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Effect of Market Penetration on Sugar Firms' Performance in Western Region of Kenya

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Abstract:
Ansoff's strategic success paradigm and principles for use by various industries have proven empirically to increase the firm's probability of strategic success and outstanding firm performance. The general objective of this study was to determine the effect of Ansoff's strategies on industry performance of sugar milling industry in the western region of Kenya. The specific objectives of the study were to determine the effect of market penetration, product development, market development, diversification on the performance of the sugar industry. The study adopted a cross-sectional survey research design. The target population for this research study was 40 managers working in the 12 sugar cane milling factories and the 28 established farmers out grower societies within the western region of Kenya. Questionnaires were used as the main data collection tool, and its reliability test was done using the Cronbach alpha coefficient. The researcher used descriptive statistics and regression analysis in data analysis and presentation. The study established that market penetration strategy is a statistically significant predictor for it explains 22% of the variation in the performance of sugar industry performance in western Kenya ($R= 0.469$, $R^2 = 0.22$, $p = 0.004$). This study contributes to the existing literature dealing with Ansoff's strategies and its effect on industry performance. The results are in agreement with other studies that the use of Ansoff's strategies, which include market penetration, market development, product development, and diversification, has proven impact positively on the industry performance. The study, therefore, recommends that sugar milling industries and out-growers societies should adopt and implement Ansoff's strategies effectively to increase industry performance. The findings also recommend the government of Kenya to develop appropriate policies and regulations and enforce them to ensure healthy competition among the sugar milling industries. Further research is necessary to undertake a comparative study to capture other factors and the applicability of market penetration on performance in other milling industries, such as tea and coffee.

Keywords: *Ansoff's strategies, sugar industry performance, market penetration, marketing strategies*

1. Introduction

1.1. Background to the Study

The Ansoff's strategies also commonly known as the product/market grid or matrix shows four options for growth by matching up existing and new products with existing and new markets plotted on a matrix (Upadhaya, Munir, &Blount, 2014). It helps to highlight the risk that a particular growth strategy may expose the user to as the user moves from one section of the matrix to another (Murray & Driscoll, 1996). The approach offers four growth strategies that include market penetration, market development, product development and diversification (Ansoff, 2007). Kipley, Lewis, and Jeng (2012) define Ansoff's matrix as a strategic marketing tool that links a firm's marketing strategy with its general strategic direction.

Market penetration is one of the four alternative growth strategies in the Ansoff's Matrix. A market penetration strategy involves focusing on selling your existing products or services into your existing markets to gain a higher market share. It is the first strategy in most industries including the sugar milling firms will consider because it carries the lowest amount of risk. This strategy involves selling more to current customers and to new customers who can be thought of as being in the same marketplace. Market penetration can be achieved by maintaining or increasing the market share of current products; securing dominance of growth markets; restructuring a mature market by driving out competitors; and by ensuring increased usage by existing customers.

Industry performance is a measure of the extent to which an industry through its work translates its plans to the achievement of its short and long-term objectives (Chavan, 2009). Industry performance comprises the actual output or results of an industry as measured against its intended outputs (or goals and objectives) (Akinyele & Fasogbon, 2010; Leonidou, Katsikeas, & Samiee, 2002). Industry performance encompasses three specific areas of firm outcomes: financial performance with indicators like profits, return on assets, return on investment among others; product market

performance with indicators like sales and market share; and finally shareholder return which carries indicators like total shareholder return and economic value added.

The importance of performance measurement has grown substantially over the last few decades. Chavan (2009) reiterated that the reinvention and results-oriented management movements advocated for increased performance measurement for greater accountability and improved industry efficiency. According to Chavan (2009), not all institutions are comfortable with the elevated importance of performance, many place values of measuring performance as a means of understanding how well an industry is performing. It is long recognized that performance is a concept that is dependent on the observer's perspective (Upadhaya et al., 2005). The study recognizes the breadth of the field of industry performance and therefore, it focused on customer retention, market share, and efficiency in internal operations of sugar milling industry in western regions of Kenya. This position is informed by the Kenya sugar industry strategic plan 2013-2018 developed by Kenya Sugar Board, which outlines that current state of most if not all sugar milling industries where long-term goals of performance such as customer retention, market share, and efficiency are often overlooked in favor of short terms ones such as longevity, political expediency, and immediate survival.

Customer retention means being able to realize repetitive clients this is simple: make the customer happy, and they will continue to be loyal customers (Jahanshahi, Gashti, Mirdamadi, & Nawaser, 2011). Many firms argue, however, that this is more for shareholder value than it is for the customers themselves. There are various performance indicators to measure customer retention that among them are; customer satisfaction scores and percentage of customers repeating a purchase (Yassine & Braha, 2003). Industries worldwide have various ways of enhancing their customer retention although the ways vary from one industry to another depending on the actual functions of each industry and this is done in a bid to improve customer satisfaction with the industries (Robbins & Coulter, 2009). Customer retention strategy has emerged as the most important phenomenon in industries in that it enables managers to harness the energies of all customers to determine their strength and maximize both customer retention and satisfaction.

On the otherhand, market share is also one of the industry performance indicators which is a key pointer to market competitiveness (Farris, Bendle, Pfeifer, &Reibstein, 2010). It measures how well a firm is doing against its competitors. This metric, supplemented by changes in sales revenue, helps managers evaluate both primary and selective demand in their market since it enables the managers to judge not only total market growth or decline but also trends in customers' selections among competitors (Farris et al., 2010).

Operational efficiency is the capability of an enterprise to deliver products or services to its customers in the most cost-effective manner possible while still ensuring the high quality of its products, service, and support. Efficiency measures the relationship between inputs and outputs or how successfully the inputs have been transformed into outputs. According to Pinprayong and Siengthai (2012), industry efficiency reflects the improvement of internal processes in the industry, such as industry structure, culture, and community. Pinprayong and Siengthai (2012) also emphasized that excellent industry efficiency could improve entities performance in terms of management, productivity, quality, and profitability.

The growth of the sugar sector is vital to the economic development of the country as this ensures increased incomes and employment to the rural population, especially small-scale producers who constitute 75% of Kenya's population. Considerable efforts have been made to promote growth in this sector through the systematic process of tariff reduction, removal of price controls thus freeing the market of most of the constraints and imposition of duties on sugar importation (Karekezi & Kimani, 2009). These are all aimed at raising domestic production efficiency to be able to compete effectively with imported sugar.

The Government is also putting in place measures to revive the sector and solve the problems affecting the sector such as uncontrolled importation and non-payment of dues to farmers by the cane factories. Other problems affecting the sugar industry are management inefficiency, low productivity, weak management, distortions in the sugar market, and inadequate credit facilities for sugarcane development, persistent droughts and fires (Kenya Sugar Board, 2010).Over the five years to 2015, the global sugar manufacturing industry has had to contend with unstable production and price levels caused by adverse weather conditions and increasing diversion of sugar stocks to ethanol production, therefore inflating the world price of sugar (Karekezi & Kimani, 2009). Pegged on challenges associated with sugar industry, sugarcane-farmers are organized in out-grower companies spread across the sugar-belt region to mitigate risks collectively (Kegode, 2010). Currently, there are 23 established out grower companies with regionally-defined membership.

The sugar industry in Kenya dates back to 1922, the industry, directly and indirectly, supports 5 million Kenyans representing about 12.5% of the entire Kenyan population. Sugar cane growing is also a major source of income to over 150,000 shareholders. According to Kenya Sugar Board (2011) Cane Census Report; in Kenya, sugarcane is grown on flat regions in Western, Nyanza, and Coast Provinces. About 85% of the total cane supply is from small-scale growers while the remaining is from the nucleus estates of the sugar factories. The country has sevenmajor factories with an annual production capacity of between 550,000 and 600,000 tonnes of sugar. By-products from the factories include molasses mostly for alcohol production, biogases for generation of power and filter press mart for fertilizer (Kenya Sugar Board, 2004). Need for robust strategies are called for in the sugar manufacturing industry (Karekezi & Kimani, 2009), and therefore, a sugar milling firm looking to achieve an upper edge needs to have superior performance compared to its competitors in the same playing field. In order for the sugar milling industry to build up their performance, Ansoff's four growth strategies that include market penetration, market development, product development, and diversification should be taken into consideration as they form the nexus of business success.

1.2. Statement of the Problem

Ansoff's strategy is business planning tools which usually aid firms in determining their product and market growth with four alternatives of business strategies; market penetration, product development, market development and diversification (Ansoff, 2016). Ansoff's strategies are of importance in a number of ways as they assist organizations to increase market share (Farris et al., 2010; Morgan, Clark, &Gooner, 2002), improve product quality and performance thus be able to meet the changing customer needs (Jahanshahi et al., 2011). The strategies also lead to the exploitation of new markets thus increase sales and lower risk of over-dependence on one product line.

Kegode (2012) in his study on the general performance of the sugar industry established that the industry faces both external and internal challenges. The internal challenges being poor management practices associated with a number of the industry strategies. These firms are obliged to confront and overcome these challenges by investigating opportunities in creative manners. Robbins and Coulter (2009) believe that the use of Ansoff's strategies enable these companies to overcome large part of such barriers and challenges and take advantage of available opportunities and even creating marketing opportunities that enable them to survive, grow and achieve benefits and increase their industry performance levels which without doubt can be achieved when Ansoff's business strategies are employed.

Despite the various strategies implemented by the Government and the industry players to improve and attain self-sufficiency in sugar production, Kenya still experiences a deficit which has to be supplemented by imports from COMESA and other countries (Kenya Sugar Board, 2013). Besides the millers are continually in financial crisis with the farmers always having to wait for months before they get paid or have their crops harvested and on many occasions there is the over maturity of the crop on the farm due to lack of ability to harvest the crop or transport to the mills and this indicates poor performance of the sugar milling industry (Karekezi & Kimani, 2010).A study by O'Driscoli (1996) on the effect of market penetration as one of the Ansoff's strategies and industry performance in which 35 microfinance institution were involved indicated a positive relationship between market penetration and industry performance. However, a study in regards to the effect of market penetration on industry performance within the sugar milling industry in Kenya is lacking, depicting the existence of a knowledge gap. Karekezi and Kimani (2009) emphasized that the need for robust strategies are called for in the sugar milling industry. Therefore this current research aims to find out the effect of market penetration strategy on the performance of the sugar milling industry in the western region of Kenya. Thus, it contributes to documented information hence assists in developing strategies that are aimed at improving the performance of the sugar milling industry.

1.3. Objectives of the Study

The purpose of this study was to determine the effect of Ansoff's strategies on industry performance, using a case of sugar milling industry in the western region of Kenya. The specific objective is:

- To determine the effect of market penetration on the sugar industry performance

1.4. Research Hypothesis

This study sought to test the following null hypothesis:

- H_0: Market penetration does not have a statistically significant effect on the sugar industry performance.

1.5. Significance of the Study

The study findingsare expected to be useful to the stakeholders of the sugar milling firms as they may use it to understand issues on the effect of Ansoff's on industry performance. The learning from this study may help such stakeholders make an informed decision on choices of strategies available and provide the evidence necessary in their advocacy for improvement since strategy guides the industries to superior performance through establishing competitive advantage and acting as a vehicle for communicating and coordinating activities and policies within the industry. The study findings and recommendations are expected to be important to the government especially the ministry of Agriculture who will use it for policy making as it highlights the gaps that exist in performance of the sugar industry and makes a contribution to the body of knowledge on the effect of Ansoff's strategies on sugar industry performance and this may be useful in developing strategies aimed at improving the overall performance of the milling firms. It expected that the study would add to the existing body of knowledge. The findings of this study are expected to be important to students, scholars, and future researchers as the thesis will be made available in libraries and another resource center where students and other scholars can access it. Relying on the findings of the study will be possible for further research.

1.6. Scope of the Study

The study was conducted on sugar milling industry in Western regions of Kenya; the study covered 12 sugar mills both private and public and 23 established sugarcane farmers out grower's societies within Western regions of Kenya.

1.7. Limitations of the Study

While conducting the study, the researcher came across various challenges. The research was limited by the fact that some respondents were not willing to divulge all the information due to confidentiality policies and the tendency to withhold sensitive information. Thiswas witnessed in cases where the managers were not present thus the assistant managers were the respondents. The study adopted a cross-sectional research design meaning that data was collected at one point in time. Thus, the study was limited regarding the long-term effect on Ansoff's strategies performance on

industries. Measuring the performance of the sugar industry based on Ansoff's strategies may be limited as the industry may also be affected by other factors which could be government policies or environmental.

2. Literature Review

2.1. Introduction

This chapter presents a review of the literature on the effects of Ansoff's strategies on industry performance of the sugar milling industry in the western region of Kenya and the accompanying objectives. It begins with a theoreticalframework in which study is grounded. This chapter also highlights the empirical review of the study, which is linked to specific objectives and finally presents the conceptual framework.

2.2. The Strategic Management Theory

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation, and evaluation (David, 2005; Hashim, 2005). Based on the Management Theory, it could be observed that the strategic management theories stem mainly from the systems perspective, the contingency approach, and information technology approach. In light of this background, following David (2005) and Hashim (2005), among the common strategic management theories noted and applicable are the profit-maximizing and competition-based theory, the resource-based theory, the survival-based theory, the human resource-based theory, the agency theory,and the contingency theory.

Therefore, this thesis was grounded on Strategic management theory because the economic performance of the firms depends not only on the returns from their strategies but also on the cost of buying the resources from these markets to implement those strategies. Moreover, the costs of those resources are determined by the characteristics of the factor markets.

2.3. Market Penetration Strategy and Sugar Industry Performance

A market penetration strategy involves focusing on selling your existing products or services into your existing markets to gain a higher market share. It is the first strategy in most industries including the sugar milling firms consider because it carries the lowest amount of risk. This strategy involves selling more to current customers and to new customers who can be thought of as being in the same marketplace (Kotler, 2003). Market penetration is also defined as a business's growth in the existing market with its existing products. This strategy urges customers to buy more frequently and buy more products at every purchasing (Kotler, 2003). This strategy depends on predicting whether a business will be able to get a bigger market share in the existing market with its existing products. When a company decides to enter a new market, it is essential to use a market penetration strategy. The aim of market penetration is to effectively use the product, enter the market as quick as possible, and seize a large market share. Furthermore, Cilley (2011) in his study on the roadmap for growing business noted that market penetration is frequently used as a measure to determine, whether firm's product or service is capable of capturing a fixed percentage of the market. Cooper and Edgett (2010) in their study on developing a product innovation and technology strategy for your business noted that as much as market penetration strategy does not make any radical changes to the firm's corporate marketing strategy, it has an unbelievable potential to grow profitability and revenue which subsequently improves industry performance. Similarly, Saba (2015) in his review of strategic management for firms pointed out that if a business planis to increase market penetration, it is vital to implement certain tactics and strategies that will increase firm's sales and decrease the competitors and thus impact positively on the performance of the firm.

An empirical study conducted by Chaney (2014) validated that market penetration is not only linked to sales growth but the financial performance of companies such as profitability and return on investment. Chaney (2014) further adds that market penetration as a global marketing strategy positively affects the overall business performance. In order for a company to securely adapt to varying l markets, the marketing strategy should take into consideration the internal and external business environment that affects a company positively to revel in greater performance (Head & Ries, 2010). Leonidou et al. (2002) posit that an opportunity to increase firm performance can be achieved by serving more customer segments and marketing can be spread over some products, which is known as product penetration. Leonidou et al. (2002) revealed a significant affirmative relationship between product penetration and overall firm performance in markets.

Hult, Ketchen, and Slater (2005) posits that market penetration seeks to achieve four main objectives including; maintenance or increasing the market share of current products through a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling; Securing dominance of growth markets; restructuring a mature market by driving out competitors which would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors. The other strategy includes increasing usage by existing customers by introducing loyalty schemes. A market penetration marketing strategy is more than about "business as usual." The business focuses on markets and a product it knows well and is likely to have good information on competitors and customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research. The market penetration strategy seeks to increase market share of the current product or services in the existing market. The firms adopt this strategy in order to raise their sales revenue without making changes in the products or services mix as noted with Harps(2000). The other dimension of market

penetration is the existing market which means firm is already offering products or services to the customer but can forecast that the existing sales figures can be improved by working on marketing penetration strategy.

Market penetration strategy can be implemented by offering sales, increasing sales force, increase distribution and promotion of products, increased expenditure in marketing and advertising activities will result in increasing sales (Hooley, Piecy, & Nicouland, 2008).It is not guaranteed that market penetration works after investing in sales and marketing of products and service, therefore a firm should go for this strategy only if the current market is not fully saturated, market share of the competitors are decreasing whereas the industry growth rate is increasing, existing buyers have the potential to purchase the same products and services in more quantity, when economies of scale provides a competitive edge (Greenley, Beatson, & Lings, 2008). For instance, sugar milling industries offering low price packages to increase the talk time of the customers. Success in market penetration depends on existing customers' buying more products more frequently, gaining rival business's customers and persuading potential customers who have not purchased from that business yet to do some purchasing (Kotler, 2000). If businesses can form strong relations with customers, customers' purchasing frequency and the amount can be increased; besides, by existing customers' recommending the business and its products to their vicinity, new customers can be acquired with no cost (Griffith, Kiessling, & Dabic, 2012). Market penetration strategy enables to access to such local resources as distribution networks in the target market, local businesses and authorities (Meyer & Tran, 2006). However, increasing influence in foreign markets might also cause businesses to bear more marketing costs.

Market penetration tactics of an industry can be metthrough the price adjustment which is one of the most frequently used market penetration strategy is a price adjustment. For instance, when a firm aims to increase sales, lowering prices is an effective tactic to attract potential customers. In order to boost industry performance, the industry might increase promotion by investing more time and strength in a promotion which can dramatically increase market penetration. For example, advertising is one of the most effective ways to increase brand awareness. Distribution channels also another way of ensuring market penetration; it is one of the most constructive components of market penetration strategy. Another way of enhancing industry performance is by improving products which is the best practice of engaging and interacting with customers and informing them that the product has changed to better (Casson & Lee, 2011). Market penetration strategy takes advantage of low prices to increase product demand and increase market share. While the demand is increasing, the industry saves money on product creation costs due to the greater volume of production. Saba (2015) also noted that market penetration strategy has both advantages and disadvantages the advantages include fast growth, economic advantages, and combat competitors; and the disadvantages may include poor company image, unmet production cost, low company prices, and lack of results among others**.**

3. Methodology

3.1. Introduction

This chapter describes the research design, location of the study, population of the study, sampling procedures and sample size, instrumentation, validity, and reliability of research instruments, data collection, and data analysis procedures are presented in this section.

3.2. Research Design

The study adopted a cross-sectional survey research design. This is to be used because it allows the researcher to gather information regarding respondents' opinions, perceptions, and attitudes on selected strategies on performance sugar milling industry at one point in time. The design is appropriate for studying the prevalence of a phenomenon, situation, problem or attitude by obtaining the opinion of respondents regarding a situation at a particular time (Bryman, 2008).

3.3. Location and Population of the Study

The study was carried out in Western regions of Kenya and focused on all the public and private sugar mills and out-grower societies within these regions. The target population for this research study was 40 managers working in the 12 sugar cane milling factories and the 28 established farmers out grower societies within the western region of Kenya. This was, therefore, a Census study.

3.4. Research Instrument

The study used a questionnaire to get information from the respondents. The preference for a questionnaire for use is based on the fact that respondents can complete them without help, unanimously and it is cheaper and quicker than other methods while reaching out of larger sample (Bryman, 2008). The structured questionnaire was distributed to the 40 managers of the sugar mills and the farmers out grower societies. This questionnaire was presented in three parts the first being closed-ended seeking to know the position, gender, and the period one has served in the milling firm. The second part was seeking opinions, perceptions, and attitudes of the respondents with regard to the variables used in the study; the Ansoff's strategies which included market penetration, product development, market development and diversification strategies being investigated then the third part was examining the industry performance indicators which included customer retention, market share and the efficiency in operations of the mills. A Likert scale based on levels of respondent's agreement; Strongly disagree (1); Disagree (2); neutral (3); Agree(4); strongly agree (5) was used to solicit respondent's perception and opinions regarding the market penetration strategy and milling firms' performance.

3.5. Validity and Reliability of Research Instruments

Validity refers to the bridge between a construct and the data. In the field of research, it refers largely and broadly to the "soundness" or "goodness" of a study (Cooper & Schindler, 2000). There has emerged a multitude of approaches to and conceptualizations of validity, being differentiated significantly by the research methodologies and paradigms that guide each particular research project (Mugenda & Mugenda, 2003). Content validity addresses issues to do with the content of a definition and how representative it is in a measure. To enhance the validity of the instrument a pilot study was carried out at Chemase farmers out grower society and Kapkwenio out grower society in Rift Valley Province of Kenya. This helped the researcher identify items in the research instrument, which were ambiguous in eliciting relevant information. The researcher sought assistance from research experts from Egerton University to improve the validity of the data collection instrument. The reliability of the research instrument concerns the extent to which the instrument yields the same results on repeated trials (Bryman, 2008; Dickson, Farris, & Verbeke, 2001). The reliability was tested using Cronbach's Alpha method, this was used to test internal consistency and accuracy of items in the questionnaire (Mugenda &Mugenda, 2003), which ranges between 0 and 1. Thus the closer the value of Alpha to 1, the more reliable the results would be and the more it nears 0, the more unreliable the instrument or tool. The recommended value of 0.7 will be used as a cut-off of reliability.

Variables of Ansoff's Strategies	Cronbach's Alpha	N Of Items
Market Penetration	0.822	3
Variables of Industry performance		
Customer Retention	0.801	3
Market share	0.811	3
The efficiency of Internal Operations	0.792	4
Mean Cronbach's Alpha for all Items	0.807	25

Table 1: Reliability Statistics

3.6. Data Collection Procedure

The researcher obtained an introductory letter from the dean of the faculty of commerce of Egerton University, Nakuru town campus. The researcher then used this letter to request permission from the human resource department of the industries of milling firms and the out-grower societies. The questionnaire was administered through the drop and pick method to the officers selected in the census and a period of one week was allocated for the response. Before the exercise, the purpose of the study was explained to the respondents, and they were assured of the confidentiality of the information given in the questionnaires. The respondents filled in answers in written form and the researcher collected the forms with the completed information. All questionnaires were coded to ease the analysis of the data collected. After administering the questionnaires, they were systematically organized to facilitate analysis.

3.7. Data Analysis and Presentation

Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data were coded to enable the responses to be grouped into various categories. Various statistical techniques were used in this study to test the stated hypotheses. Specifically, statistical analysis software, SPSS version 20 was employed. The data was analyzed through the use of descriptive statistics (mean, standard deviation, frequencies and percentage) and inferential statistics which include Pearsons product correlation (the correlation between market penetration strategy and industry performance) and multiple regression analysis which was also used to investigate the effect of market penetration strategy (independent variables) on sugar industry performance (dependent variable). The following equation illustrates the full regression model that was used to predict sugar industry performance.

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where:

Y **=** Predicted value for sugar industry performance

β_0 **= C**onstant, the value of Y when all values of X are zero

β_1 = Parameter estimates

X_1 **=** Market penetration strategy

ε = Represents the errors of prediction.

4. Results and Discussions

4.1. Demographic Characteristics of the Respondents

Table 2 below presents the profiles of the study's respondents. Descriptive statistics indicated that males were 26 (74%) whereas females were only 9 (26%), Most of the male respondents were of the age bracket between 36 to 55 years whereas most of the ladies were of age between 46 to 55 years scoring 20% only 2 (6%) were of age over 55 years. In regard to the position of the respondents, managers were 29 (83%) and assistant managers were only 6 (17%), the results also show that majority of 13 (37%) were managers of age 46 to 55 years. In totality, the majority of the respondents were between the ages of 46 to 55 years at 43% (15). The highest years of experience in the firms were noted to be between 8 to 12 years scoring 37% (13) closely followed by those with 3 to 7 years' experience in the firm at 34% (12). It was also

realized that the majority of respondents of age between 46 to 55 years had experience of 8 to 12 years at 20% (7) (see Table 2).

		Respondents Age Group				Total (Frequency)	% Total
		26-35 Yrs	36-45 Yrs	46-55 Yrs	>55 Yrs		
Sugar cane milling factories						12	34%
Established farmers out grower societies						23	66%
Total						35	
Gender	Male	4 (11%)	8 (23%)	8 (23%)	6 (17%)	26	74%
	Female	0	0	7 (20%)	2 (6%)	9	26%
Total		4	8	15	8	35	
Position	Manager	4 (11%)	6 (17%)	13 (37%)	6 (17%)	29	83%
	Assistant Manager	0	2 (6%)	2 (6%)	2 (6%)	6	17%
Total		4	8	15	8	35	
Years of experience in the firm	<2 Yrs	0	0	2 (6%)	0	2	6%
	3-7 Yrs	0	6 (17%)	4 (11%)	2 (6%)	12	34%
	8-12 Yrs	2 (6%)	0	7 (20%)	4 (11%)	13	37%
	>12 Yrs	2 (6%)	2 (6%)	2 (6%)	2 (6%)	8	23%
Total		4	8	15	8	35	
Age Group 26-35 Yrs						4	11%
36-45 Yrs						8	23%
46-55 Yrs						15	43%
>55 Yrs						8	23%
Total						35	

Table 2: Demographic Characteristics of the Respondents

4.2. Elements of Market Penetration Strategy of Respondents

The descriptive statistical analysis was used to analyze market penetration used by sugar milling industries and farmers out growers' societies in the western region of Kenya. In reference to the scaling used in the study design, 5 representing 'strongly agree', 4 represented 'agree', 3 represented 'neutral/ not sure', 2 represented 'disagree' and 1 represented 'strongly agree', therefore strongly disagree '1' was minimal and strongly '5' strongly agree was maximum. The mean was analyzed based on respondents choices scaled between strongly agree and strongly disagree as indicated in table 4.2.

Market Penetration	N	Min	Max	Mean	Std. Dev.	Agree (n/%)
The industry has lowered the prices of its products in order to attract more customers	35	1	5	3.89	1.796	17(49%)
The industry has been involved in the increased promotion of its products	35	1	5	4.91	1.121	26(74%)
The industry has ventured into new distribution channels in order to reach out to new customers	35	1	5	4.31	0.993	21(60%)

Table 3: Elements of Market Penetration Strategy of Respondents
Source: Field Data (2017)

As shown in Table 4.2 above, it was evident that the industry is being involved in increased promotion of its products and that product promotion was the highest with a total of 26 (74%) respondents agreed that the industry hadbeen involved in increased promotion of its products (M = 4.91, SD = 1.121, N = 35). The industry venturing into new distribution channels in order to reach out to new customers was second as a total of 21(60%) respondents agreed (M = 4.31, SD = 0.993, N = 35).The industry lowering the prices of its products in order to attract more customers variable scored the lowest with a total of 17 (49%) respondents who agreed but somehow were neutral that the industry lowering the prices of its products in order to attract more customers (M = 3.89, SD = 1.796, N = 35).

4.3. The Effect of Market Penetration Strategies on Sugar Firms Performance

The study employed simple regression analysis in determining the effect of market penetration strategies on sugar forms performance. The null hypothesis was that market penetration strategies do not affect sugar firms' performance. To test this hypothesis, the composite scores for each variable were collapsed by adding the scores of the items measuring the dimensions and dividing the total score by the total score by the total number of items (Pallant, 2010). The hypothesis was tested using a simple linear regression, and the results were presented in Table 4.The simple

regression model showed that market penetration strategies, which comprise the independent variable in the regression model, significantly predicts the overall performance of sugar firms, R= 0.469, R^2 = 0.22, F (1, 33) = 9.320, p = 0.004, p< 0.05.

As shown in Table 4, the R^2 value in the model is 0.22, indicating variation in market penetration strategies explains 22% of the variation in sugar firms' performance. The F ratio of 9.249 is highly statistically significant at 5% level indicating a linear relationship between the market penetration strategy and sugar firms performance. Overall, this model appears to be efficient in predicting the overall sugar firms' performance. A review of the regression coefficients reveals that market penetration strategies had a positive effect on sugar firms' performance and significant at 5% level on sugar firms performance.

Consequently, the null hypothesis, which stated that market penetration does not have a statistically significant effect on sugar industry performance was rejected and the alternative hypothesis which states that market penetration has a statistically significant effect on sugar industry performance was accepted. A market penetration strategy involves focusing on selling existing products or services into existing markets to gain a higher market share. It is the first strategy in most industries including the sugar milling firms consider because it carries the lowest amount of risk. This strategy involves selling more to current customers and to new customers who can be thought of as being in the same marketplace (Kotler, 2003).

4.3.1. Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.469[a]	.220	.197	.996

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	9.249	1	9.249	9.320	.004		
	Residual	32.751	33	.992				
	Total	42.000	34					

Table of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.900	.172		11.074	.000		
	Market Penetration strategy	.003	.001	.469	3.053	.004	1.000	1.000

Table 4: Simple Regression Results for Effect of Market Penetration Strategies on Sugar Firms Performance
Source: Field Data (2017)

The study results show the industry is involved in the increased promotion of its products was the strongly affects the performance of the sugar milling industry. These results are in line with the common literature on how to apply aggregate industry-level trade data on promotions (Head & Ries, 2010; Lederman, Olarreaga &Payton 2010; Rose, 2007) whom all found a significant effect of increased products promotion on performance among United States of America firms. Other researchers have emphasized the importance of promotional mix regarding product penetration as a valuable tool for achieving performance. Sales, financial and customer performance is achieved through promotional mix by gaining experience in the opportunities and problems arising in specific markets, boosting communication, personalizing relationships, and cultivating a team spirit with customers, and providing timely response and immediate support to the products venture's needs; most of the promotional related variables were found to be positively linked to firm performance (Beirne, 2008; Dickson et al., 2001).

The study results also correspond with literature which points out that the use of trade fairs to promote products has been impacted on performances of industries positively (Hrebiniak, 2005; Matsuno & Mentzer, 2000). An empirical study conducted by Chaney (2014) validated that market penetration is not only linked to sales growth but the financial performance of companies such as profitability and return on investment. Chaney (2014) further adds that market penetration as a global marketing strategy positively affects the overall business performance. In order for a company to securely adapt to varying l markets, the marketing strategy should take into consideration the internal and external business environment that affects a company positively to revel in greater performance (Head & Ries, 2010). The accepted the alternative hypothesis which states that market penetration have statistically significant effect on sugar industry performance concurs with Leonidou et al. (2002) who posit that an opportunity to increase firm performance can be achieved by serving more customer segments and marketing can be spread over a number of products which is known as product penetration. Leonidou et al. (2002) revealed a significant affirmative relationship between market penetration and overall firm performance in markets. These studies are in agreement with the hypothesis that market penetration has a significant effect on sugar industry performance.

5. Conclusion and Recommendations

The study demonstrated that market penetration has a positive relationship and statistically significant impact on the performance of the sugar industry. This means that market penetration strategies have the potential of improving the performance of sugar industries in western Kenya. Essentially, market penetration strategies involve lowering of prices, increasing promotion, and venturing into new markets.

Based on research findings, the milling industries and out-growers societies should adopt and implement market penetration strategy effectively to increase industry performance through several mechanisms by the use of varied mix of pricing competitive strategies, advertising, sales promotion, and allocating more resources for personal selling to maintain or increase the market share of current products; reduce product prices for market parts that are price, sensitive in particular ads intensification, and product distribution intensification in existing distribution outlets and also to dominate and control safe and studied of market the growth through targeting and attracting new customers, or competitors' customers in order to increase market share and profitability.

The findings also recommend the government of Kenya to develop appropriate policies and regulations that ensure healthy competition among the sugar milling industries. In the same line. The government should ensure adequate enforcement to those industries which do not adhere to the standards.

As this research was limited on the effect of market penetration on the performance of sugar milling firms in western regions of Kenya, there is a need for further research to capture other factors. Moreover, further research is essential to undertake a comparative study to capture the applicability of market penetration on performance in other milling industries other than sugar, for example, tea, coffee among others.

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