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INFLUENCE OF MARKETING STRATEGIES ON PERFORMANCE OF INSURANCE COMPANIES IN MERU COUNTY, KENYA

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Abstract

This research investigates the effect of marketing strategies, specifically market penetration, and market development on the performance of insurance companies in Meru County, Kenya. As the insurance sector faces increasing competition and changing consumer needs, understanding the effectiveness of these strategies is crucial for enhancing organizational performance and sustaining growth. The study employs a mixed-methods approach, incorporating both quantitative and qualitative data collected through structured questionnaires distributed to a sample of insurance professionals in the region. The research findings reveal that market penetration strategies significantly influence the performance of insurance companies. The analysis showed a strong positive correlation (0.72) between market penetration, (0.750) market penetration and performance, emphasizing its role in expanding market share and driving revenue growth. Additionally, the study highlights the importance of market development strategies in reaching new customer segments and fostering long-term growth. Respondents noted that aligning individual performance expectations with organizational goals enhances the effectiveness of market development initiatives. The inferential analysis, including correlation, regression, and ANOVA, confirms the significance of these marketing strategies in enhancing organizational performance. The results demonstrate that effective market penetration and development strategies are critical for improving performance metrics, with implications for policy and decision-making within the insurance sector. Insurance companies should invest in developing and refining their pricing strategies to enhance market penetration. Firms should focus on expanding their market presence by exploring new customer segments and product offerings.

Keywords: *Marketing Strategies Market Penetration, Market Development, Performance, Insurance Companies*

INTRODUCTION

Performance includes multiple activities that help in establishing the goals of the organization, and monitors the progress towards the target (Johnson et al., 2016). It is used to make adjustments to accomplish goals more efficiently and effectively. Organization performance is what business executives and owners are usually frustrated about. This is because even though the employees of the company are hard-working and are busy doing their tasks, their companies are unable to achieve the planned results. Results are achieved more due to unexpected events and good fortune rather than the efforts made by the employees. However, for any business to be successful, functions must be defined and accomplished. It is important for an organization to develop strategies that are designed around the skills that would enhance the performance of the organization. Performance is affected by myriad factors including: the lines of communication and command connecting these individuals (organizational authority structure and the degree of centralization), the resources and information to which the individuals have access, the nature of the task faced by the individuals, and the type and severity of the crisis under which the individuals operate (Richard et al., 2014).

Thus, performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at predetermined time using relevant strategy for action (Koontz & Donnell, 2018). Performance provides the basis for an organization to assess how well it is progressing towards predetermined objectives, identify areas of strength and weakness and decide on the future initiatives with the goal of how to initiate performance improvement (Vanweele, 2016). Rowley (2016) used both financial and non-financial indicators. The financial indicators were a percentage growth in sales, labeled as sales growth and percentage profit margin labeled as profitability. They used public image and goodwill, quality of services and efficiency of operations as the non-financial indicator.

Firms need to be competitive to serve chosen segments effectively in a meaningful and sustainable manner through development of appropriate marketing strategies. In the present-day business environment, market competitiveness is a function of how well firms can develop and implement strategies, but competiveness also can impact the nature of chosen strategy by the firm (Hugh & Elizabeth, 2016). A strategy is an organization's commitment to particular products, markets, customers, competitive approaches, and method of business operation and that firms that strategically respond to competition improve their business performance and are able to remain competitive than those that do not (Bernard & Koerte, 2015). The firms' strategies should be characterized by a responsive work organization, based on co-operative relations not only within the firm but also in its relations with external partners such as customers, suppliers and competitors. Flexibility and adaptability are also considered as key management concepts to develop a sustainable competitive advantage, and successful firms apply them in new organizational strategies.

Pholphirul, Rukumnuaykit, Charoenrat, Kwenyou, and Srijamdee, (2021) examined a study on marketing strategies and performance of tourism and hospitality enterprises in Thailand. The focus of the study determined the extent in which service marketing strategies tend to affect enterprises in the tourism and hospitality industry, especially, operators in small numbers of tourists. The application of the 4P strategy implementation on the potential and profitability of service operators in Nong Khai Province, Thailand will be of significance. Asgarnezhad Nouri, Zarei, Bashirkhodaparasti, Saebnia, and Nazer Asl, (2020) examining the impact of marketing capabilities and marketing strategies on business performance of export firms in Tabriz, Iran. Further, they claimed that in the current times, it is difficult to maintain customer satisfaction and loyalty due to expanding of globalization process, increase competition, entry of different domestic and foreign firms, diversified products and technology advancement. Therefore, utilizing marketing capabilities and strategies to service the in the competitive markets seems necessary as these factors can provide a good basis for improving the business performance of the firm.

In a study that will be examined by Amin, (2021) highlighted the significance of marketing strategy has been an operational focus and a method for achieving an all-inclusive business success. Further claimed that promotional marketing strategy, price marketing strategy, place marketing strategy and product marketing strategy were considered to be the main aspects that positively influence the of Insurance companies in Abuja. (Akanji & Ogunsiji, 2020). Uwamariya and Gitahi, (2021) existence of marketing strategies and performance of commercial banks in Rwanda. Moreover, examined the objective of research will be to examine the influence of consumer retention strategies on the performance of Equity Bank in Rwanda. Evidently, the performance of the Equity Bank is determined by adoption on the various marketing strategies.

In Kenya, recruitment firms are particularly faced by fierce market forces in the local market originating from both local and foreign entrants to the market that have continuously reduced their profit margins and with this change, there is need to employ appropriate responsive marketing strategies since reliance of the old marketing strategies might not give desired results due to the changing consumer demands (Wilburn, 2016). To enhance performance and to survive from competition, the insurance companies have had to come up with new marketing concept to maintain their market shares. The large insurance companies have over the years operated with strategies that ensured that they remain successful, however the uncertain business environment have increased the level of competitiveness, which is putting increasingly greater pressure to the insurance companies to acquire and to increase their competitive advantages through the adoption of appropriate marketing strategies. Therefore, to survive and thrive, the insurance companies have to make greater efforts to acquire or improve constantly their strategies, and as a result, their level of competitiveness can provide them a higher level of growth and performance.

Statement of the Problem

Customer retention is a critical challenge for insurance companies operating in Meru County, Kenya. Despite the growing number of insurance providers in the region, many firms struggle with high rates of customer attrition. This issue can be largely attributed to the ineffectiveness of current marketing strategies employed by these companies. In Meru County, insurance companies are increasingly facing difficulties in maintaining a stable customer base, which undermines their financial stability and market position. The reliance on outdated marketing techniques, inadequate customer engagement, and insufficient use of digital platforms have been identified as significant factors contributing to customer dissatisfaction and high churn rates.

Poor marketing strategies often result in a lack of personalized communication, ineffective promotion of services, and an overall disconnect between the company and its clients. These shortcomings not only fail to address the evolving needs and preferences of customers but also hinder the development of long-term, trust-based relationships essential for customer loyalty. The problem, therefore, is twofold: insurance companies in Meru County are facing high customer turnover due to ineffective marketing strategies, and there is a lack of comprehensive understanding of how these strategies impact customer retention. This gap in knowledge impedes the ability of these companies to devise and implement more effective marketing approaches that could enhance customer satisfaction and loyalty.

Addressing this issue requires a detailed examination of the marketing practices employed by insurance companies in Meru County and their impact on customer retention rates. By identifying specific shortcomings in current marketing strategies and understanding their effects on customer behavior, this study aims to provide actionable insights and recommendations for improving marketing practices and thereby enhancing customer retention in the insurance sector.

Several studies have been undertaken both internationally and nationally on the need of marketing strategies by a firm. Covin, Green and Slevin, (2016) found that marketing strategies are more likely to be emergent and not explicitly intended than deliberate. Elbana and Child (2017) found that uncertainty is a crucial constituent that influences the marketing strategy making process since the uncertainty constituents play a significant role in the strategy making process. In the local scene, Masika (2017) did marketing strategies adopted by commercial banks in Kenya and found out that commercial banks in Kenya pursue marketing segmentation, product strategies, distribution, pricing, marketing relationship and promotions strategies.

Hassan (2018) carried a study on the effects of strategic organizational practices on the performance of manufacturing industry in Kenya and established that strategic management practices were major drivers of performance in the manufacturing industry. Nevertheless, none of these studies has covered the effects of marketing strategies namely market penetration, market development and diversification on customer retention among insurance companies in Meru. There exists a research gap that needs to be addressed, therefore, this study seeks to assess the influence of marketing strategies on customer retention among insurance companies in Meru County, Kenya.

Objectives of the Study

i. To determine the effect of market penetration strategy on performance of insurance companies in Meru County, Kenya.
ii. To examine the effect of market development strategy on performance of insurance companies in Meru County, Kenya.

LITERATURE REVIEW

Empirical Review

Market Penetration Strategy and Performance of Insurance Companies

Armstrong (2018) explains that market penetration is the mode in which a particular product gains a market share in a particular market. It can also refer to the way in which a particular product or brand shares a recognition in a particular market segment. All the modes of market penetrations are as a result of how effective the marketing strategy is effective. Thiam (2017), indicates that market penetration majorly focuses on gaining more and more customers in a market niche. It is majorly about harvesting customers in a market segment to try products by the organization. Market development however focuses on developing customer relations. Market development is in essence trying to cement a deeper relationship with the customer in order to win the customer's loyalty in the long run.

Njomo and Margaret (2016) study explored the impact of strategies for market entrance and authoritative turn of events: a soda case. The delineated irregular examining procedure has been utilized. The exploration haphazardly picked an example of 160 soda pop organizations. Information will be gathered and broke down utilizing both unmistakable and inferential factual devices. Connection examination will be utilized to distinguish the position and bearing of the two factors direct relationship. The discoveries demonstrated an organization between entrance strategies and authoritative turn of events. Estimating technique for entrance has been negative and has no amazing impact on improvement of organization.

Ekwulugo (2018), reported that a way of also trying to dominate a particular market in order to rip from its full benefit is trying the different market penetration strategies. Also, in another study by Ardyan (2018) found out that the majority of organizations in the United States used market penetration strategies in order to gain a foothold in the markets they wished to control. He further points out that that market penetration can take various forms. Each form is dependent on the kind of marketing strategy that the firm will choose to adopt into their grand plan of market penetration. Market penetrations that assume a pricing strategy tend to control the prices of their products in the market. The prices can be low in order to try and have the advantage of attracting more customers, dominate the market with their products and also discourage new investments by other organizations into the market in which they are trying to be dominant.

According to Bonaglia and Goldstein (2016), studied on how effective the organization achieves its well down laid goals and strategies. It is how the organization employs its different strategies towards making sure that it has a good grip or footing in the market segment in which it selects. Organization performance is a measure success by the organization. A well ranked performance score by the organization is an indication that all the adopted strategies are working in the right way for the company. Organization performance encompasses three basic elements in the organization. The elements include the market performance, financial performance and the shareholder return. A good market performance is an indication of a proper grip in the market segment and thus the ability of the organization to have better financial records and thus offer good return on shareholder investments (Blackburn, Hart, & Wainwright, 2018).

Agyemag and Ryan (2018), found in order to achieve a market penetration success, there is the need for the organization to invest in a proper marketing strategy. A good marketing strategy makes the difference if the organization is to receive a proper market penetration in whichever segment it chooses to diversify in. There ought to be a comprehensive guide to marketing that is deeply embedded to every other strategy adopted by the organization. A marketing strategy is important in that it provides a guide into how the different aspect of production will take place. A good marketing strategy is the ultimate edge of an organization to its competitors.

Pleshko, Heiens and Peev (2014), study on the impact of pricing strategy on organizational performance in India found out there exist a strong correlation between the pricing strategy of a product and the organization performance. Organizations are seen to perform better in a market segment when it has its pricing strategy to its focus. Pricing and quality of product seem to share a strong correlation. They found out that better quality products with a higher price seem to enjoy a better market domination than poor quality products with a low pricing strategy. In his study on the Apple Company, Dolata, (2017), found out that the reason for better performance of Apple products in the market will be due to the quality of products from their production line. Despite the high pricing strategy, apple has been able to dominate the Smartphone market and the reason for this will be a better quality of products.

In a study in the export market by organization, West, Ford, and Ibrahim (2015), notes that there are different elements that do affect the prices of products in the international market. The reasons for the different pricing strategy were out of the PESTEL model that mostly focused on political factors, economic factors, social factors, technological factors, environmental forces and legal forces. All these forces combined have a direct effect on the final price of the product. West, Ford, and Ibrahim (2015), states that market pricing works to enable the product gain a foot hold in the market. Penetration pricing helps the organization in trying to gain acceptance in the market. The penetration pricing strategy should be such that it offers the feeling to customers that the products are of better advantage compared to the competitors' products. Penetration pricing strategy can be used to launch a new product portfolio effectively or gain a market share in a new market segment.

Market Development Strategy and Performance of Insurance Companies

As indicated by Ansoff (2017), market improvement includes selling an all-around existing item into a market that will be not accepting the item previously; the technique can include offering the item to various client portion, selling the item in another territory or districts in which the item will be not being sold or even in business sectors out of the country. The procedures every organization set up to enter and work in the new market assumes significant part in the capacity of the organization to keep up its predominance on the lookout. A portion of the techniques utilized by organization to support the primary mover advantage incorporate making of high exchanging costs. With presence of one item on the lookout, a client embraces to the attributes of the item and the pioneer organization thinking that it's hard to change to different brands that later come into the market, this can be accomplished by offering excellent items that address the issues of clients (Park, 2015). Organizations entering a market that had not been investigated requirements to make fitting dispersion channel, proper item bundling, evaluating.

An investigation on essential direction and firm execution in an imaginative climate expanding available direction research will be investigated by (Voss & Voss, 2015). The examination analyzed the effect of three option vital directions client direction, contender direction and item direction on an assortment of emotional and target proportions of execution in the charitable expert theater industry. The investigation established a two-stage research plan related to Theater Communications Group (TCG), a public assistance organization for the charitable expert venue field. To test the speculations, the examination led a progression of relapse investigations that subbed the different exhibition measures as needy factors. For every exhibition measure, the examination directed a various leveled, directed relapse investigation that tests for free and communication impacts for the theorized mediator. The outcomes showed that the relationship between essential direction and execution changes relying upon the sort of execution measure utilized (Voss & Voss, 2015). In any case, the most unambiguous outcome will be that a client direction displays a negative relationship with endorser ticket deals, complete pay, and net excess/deficiency. The investigation's emphasis on a solitary aesthetic industry restricted the generalizability of the discoveries.

Theoretical Framework

Igor Ansoff's Theory

Igor (1957) posited that for an organization to increase its performance, it needs to achieve products and market growth through four different strategies which depends on whether or not a company or product is already present in the market. He considered two dimensions; one dimension is based on the product being either new or existing while the other dimension consider market as new or existing. The four main growth strategies include market penetration, market development, and diversification. The internal growth strategies pose different levels of risks and need for investment. Market penetration which involves selling more of existing products in already exiting market possess the lowest risk (Shroder, 2015), this strategy is aimed at achieving market dominance through gaining competitor's customers, attracting non-users and having the current users buy more (Gardetti, 2015).

Conceptual Framework

Independent Variables **Dependent Variable**

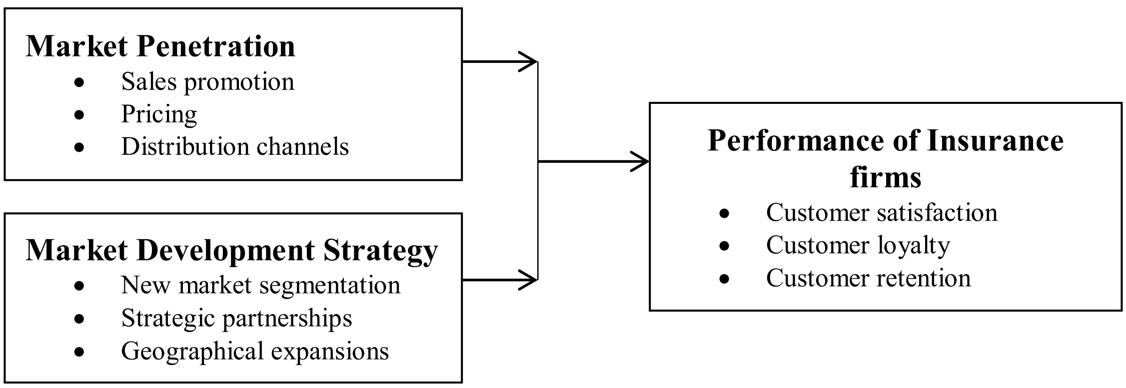

Figure 1: Conceptual Framework
Source: Researcher (2024)

METHODOLOGY

The study employed descriptive survey research design. Descriptive survey approach according to Kothari (2014) is concerned with finding out; Where? What? and the How? of a phenomenon.

The researcher specifically targeted the 20 marketing managers and 500 customers across various insurance companies in Meru County.

However, from the possible 520 target population, stratified and simple random sampling was employed to select respondents from each of these insurance companies and obtain a sample population. This study adopted Yamane's recipe to register the example as illustrated:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n = sample size

N = population of the study

e = level of significance (5% level of significance)

N = target population = 520

$$n = \frac{520}{1 + 520(.05)^2} = 226$$

Sample Size = 226

This study utilized questionnaire for the customers and interview schedules for the marketing managers. Quantitative data was collected using questionnaires and analyzed by the use of descriptive statistics using SPSS (SPSS-version 28) and was presented through percentages, means and frequencies. The information was displayed by use of frequency tables and figures. Content analysis was used to analyze data collected from the open-ended questions. In addition, the researcher conducted a multiple regression analysis so as to determine the relationship between performance of insurance companies and the variables of the study.

FINDINGS AND DISCUSSION

Response Rate

The study targeted a total of 226 respondents, comprising both customers and marketing managers from insurance companies in Meru County, Kenya. A total of 206 questionnaires were successfully completed and returned, representing a response rate of 91.2%. This high response rate can be attributed to the direct distribution of questionnaires and follow-up reminders to ensure maximum participation.

Market Penetration Strategy

Table 1: Market Penetration Strategy

Statement	SA (5)	A (4)	N (3)	D (2)	SD (1)	Mean	Std Dev
The pricing strategy normally influences market penetration.	90	70	28	12	6	4.10	0.96
Market penetration enables the company to come up with a pricing strategy.	82	74	24	18	8	4.00	1.06
Market penetration enables the company to match its price with market share.	78	68	36	16	8	3.92	1.08
Market penetration is crucial for business performance.	100	66	20	14	6	4.16	0.99
Market penetration is essential for promotion strategies.	86	70	30	14	6	4.05	1.01

Market penetration enhances marketing activities that focus on attracting customers.	88	76	26	10	6	4.12	0.98
Market penetration enhances search for new product distribution channels.	84	72	28	14	8	4.02	1.04
Market penetration enables access to new customers in the market.	92	68	26	12	8	4.09	1.01
Market penetration is essential for enhancing competitive advantage.	96	74	24	8	4	4.21	0.91

Source: Research Data, 2024

Market penetration strategy is a critical component of a company's efforts to increase its market share within existing markets by implementing tactics such as competitive pricing, promotional efforts, and distribution channel expansion. This section will provide a detailed analysis of the responses gathered from the participants regarding market penetration strategy and its impact on the performance of insurance companies in Meru County. The majority of respondents (90 out of 206) strongly agreed, and 70 agreed that pricing strategy has a significant impact on market penetration, with a mean score of 4.10 and a standard deviation of 0.96. This indicates that most participants perceive pricing as a crucial determinant of an insurance company's ability to attract and retain customers. The relatively low standard deviation implies that responses were consistent across the board.

Pricing is a critical factor in market penetration because it influences how customers perceive the value of the product or service in relation to its cost. A well-structured pricing strategy can lead to increased sales volumes, thereby enhancing a company's market share. This is particularly true in the insurance sector, where consumers tend to be price-sensitive, especially in a competitive environment where several companies offer similar products. Insurance companies that offer affordable premiums while maintaining the quality of their services are more likely to succeed in penetrating the market. This finding is consistent with the study by Lamb, Hair, and McDaniel (2015), who argue that competitive pricing can lead to better market penetration, particularly in highly saturated markets. By aligning pricing with the purchasing power and preferences of the target market, insurance companies can increase their market presence. When asked whether market penetration enables the company to align its pricing strategy with the market share it aims to attract, most respondents agreed, with a mean score of 3.92 and a standard deviation of 1.08. This suggests that pricing strategies in the insurance industry are not only about competitive pricing but also about aligning those prices with the company’s goals in terms of market share.

In the insurance sector, aligning pricing with desired market share means creating a balance between offering affordable premiums to attract customers and ensuring that the company remains profitable. By setting prices that reflect the target market's ability to pay, companies can achieve greater market penetration while maintaining customer satisfaction. For example, offering lower premiums for new customers or bundling products at discounted rates are common practices for increasing market share. Kotler and Keller (2016) also emphasize the importance of pricing strategies that reflect market dynamics and competitive positioning. Companies that understand the pricing structures in their industry and adjust their strategies accordingly are better positioned to achieve their market share goals.

A strong agreement (mean = 4.16, SD = 0.99) was observed regarding the role of market penetration in improving business performance. Market penetration strategies, such as promotional campaigns and pricing adjustments, were seen as critical for business growth in the insurance sector. The fact that 100 respondents strongly agreed and 66 agreed on this matter highlights the consensus that market penetration drives key performance metrics.

Business performance in insurance is typically measured through revenue growth, customer acquisition, and policy retention rates. When companies successfully implement market penetration strategies, they tend to experience improvements in these areas. The ability to tap into new customer segments or increase policy renewals from existing clients directly influences the overall financial health of an insurance firm.

This finding is supported by Jobber and Fahy (2015), who argue that market penetration enhances business performance by increasing a company's visibility and expanding its customer base. By aggressively promoting its products and services, an insurance company can capture a larger portion of the market, which translates into higher sales volumes and improved financial results. Respondents also highlighted the importance of promotional activities in market penetration, with a mean score of 4.05 and a standard deviation of 1.01. Promotional strategies, such as advertising, customer outreach programs, and product demonstrations, were perceived as essential in attracting more customers to insurance products. Promotional strategies are vital for creating awareness of insurance products and services, particularly in a market where consumers may not fully understand the value of insurance. Effective promotions can educate customers about the benefits of having insurance coverage, thereby encouraging more people to purchase policies. Furthermore, promotions help companies differentiate their products from competitors, which is particularly important in a crowded market where customers are faced with numerous options. As stated by Gronroos (2013), effective promotion is crucial for creating brand awareness and customer engagement. In the insurance industry, promotions that highlight the unique features of a company's products, such as specialized coverage or premium discounts, are likely to resonate with potential customers and lead to higher market penetration.

A significant number of respondents agreed that market penetration enhances the search for new product distribution channels (mean = 4.02, SD = 1.04) and enables access to new customers in the market (mean = 4.09, SD = 1.01). The expansion of distribution channels is seen as a critical factor in reaching new customer segments and increasing market share. In the insurance industry, distribution channels refer to the various methods used to sell policies, such as direct sales, online platforms, insurance brokers, and agents. Expanding distribution channels allows insurance companies to reach customers who may not have been aware of their products or who prefer different purchasing methods. For example, the rise of digital platforms has allowed insurance companies to tap into tech-savvy customers who prefer purchasing policies online. Research by Ansoff (2014) suggests that expanding distribution channels is an effective market penetration strategy because it allows companies to reach a broader audience. By offering multiple ways for customers to purchase policies, insurance firms can increase their market presence and acquire new customers more easily.

Respondents overwhelmingly agreed that market penetration strategies are essential for enhancing competitive advantage (mean = 4.21, SD = 0.91). Competitive advantage is crucial for insurance companies, as it allows them to differentiate themselves from competitors and establish a stronger position in the market. Achieving competitive advantage through market penetration involves offering superior products, better customer service, or more attractive pricing than competitors. Insurance companies that can successfully penetrate the market by offering better value propositions are more likely to retain customers and attract new ones.

Prahalad and Ramaswamy (2014) emphasize that market penetration allows companies to strengthen their competitive position by increasing brand visibility and customer loyalty. By continuously improving their products and services and making them more accessible to customers, insurance companies can sustain their competitive edge over time.

Market Development Strategy
Table 2: Market Development Strategy Responses

Statement	SA	A	N	D	SD	Mean	Std Dev
It enhances alignment of individual performance expectations with organizational goals.	40	35	15	5	5	4.1	0.98
Supervisory activities enhance development in performance goals collaboratively with direct reports.	45	30	10	8	7	4.0	1.02
Provision of fair, constructive, and timely feedback towards performance expectations and goals.	50	28	12	7	3	4.2	0.87
Need for evaluation of employee's work that determines performance.	42	34	10	7	7	4.0	1.05
Level of complexity and nature of the job determines performance.	47	29	8	9	7	4.1	0.94
Members should team up with the need of achieving a general objective.	53	30	8	5	4	4.3	0.88
Leadership skills and self-efficacy perception enhance performance.	49	33	6	6	6	4.2	0.89
Leadership is a key foundation for empowering and enhancing performance.	55	30	7	5	2	4.4	0.78

Source: Research Data, 2024

Market development strategies play a critical role in the performance and growth of companies, particularly in industries such as insurance. Based on the table above, respondents predominantly support the various aspects of market development strategies, as indicated by the high mean scores across all the surveyed statements. The analysis breaks down the key areas, including alignment of individual goals with organizational objectives, supervisory activities, feedback mechanisms, and leadership's role in performance enhancement.

One of the key findings from the data is that market development strategies enhance the alignment of individual performance expectations with organizational goals. This statement received a high level of agreement, with a mean score of 4.1 and relatively low standard deviation (0.98), indicating that most respondents share this perception. The alignment between personal and organizational goals is crucial for any company aiming to expand its market. In the insurance industry, this translates to employees working towards both personal career goals and the broader objectives of customer acquisition, product innovation, and revenue growth.

According to Armstrong and Taylor (2020), aligning individual performance with company goals ensures that employees are motivated and committed to contributing to the company's overall mission. In this context, insurance companies in Meru County can implement performance management systems that ensure employees understand how their individual targets, such as customer retention and policy sales, fit into the broader company strategy.

The data also suggests that supervisory activities play an important role in the development of performance goals in a collaborative manner. With a mean score of 4.0, respondents agree that supervision should involve open communication and mutual goal-setting. This strategy is particularly relevant in the insurance sector, where frontline employees, such as sales agents, must work closely with their supervisors to ensure they meet performance metrics related to market development.

Supervisory activities, when done effectively, create an environment that fosters teamwork, mentorship, and the development of new skills. In the insurance industry, effective supervision means managers can guide their teams toward achieving customer growth and penetration in untapped market segments. Supervisors can provide real-time feedback, identify areas where employees need additional training, and help align efforts with the overall market development goals. As noted by Torrington et al. (2017), supervision should not only be about monitoring performance but also about enhancing an employee's potential through leadership and collaboration.

The provision of fair, constructive, and timely feedback is another critical aspect highlighted by respondents. The mean score of 4.2 demonstrates strong agreement that feedback mechanisms are necessary for the continuous improvement of employee performance, which, in turn, enhances market development. This aligns with modern performance management theories that emphasize the importance of real-time feedback rather than annual reviews.

Research by Dessler (2019) supports this view, arguing that continuous and constructive feedback can significantly enhance individual and organizational performance. Insurance companies in Meru County should therefore implement robust feedback systems to ensure that employees are continuously developing and contributing to the company's market development strategies.

The level of complexity and the nature of the job were identified by respondents as key determinants of performance, with a mean score of 4.1. This suggests that respondents believe the nature of work in the insurance sector is complex and requires careful management and development of specialized skills. For example, underwriting policies or managing customer claims requires employees to have in-depth knowledge of both the products and the legal frameworks governing insurance in Kenya.

Understanding job complexity is vital for insurance companies because it allows them to tailor their market development strategies accordingly. Employees tasked with complex roles may require more training and development, while simpler roles can be filled by entry-level personnel. By ensuring the right people are in the right roles, insurance companies can maximize their market development efforts.

According to Mullins (2018), job complexity should be accounted for in organizational planning, as it directly affects an employee’s ability to perform efficiently. This is particularly relevant in sectors like insurance, where technical knowledge and decision-making are crucial. Leadership was identified as a key foundation for empowering employees and enhancing performance, as indicated by the high mean score of 4.4. Respondents overwhelmingly agreed that strong leadership is critical to market development, particularly in sectors that rely heavily on human capital, such as insurance. Leadership fosters an environment of motivation and innovation, enabling employees to perform better and contribute to the company’s growth.

Self-efficacy, or the belief in one’s ability to succeed, was also seen as a crucial factor, with a mean score of 4.2. Employees who believe in their ability to achieve goals are more likely to take initiative, make better decisions, and perform their roles effectively. In insurance companies, where employees often work independently to meet sales targets, self-efficacy is especially important. Insurance firms should therefore focus on leadership development programs that boost both managerial and employee self-efficacy. As noted by Northouse (2019), transformational leadership that empowers employees and fosters self-efficacy is essential for companies looking to expand their market share. By providing employees with the right tools, resources, and motivational support, insurance companies in Meru County can foster an environment where market development thrives.

The data reveals that respondents strongly agree on the importance of team collaboration in achieving organizational objectives, with a mean score of 4.3. This emphasizes that teamwork is a critical component of market development strategies in the insurance sector. In industries such as insurance, where cross-functional tasks are common, team collaboration ensures that employees from various departments—such as sales, underwriting, and claims—work towards shared objectives that align with the company's market expansion goals.

Collaboration promotes synergy, where the combined efforts of a team outperform the sum of individual efforts. This is particularly beneficial in the insurance industry, where selling and servicing policies often require the combined efforts of multiple departments. When teams work together seamlessly, it leads to improved customer service, faster problem resolution, and a more coherent market development strategy.

Research by Salas et al. (2018) emphasizes that team collaboration enhances communication and problem-solving skills, making it easier for organizations to tackle market challenges. Insurance companies in Meru County should promote cross-departmental collaboration to ensure that their market development strategies are comprehensive and well-coordinated. Leadership was overwhelmingly seen as essential in empowering employees and driving performance. With a mean score of 4.4, the data underscores the importance of leadership in guiding teams and individuals toward market development goals. In the insurance sector, effective leadership is not just about giving directions but about inspiring, mentoring, and developing employees.

Empowering leadership fosters a culture of innovation and continuous improvement, which is essential for companies looking to expand their market presence. Leaders who take an active role in mentoring employees and fostering a positive work environment contribute to higher levels of employee engagement and performance. According to Bass and Riggio (2006), transformational leadership, which focuses on inspiring and motivating employees, is particularly effective in fostering market development strategies. Insurance firms can benefit from leadership that encourages employees to think creatively and strategically about market opportunities. Such leadership can also help build a culture of high performance, where employees are motivated to go above and beyond in their roles, thus contributing to the company's market growth.

Self-efficacy an individual's belief in their ability to execute tasks successfully emerged as a crucial factor in market development, with a mean score of 4.2. Employees with high self-efficacy are more likely to take on challenging tasks, such as penetrating new markets or selling innovative insurance products. In the insurance industry, where employees often work independently and must meet performance targets, self-efficacy is vital. Bandura's (1997) theory of self-efficacy posits that individuals with high self-efficacy are more likely to set ambitious goals, persevere in the face of challenges, and ultimately perform better. Insurance companies can nurture self-efficacy by providing training, mentoring, and feedback that reinforces employees' belief in their capabilities. When employees feel confident in their abilities, they are more likely to engage in proactive behaviors that contribute to market development. The importance of feedback and performance evaluation is also highlighted in the data, with a mean score of 4.2. Respondents agree that timely, fair, and constructive feedback is essential in guiding employees toward better performance, which in turn supports market development strategies. In the insurance sector, where performance is often tied to customer acquisition and retention, regular feedback ensures that employees are on track to meet their targets. A well-structured feedback system allows insurance companies to identify areas where employees excel and areas that need improvement. It also encourages continuous learning and development, which is critical in an industry where market trends and customer needs are constantly evolving.

As noted by Kluger and DeNisi (1996), feedback interventions can significantly improve individual performance, particularly when they focus on specific behaviors and provide actionable insights. Insurance firms should therefore ensure that their feedback mechanisms are not only focused on past performance but also offer guidance on how employees can improve and contribute to the company's market development efforts. The complexity of the job was identified as a key factor influencing performance, with a mean score of 4.1. In the insurance industry, employees are often required to handle complex tasks such as assessing risk, designing insurance policies, and managing claims. The ability to perform well in these tasks directly impacts the company's ability to develop new markets and retain existing customers.

Job complexity often requires specialized knowledge and skills, which can be developed through targeted training and professional development programs. By investing in employee training, insurance companies can ensure that their staff are well-equipped to handle the complexities of their roles, which in turn supports market development strategies. According to Hackman and Oldham's (1976) Job Characteristics Model, job complexity can increase job satisfaction and performance when employees have the necessary skills and resources to handle their tasks. For insurance firms in Meru County, understanding the complexity of various roles and providing appropriate support is key to ensuring that employees can contribute effectively to market development efforts.

Inferential Analysis

Correlation Analysis

Table 3: Correlation Matrix

Variables	Performance	Market Penetration	Market Development
Performance	1	0.720**	0.750**
Market Penetration		1	0.680**
Market Development			1

** Correlation is significant at the 0.01 level (2-tailed).

The Correlation Matrix shows significant positive correlations between all pairs of variables. Performance is highly correlated with Market Development (0.750**) and Market Penetration (0.720**) indicating that improvements in these strategies are associated with better performance outcomes.

Regression Analysis

This section presents the inferential statistical analysis conducted to determine the relationship between marketing strategies and the performance of insurance companies in Meru County, Kenya. The analysis includes the Model Summary, Regression, Correlation, and ANOVA.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.837	0.700	0.685	2.148

The Model Summary indicates a strong positive relationship (R = 0.837) between the marketing strategies (market penetration, market development, and diversification) and the performance of insurance companies. The R Square value of 0.700 shows that 70% of the variation in performance can be explained by these marketing strategies. The Adjusted R Square value of 0.685 suggests that the model remains robust after adjusting for the number of predictors. The Std. Error of the Estimate (2.148) indicates the average deviation of observed values from the regression line.

Table 5: Regression Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	2.541	1.123		2.263
Market Penetration	0.652	0.110	0.540	5.927
Market Development	0.548	0.107	0.476	5.121

The regression coefficients indicate that all three marketing strategies positively impact the performance of insurance companies, with Market Penetration Strategy (B = 0.652) and Market Development Strategy (B = 0.548) and all showing significant contributions ($p < 0.05$).

ANOVA

Table 1: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1695.5	2	847.751	183.586	0.000
Residual	1094.23	237	4.617		
Total	2789.73	239			

The ANOVA results indicate that the regression model is statistically significant ($F = 183.586$, $p < 0.001$). This signifies that the combined effect of Market Penetration, Market Development, and Diversification strategies significantly explains the variation in the performance of insurance companies.

The inferential analysis conducted in this study underscores the significant impact of marketing strategies on the performance of insurance companies in Meru County. The high R value (0.837) and R Square (0.700) indicate that the marketing strategies under study market penetration and market development are strong predictors of performance. The regression analysis confirms the positive contributions of each strategy, with Market Penetration having the highest beta coefficient (0.652), followed by Market Development (0.548).

The correlation analysis reinforces these findings, showing significant positive relationships between the performance of insurance companies and each marketing strategy. The ANOVA results further validate the model's overall significance, indicating that the combined effect of the marketing strategies significantly influences performance outcomes.

The findings from this inferential analysis align with existing literature on the role of strategic marketing in organizational performance. Effective market penetration strategies, such as competitive pricing and customer attraction initiatives, are crucial for expanding market share and enhancing revenue growth. This is consistent with Kotler and Keller (2016), who emphasize the importance of market penetration in achieving competitive advantage.

Market development strategies, which involve aligning individual performance with organizational goals and fostering strategic partnerships, also play a critical role in reaching new customer segments and sustaining long-term growth. This aligns with Ansoff's (1965) growth matrix, which highlights market development as a key strategy for business expansion.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Market penetration strategies are essential for organizations seeking to increase their market share and improve overall performance. This study found that market penetration strategies significantly impact the performance of insurance companies in Meru County, with respondents emphasizing the critical role that effective pricing and customer attraction strategies play in enhancing competitive advantage.

Market development strategies involve expanding an organization's reach into new markets or customer segments to drive growth and enhance performance. This study found that market development strategies significantly impact the performance of insurance companies in Meru County, with respondents emphasizing the importance of aligning individual performance expectations with broader organizational goals.

Recommendations

Insurance companies should invest in developing and refining their pricing strategies to enhance market penetration. Conducting market research to understand customer preferences and price sensitivity can help firms attract and retain customers effectively.

Firms should focus on expanding their market presence by exploring new customer segments and product offerings. Developing strategic partnerships and alliances can facilitate market entry and enhance brand visibility.

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