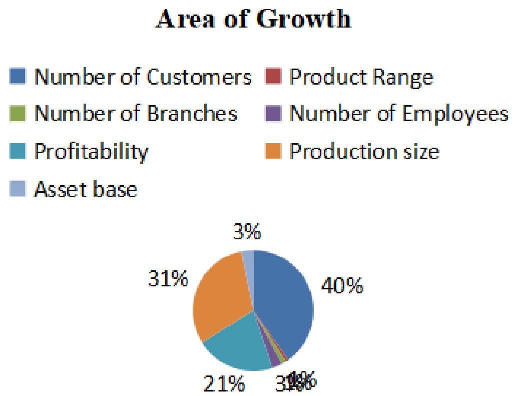
Source: Primary Data (2024)

Figure 5: Reason for Size of Bakery

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.

g. 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:



Source: Primary Data (2024)

Figure 6: Area of Growth

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.

C. 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 5 below:

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	254	1.00	5.00	733.0	2.8858	1.35087

 ISSN: 2394-4404

cases						
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)

Table 5: Market Penetration Strategy

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.

D. 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 6.

Tests of Normality						
	Kolmogorov-Smirnov[a]			**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)

Table 6: Normality Test

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.

E. TEST OF LINEARITY

ANOVA TABLE							
			Sum of Squares	df	Mean Square	F	Sig.
Market Penetration Strategy * Performance	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)

Table 7: ANOVA - Market Penetration Strategy

Given the sig. deviation from a linearity of 0.202 > 0.05 based on the ANOVA Table 7, it can be concluded that the relationship between market penetration strategy and performance of bakeries is linear.

F. 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.

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)

Table 8: Coefficients of the model

REFERENCES

[1] Al-Damen, R. A. (2017). The impact of Total Quality Management on organisational performance: Case of Jordan Oil Petroleum Company. International Journal of Business and Social Science, 8(1): 192 – 202.

[2] Ansoff, P.H. (1965). Corporate strategy. New York: McGraw- Hill

[3] Bagshaw, K. B. (2014). Power supply infrastructure and government policy inconsistency on the performance of small and medium scale manufacturing firms in Nigeria, An empirical assessment. AIJCSR, 1(2), 134–148.

[4] Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? The Academy of Management Review, 11(3), 656–665. https://doi.org/10.2307/258317

[5] Business Daily (2016). Stanbic Takes over bakery for failure to service loan. Retrieved from https://www.businessdailyafrica.com/bd/markets/stanbic-takes-over-bakery-for-failure-to-service-loan-2131930.

[6] Chandola, V. K., & Fu, H. (2017). Market Penetration Strategy of Smartphone Companies from China for India Market: A Multiple-case study. International Journal of Business Marketing and Management (IJBMM), 2(4), 10 -16.

[7] Chukwuma, A. I., Ezenyilimba, E., &Agbara, V. N. O. (2018). Effect of Product Packaging on the Sales Volume of Small and Medium Scale Bakery Firms in Southeast Nigeria. International Journal of Academic Research in Business and Social Sciences, 8(6), 988–1001

[8] Chukwuma, A.I., Ezenyilimba, E., Aghara, V. (2018). An Assessment on How Intensive Distribution by Small and Medium Scale Bakeries in South-Eastern Nigeria Affects Their Sales Volume. Sch. J. Econ. Bus. Manag, 5(9): 864-873.

[9] Combs, J. G, Crook, T. R., & Shook, C. L. (2005). The dimensionality of organizational performance and its implications for strategic management research. Research Methodology in Strategy and Management, 2, 259-286.

[10] Cooper, D.R., &schindler, P.S. (2008). Business research methods. 10th Edition; McGraw-Hill International Edition; Singapore (ISBN: 978-007-12633-7)

[11] Gacheo, P., Thuo, J., &Byaruhanga, J. (2016). Market Penetration Strategy on Competitiveness of Mobile Telecommunication Service Providers in Kenya. IJRDO-Journal of Business Management, 2 (12), 102-120.

[12] Gathungu, J.M., Aiko., D.M., &Machuki, V.N. (2014). Entrepreneurial orientation, networking, external environment, and firm performance. A Critical Literature Review, 10(7).

[13] Government of The Republic of Kenya. (2018). Third Medium Term Plan 2018-2022. Transforming Lives: Advancing Socio- Economic Development Through the Big Four. Retried http://planning.go.ke/wp-content/uploads/2018/12/THIRD-MEDIUM-TERM-PLAN-2018-2022.pdf

[14] Howard, F. and James, M. (2013). The Effect of Decision Context on Perceived Risk in Pricing Strategies: how managers view uncontrollable environmental forces. Journal of Product& Brand Management, 22(1): 79 – 86.

[15] Imenda, S. (2014). Is There a Conceptual Difference Between Conceptual and Theoretical Frameworks? Journal of Social Science, 38(2):185-195.

[16] John, D. (2018). The Ansoff Matrix: A Legendary Tool, But with Two Logical Problems. University of South Australia - Ehrenberg-Bass Institute. UniSA Business.

[17] Kaplan, S. K & Norton, D. P. (1992). The Balanced Scorecard- Measures that Drive Performance. The Magazine.

[18] Kenya Bakery Product Market (2020-2026). Size, Share, Growth, Revenue. Retrieved Dec 2023 from Kenya Bakery Product Market (2020-2026) | Size, Share, Growth (6wresearch.com)

[19] Kothari, C.R. (2004). Research Methodology: Methods and Techniques. 2nd Edition, New Age International Publishers, New Delhi.

[20] Kyle, P. (2022). The Product/Market Expansion. Grid journal.

[21] Lai, H., & Lin, T. (2007). Bakery Products: Science and Technology. DOI:10.1002/9780470277553.ch1

[22] Mohd, R. M., Zuhriah, E. &Norsiah, H. (2014). The influence of innovation performance towards manufacturing sustainability performance. In the proceeding of 2014 International Conference on Industrial Engineering and Operations Management.

[23] Moore, G.H. (1983). Business Cycles, Inflation, and Forecasting, 2nd ed. Ballinger

[24] Mugambi, A. L. &Wanjau, K. L. (2016). Factors affecting the performance of faith based small and Medium enterprises in Kenya. A survey of Meru County. The International Journal of Business & Management, 4(2), 311.

[25] Mugenda M.O. &Mugenda, G. A. (2003) Research Methods. Quantitative and Qualitative Approach: Nairobi. Laba Graphics Services

[26] Mutahi, F. (2018). Kenya Association of Manufacturers. The Big Four Agenda: Investment Opportunities in the Manufacturing Sector. Retrieved from https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=2ahUKEwid5qan7bjiAhWKRRUIHbalCnQQFjAAegQIBBAC&url=http%3A%2F%2Fkam.co.ke%2Fkam%2Fwp-ontent%2Fuploads%2F2018%2F10%2FKAM-Manufacturing-Deep-Dive-Report-2018.pdf&usg=AOvVaw2UGSnIJRzyStYDI5y2mp6L Remove this address.it is too long

[27] Mutua, E. M. (2013). Retail Bakery Design and Operational Performance in Kenya. Retrieved from file:///F:/untitled.pdf

[28] Nindiani, A., Hamsal, M., &Purba, H. H. (2018). Product and Service Quality Analysis: An Empirical Study of Customer Satisfaction in a Bakery. Binus Business Review, 9(2), 95-103.

[29] Niven, P. (2011). Balanced Scorecard: Step by Step for Government and Nonprofit Agencies:

[30] Njomo, G., & Margaret, O. (2016). Market Penetration Strategies and Organizational Growth: A Case of Soft

Drink. International Journal of Management and Commerce Innovations, 3(2), 219-227.

[31] Pallant, J. (2007). SPSS survival manual—A step by step guide to data analysis using SPSS for windows (3rd ed.). Maidenhead: Open University Press.

[32] Penrose, E. (1959) The Theory of the Growth of the Firm. Basil Blackwell, Oxford.

[33] Republic of Kenya [RoK]. (2015). Economic Survey 2015. Kenya National Bureau of Statistics, Nairobi: KNBS.

[34] Slogrove, D. A. (2014). Developing a Final Product Specification for Long-grain Parboiled Rice (Oryza sativa L.) Based on South African Consumer Preference.

[35] Swathi, B. (2014). Impact of Organization Culture on Employee's Job Satisfaction: A study of Public and Private Sector. Sumedha Journal of Management.

[36] Tanko, I. B., Yusuf, H.O. & Shuaibu, H. (2023). Constraint To the Use of Narict Neem Organic Fertilizer Among Smallholder Tomato Farmers in Kaduna State, Nigeria. Nigerian Journal of Rural Sociology, 23(2).

[37] Tarus, D. K., & Nganga, S. I. (2013). Small and Medium Size Manufacturing Enterprises Growth and Work Ethics in Kenya. Developing Country Studies, 3(2).

[38] Tayler, W. B. (2010). The Balance Scorecard as a Strategy -Evaluation Tool: The effects of Implementation Involvements and a Causal- Chain Focus. The Accounting Review 85(3), 1095-1117.

[39] Theordoros, C. (2015). Strategic Management Practices and Implementation in Small and Medium Sized Enterprise in Cyprus. Retrieved from http://hdl.handle.net/11728/8707

[40] Wainaina, G. &Oloko, M. (2016). Market Penetration Strategies and Organizational Growth: A Case of Soft Drink Sector in Kenya. International Journal of Management and Commerce Innovations, 3(2), 219-227.

[41] Waithaka, P. &Mwangi, R. M. (2020). Market Penetration Strategy and Performance of Agrochemical Companies in Nakuru County, Kenya. Stratford Peer Reviewed Journals & Books, 4(4).

[42] Zagozewski, T. (2015). (Re)Making Bread: Industrial Technologies and the Skills of Food Industry Workers. (Unpublished Thesis). College of Graduate Studies, University of Saskatchewan.