

# AN ASSESSMENT ON EFFECTS OF NICHE MARKETING ON COMMERCIAL BANKS PERFORMANCE IN KISII COUNTY

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**ABSTRACT:** The evolving business landscape will necessitate firms to reassess their marketing strategies to align with their changing requirements. This study explored the effects of niche marketing on commercial banks performance in Kisii County. For this research, a descriptive research design was employed. The target population consisted of the 17 commercial banks in Kisii County. The study involved surveying marketing directors, branding managers, and design managers from each of the 17 commercial banks, resulting in a total of 126 respondents. A census approach was utilized for data collection. A well-structured questionnaire was developed and employed to gather data, ensuring its validity and reliability through a pilot study. Ethical guidelines, such as obtaining informed consent and maintaining anonymity and confidentiality, were rigorously observed. Subsequently, the collected data was inputted into Statistical Package for Social Sciences version 27 for analysis. Data analysis encompassed both descriptive and inferential statistics, including calculations of arithmetic means, standard deviations, frequencies, and percentages. Multiple regression analysis was conducted to determine beta coefficients, providing support for drawing meaningful conclusions. The findings were presented through the use of tables and figures to enhance the visualization of the analyzed data. The results revealed that participants acknowledged their bank's adoption of niche marketing strategies, which correlated positively and significantly with the bank's overall performance. Moreover, the research confirmed that participants recognized the implementation of niche marketing approaches by their respective banks, which notably influenced the performance of commercial banks in Kisii County. Additionally, participants acknowledged the utilization of both broad-reaching and niche marketing techniques by the banks, both of which exhibited a strong, positive, and significant relationship with bank performance. The study suggests that sales and marketing managers of commercial banks in Kisii County should focus on refining niche marketing strategies through regular assessments to enhance their performance. Furthermore, there is a recommendation to bolster the widespread marketing practices employed by commercial banks in Kisii County to further enhance overall performance.

**Key words:** Niche Marketing, Porter's Model

## I. Introduction

### Background of the study

In the contemporary business landscape, numerous companies are facing intense competition due to the widespread adoption of information technology, resulting in significant impacts on market dynamics (Pan & Wang, 2020). This transformation has rendered traditional business methods obsolete, compelling organizations to devise targeted marketing strategies aimed at enhancing their performance (Gillespie & Swan, 2021). Jude (2017) underscores the importance of developing such strategies for organizations in India to attain a substantial competitive advantage. To achieve a genuine competitive edge, most firms in Croatia must prioritize the creation of innovative products and services that offer entirely new perceived benefits to consumers (Jemric & Vujcic, 2020). Irrespective of the industry they operate in, businesses in India are driven to dominate their respective target markets. However, various factors influence how companies in India compete to improve product quality and expand their global market presence (Kumar, 2018).

The commercial banking sector in Jordan exhibits a distinctive feature through the utilization of various targeted marketing strategies aimed at staying competitive within the industry (Hashem, Moh'd & Freihat, 2020). These strategies have been instrumental in enhancing financial performance for commercial banks. Within this context, diverse performance-oriented target marketing approaches have been implemented, including Mass target marketing, niche marketing, and micro market targeting. Among these strategies, the micro marketing approach is widely prevalent among commercial banks. They have introduced a range of specialized banking services tailored to specific target audiences, such as the Jumbo Junior Account designed for children. Notably, in the banking sector, differentiation primarily pertains to commercial and retail

customers. Commercial clients are typically categorized based on their industry involvement or geographical scope of operations (Anozie, 2017).

Companies across various sectors have embraced a variety of performance-driven target marketing strategies to enhance their overall performance. The micro strategy stands out as the most commonly adopted approach (Cornett, Erhemjamts & Tehranian, 2017). In this strategy, a company focuses exclusively on one specific market segment. It is widely recognized that micro marketing efforts enable firms to gain a deeper understanding of the diverse needs within their target market, thereby strengthening their market position. Moreover, firms have been found to achieve economies of scale in their operations, spanning production, promotion, and distribution, as a result of this focused approach.

Niche marketing targets specific consumer groups based on demographic factors such as age, gender, occupation, religion, education, nationality, race, and income. This strategy focuses on understanding and meeting the unique needs, preferences, and usage patterns of these specific consumer segments (Georges et al., 2018). Within the commercial banking sector, niche marketing involves tailoring banking services to specific target audiences. This could include specialized products like the Jumbo Junior Account for children (Hashem, Moh'd & Freihat, 2020). By focusing on specific demographics or customer segments, banks aim to offer high-quality products and services that cater to the specific needs of distinct groups, such as youth, women, and men (Homs, 2020). Niche marketing strategies are perceived as instrumental in enhancing the performance of commercial banks. By aligning with consumers' needs, preferences, and usage behavior, banks can potentially increase market share, reduce the risk of non-performing loans, and improve overall financial performance (Homs, 2020).

Niche marketing stands in contrast to mass marketing, which aims to appeal to a broad spectrum of consumers within a product or service market, without targeting specific demographic differences (Mang'uni et al., 2019). While mass marketing may help banks capture a larger portion of the market, niche marketing allows for a more focused and tailored approach to meet the needs of specific consumer segments (Georges et al., 2018). Commercial banks in various regions, such as Kenya, have adopted niche marketing strategies to differentiate themselves in a crowded marketplace. Examples include SBM Bank targeting the SMEs sector and Standard Chartered Bank Kenya focusing on specific customer segments (Gathaiya, 2017; Mramba, 2013). The rationale behind niche marketing in commercial banking lies in the recognition that customers have varied banking needs and preferences. By concentrating marketing efforts on specific customer segments, banks can better allocate resources and provide tailored solutions that resonate with their target audience, ultimately improving customer satisfaction and financial performance (Wairugi, 2017).

In a local study conducted by Kavutha (2017), it was found that the adoption of various target marketing strategies by commercial banks can have a significant impact on their performance. These strategies, such as niche and Mass marketing targeting approaches, have played a key role in the continued growth of banks. This growth has been evident in terms of the influx of new local and foreign entrants, expansion of customer and deposit bases, regionalization, and increased regulatory scrutiny, particularly by the Central Bank of Kenya (Salawu, 2016). This transformation within the Kenyan banking sector can be attributed to the liberalization of the industry, increased utilization of information technology, and improvements in the business environment stemming from reforms in political, economic, social, and cultural domains (Salawu, 2016). Consequently, the banking industry in Kenya has experienced heightened competition, leading local banks to shift their focus towards leveraging internal resources to gain a competitive edge.

According to a report from the Central Bank of Kenya in 2016, the past decade witnessed significant growth in the financial performance, assets, and profitability of commercial banks. However, this period was marked by the unfortunate collapse of several banks due to mismanagement, lack of preparedness, and ineffective risk mitigation by their management. Banks like Dubai Bank, Chase Bank, and Imperial Bank were placed under receivership between 2014 and 2015 due to stringent regulatory measures imposed by the Central Bank (Mang'uni, 2017). Notably, Kenya's non-performing loans (NPLs) are among the highest in major African economies. Regardless of the reasons behind loan defaults, whether due to economic challenges or borrower negligence, NPLs impose significant burdens on all parties involved, including the lender, borrower, and the overall economy. This situation clarifies why NPLs negatively affect financial performance and result in declining profitability within the banking industry (Olaewaju, 2020).

According to Mutunga and Wamitu (2020), the improvement of the quality of bank products and services leads to the improved financial performance of commercial banks in Makueni County. Further, Cao, Jin, and Ma (2021) recommended that regulatory bodies need to strengthen the oversight of green bonds and offer green bond issuers favorable financing costs. The green bond issuance offers an alternative pathway for commercial banks to solve their liquidity issues. It is also recommended that commercial banks should establish regulations to amend their policies concerning credit advancement in alignment with the NPLs, lending rate, credit growth, asset quality, capital adequacy, management efficiency, cost-income ratio, GDP, and real interest

rate. Banks also should ensure their loaned-out funds are committed to the envisioned purpose through enhanced credit monitoring that would spur economic stability (Olawaju, 2020).

According to Ntuite (2018), banks' poor financial performance is a result of high liquidity management, poor asset quality, low capital adequacy, poor management capacity, and low earning capacity problems. Banks present poor performance if they become unable to meet depositors' demand and shareholders' funds erode because of poor management characterized by the creation of bad loans, insider abuses, and bad corporate governance culture (Schillig, 2016). The primary classification of banks in Kenya is by ownership. Some countries' banks belong to local companies/individuals, while others belong to foreign organizations or individuals. Banks can also be classified based on their nature, such as commercial banks and microfinance banks. Further, the Central Bank of Kenya classifies commercial banks based on their assets (Kajirwa Isabwa & Wekesa Mabonga, 2020). Banks in Kenya channel people's savings into productive investments and loans. Hence, banking in Kenya entails deposits and loans. Banks in Kenya receive, collect, transfer, pay, lend, exchange, invest, and safeguards money for their consumers. Currently, Kenya has 28 local and 14 foreign commercial banks with branches, agencies, and other outlets, one mortgage finance company, and eight representative offices of foreign banks. The government also has 11 licensed deposits taking microfinance institutions, 49 insurance firms, and the Post Office Savings Bank. Further, 79 foreign exchange bureaus, three credit reference bureaus, 14 money remittance providers, and close to 2000 deposit taking licensed SACCOs. All these are regulated by the Central Bank of Kenya (Rwangombwa, 2021).

One of the ways that local commercial banks have respondents is by adopting a niche marketing strategy. The banks adopt the system as they cannot appeal to all customers in the marketplace or not to all customers in the same way. SBM bank that was previously operated as Chase Bank is an instance of a bank that targeted the SMEs sector. However, the bank still registered poor performance, which led to the bank's near-collapse, and the CBK placed it under receivership (Gathaiya, 2017). Standard Chartered Bank Kenya has also adopted the target market strategy after realizing that it cannot appeal to all customers in the market or not all customers in the same way (Mramba, 2013). Equity bank has also grown through target marketing. The bank started by targeting Murang'a Tea Zones which had no cooperatives SACCOs offering banking services then, and that played a significant role in the companies break-even. The target of the commercial banks was also small-scale farmers then, but it's a giant incorporate and investment banking (Wairugi, 2017). What is at stake in commercial banks in Kenya is that customers are too many, too widely scattered, and too varied in their banking needs and banking practice. Therefore, the bank had to move away from mass marketing to instead concentrate on niche marketing instead of scattering their marketing effort as the bank is focusing on the customers who have a greater interest in the values, they create best (Wairugi, 2017; Gathaiya, 2017).

Kisii County, located in Kenya, has its administrative center in Kisii Town. This vibrant urban center is home to numerous businesses, institutions, and government offices. Kisii Town plays a crucial role in serving neighboring counties such as Kisumu, Homabay, Migori, Narok, and Nyamira due to its central location and substantial population. At present, Kisii Town has approximately 200,000 residents, making it the second most populous town in Nyanza, following Kisumu. In terms of national rankings, Kisii town stands as the eighth most populous town in Kenya, as reported by KNBS Statistics.

Within the county, there is a presence of 17 major banks, including Absa Bank, Kenya Commercial Bank, Cooperative Bank, Equity Bank, NCBA bank, Standard Chartered, CFC Stanbic, Diamond Trust Bank, Eco-Bank, National Bank, SBM Bank, I&M Bank, Sidian Bank, Family bank, Credit Bank, Post Bank, and Kenya Women Microfinance Bank (Kisii County Integrated Development Plan 2018–2022). Additionally, the county features several microfinance institutions (MFIs), including Wakenya Pamoja SACCO Society Limited, Kenya Achievers SACCO, Mwalimu SACCO, and Vision Point SACCO. It's important to note that these financial institutions are primarily micro in Kisii Town. However, the MFIs have expanded their operations to remote areas, intensifying competition among them and traditional banks for the unbanked population. To this effect, this study sought to assess the effect of niche marketing strategy on the performance of commercial banks in Kisii County.

### **Statement of the problem**

The commercial banking sector in Kenya has undergone rapid transformation within a relatively short period, leading to heightened competition within the industry. Banks are no longer engaging in competition without well-thought-out strategies; instead, they prioritize profitable growth, customer-centricity, and operational efficiency as their primary performance benchmarks. It is worth noting that banks have diversified their product offerings, incorporating services like insurance coverage and investments alongside their core financial products to stay relevant. Consequently, the future of Kenyan commercial banks remains uncertain. As Kyengo and Kilika (2017) point out, these banks have recently grappled with fluctuating economic conditions, including variable interest rates, shifting consumer preferences, evolving government regulations, and advancements in technology. These changes create a turbulent environment, necessitating organizations to gather information about their surroundings to address issues of unpredictability and dynamism. As turbulence

intensifies, the demand for information grows to navigate successfully through these challenges. How management chooses to respond to changing environmental conditions significantly influences decisions regarding resources, capabilities, and organizational structures, ultimately determining the firm's competitiveness.

In any organization, niche marketing strategy is a pivotal function. In the contemporary business landscape, survival hinges on the development of marketing strategies that incorporate segmentation, targeting, and positioning (STP). Financial institutions utilize differentiation as a strategic approach to gain a competitive edge, especially when there is minimal differentiation between the products offered by various banks. This study aimed to investigate the impact of the prevalence of niche marketing strategies on the performance of commercial banks in Kenya.

Previous research by Anyika (2017) examined niche marketing strategies within the motorcycle industry in Kenya, while Mutua (2017) explored niche marketing interventions employed by players in the motor industry of the country. Otieno (2018) assessed the application of target marketing by commercial banks to compete in the retail banking sector, and Waithira (2016) analyzed the strategies adopted by commercial banks in Kenya to manage service quality. While these studies delved into niche marketing management, they maintained an exploratory nature and focused on identifying the specific strategic niche marketing practices rather than evaluating their impact on firm performance. This identified a research and knowledge gap. Alokpo (2016) scrutinized the influence of target marketing practices on the performance of motor companies in Kenya, highlighting variables such as product design, pricing, promotion, and placement, all of which exhibited a positive correlation with firm performance. However, this study could not be generalized to the banking industry, which operates under heavy regulations and faces distinct market dynamics. Additionally, these studies predominantly concentrated on product, pricing, and promotion, leaving a research gap regarding how target marketing, particularly in the context of product distribution, enhances financial performance. Consequently, this research sought to address this gap by investigating the effect of niche marketing strategies on the performance of commercial banks in Kisii County.

#### **Research Objective**

The general objective of the study was to determine the effect of niche marketing strategies on the performance of commercial banks in Kisii County.

#### **Scope of the study.**

The study aimed to establish the effect of the target marketing strategy on the performance of commercial banks in Kisii County. More specifically, the study focused on micro-market targeting, niche market targeting, differentiated as well as mass market targeting and their effect on performance. The study targeted a population of 17 commercial banks in Kisii County, and it specifically targeted the marketing team of each of the 17 banks. The study was conducted from September 2023 to November 2023 and consider bank's performance for a period of three years.

## **II. LITERATURE REVIEW**

### **Theoretical literature review**

#### **Porter's Model**

This theory pertains to the process of developing a strategic approach within a company to enhance its performance significantly (Stonehouse & Snowdon, 2007). It was initially formulated and elaborated upon by Michael Porter and is beneficial for both academic scholars and practitioners. The theory outlines three key pillars that ensure organizational performance: evaluating the competitive advantage through an analysis of five forces, establishing a position that exploits the firm's advantages, and implementing strategies through the value chain (Porter, 1985). Moreover, the theory asserts that the application of these principles leads to the realization of three fundamental objectives that guarantee a company's strategic success: cost leadership, differentiation, and focus. The theory holds substantial value as it is relevant in both scholarly research and real-world applications, consistently yielding positive outcomes across various contexts.

In this context, the theory aligns with this study's objectives because all organizations, including commercial Banks, aim to enhance their performance. For commercial banks, well-crafted targeted market strategies enable them to operate autonomously and contribute to enhance performance. Hence, the theory was pertinent to this study. However, it's worth noting that the theory does have limitations and has faced criticism from scholars. Some argue that it offers a broad analytical framework lacking in detail, is challenging to apply in large firms, and poses difficulties when applied to nonprofit organizations.

#### **Empirical Literature**

In the practice of niche marketing, a company strategically chooses multiple market segments that align with its objectives and available resources. These segments are individually appealing and offer the potential for profitability, even if there's minimal synergy among them. This multifaceted coverage approach serves to spread the firm's risk, ensuring that the business can continue to generate revenue from other segments should one

become less attractive. This strategy is gaining popularity in radio broadcasting, where stations aim to appeal to both younger and older audiences, expanding their advertising opportunities by operating two distinct stations in the same market (Nadube& Didia, 2018).

Nadube and Didia (2018) point out that a niche targeting strategy is viable when there are distinctions in buyer needs or product differentiations. Small businesses, in particular, have a valuable opportunity to gain a competitive advantage in markets less influenced by major competitors, which might be economically unattractive for larger firms. These smaller markets offer a suitable niche for specialized product and service development tailored to the unique needs of their customer base. In sectors like finance and banking, marked by technological advancements, evolving customer preferences, a growing product portfolio, and deregulation, differentiation practices have become crucial.

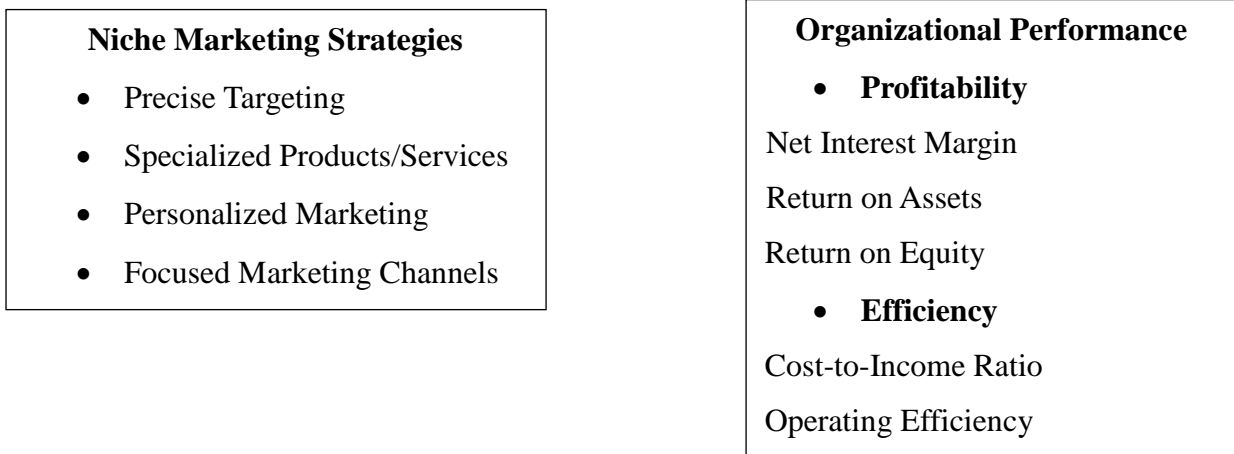
According to Chaudhury (2020), niche targeting involves focusing on specific consumer groups defined by demographic factors such as age, income, and gender. This strategy extends beyond a single market segment to encompass multiple markets, reducing dependence on a single target market. Furthermore, it offers the advantage of using certain positioning elements for more than one target segment. Bhattacharjee and Adhikari (2020) emphasize that advertising initiatives under a niche targeting strategy yield higher returns on investment and can reduce marketing costs while effectively reaching target markets. This approach leverages consumer data and behavior to facilitate market differentiation and deliver tailored messages to the intended audience.

Market differentiation, as noted by Liu et al., (2018), is a valuable tool for businesses to discern customer preferences and needs, allowing for the development of distinct strategies to enhance customer satisfaction and revenue. It serves as a foundational aspect of marketing strategy development, involving the categorization of customers into groups based on their unique requests, characteristics, preferences, or behaviors. This enables businesses to identify and cater to specific target markets, thereby optimizing marketing expenditures and managing customer requests more effectively (Ahani et al., 2019).

**Conceptual Framework**

**Independent variable**

**Dependent variable**



**Figure 1: Conceptual Framework Research Design**

The research design serves as a blueprint outlining how a researcher plans to gather, assess, and analyze data to determine whether the study's objectives have been addressed or not (Cooper& Schindler, 2014). It encompasses the strategies in place to ensure that the research structure aligns with the research instrument. For this particular investigation, a descriptive research design was employed. This approach aims to delve deeper into the phenomenon under study without altering its fundamental structure. This design focuses on collecting information related to the "what, where, whom, when, and how" aspects, and it has been successfully utilized by previous scholars in similar studies (Cooper and Schindler, 2014).

Through this chosen design, the current study assessed the prevalence of the target marketing strategy and its impact on performance. The independent variable in this study was the niche market strategies. The dependent variable is the performance of commercial banks within Kisii County.

**Target Population**

Population refers to the complete set of subjects that are of interest to a researcher bearing similar attributes that the researcher would like to generalize findings on (Creswell, 2016). The unit of analysis was the 17 commercial banks while the target population consisted of the marketing directors, managers in charge of branding and

managers in charge of design from each of the 17 commercial banks which gave a total of 126 participants (Kisii county CIDP 2018–2022; Human Resource Management, 2023 in respective banks).

**Sampling Procedures and Techniques**

The study employed census survey where all the 126 persons were observed. The choice of using census was preferred to sample survey due to the fact that the researcher considered the target population size as relatively small and manageable making it easier for all respondents to be observed. Sampling is a method employed by researchers to carefully choose a representative subset of individuals or elements from the overall population. This process aids researchers in addressing issues related to data repetition and, at the same time, enables cost-effective data collection. In this particular study, a census approach was utilized, and no sampling was involved.

**Research Instruments**

This study used questionnaire for primary data collection. The rationale of using questionnaire as a data collection tool was because it helps to obtain large amount of information over limited time, they are relatively cheaper to design and administer and that respondent has an opportunity to ensure anonymity of their views (Dalati& MarxGómez, 2018). The questionnaire was made up of open and closed ended questions. Open ended questions were used to give the respondents an opportunity to provide more information relating to the facts being collected. Closed ended questions were used to help standardize responses. To ensure exhaustive response to all research objectives, the questionnaire was categorized into distinct sections with each covering a study objective. The first section covered general information of the respondents to determine their suitability to take part in the study, the second section concentrated on the objective of this study being niche marketing strategies. The last section covered statements touching on the dependent variable which was bank performance. To standardize responses, five-point likert scale was adopted with 1 representing Strongly Disagree, 2 representing Disagree, 3 representing Neutral, 4 representing Agree, and 5 representing Strongly Agree (Creswell, 2016).

**III. Data Analysis Techniques and Procedures**

**Response Rate**

Out of 126 questionnaires distributed, 101 completed questionnaires were received back, equivalent to an 80.16% response rate. This level of response is considered sufficient to reliably analyze and present the results, as shown in the forthcoming sections. According to Maxfield and Babbie (2017), a response rate of 50% or higher is viewed as adequate for conducting data analysis. Therefore, the 80.16% response rate obtained in this study is well above that threshold, lending credibility and dependability to the survey findings. The subsequent data evaluation and discussion of results thus rest on a sufficiently large sample of responses.

**Reliability Test**

In testing the questionnaire reliability, a pilot study with 10 marketing managers at HF Bank was conducted. Test-retest reliability was then undertaken utilizing Cronbach's alpha to assess the reliability.

**Table 1: Reliability Test Results**

<b>Variables</b>	<b>Cronbach's</b>	<b>Number of Items</b>
<b>Niche Marketing</b>	0.856	6
<b>Performance of Commercial Banks</b>	0.946	9

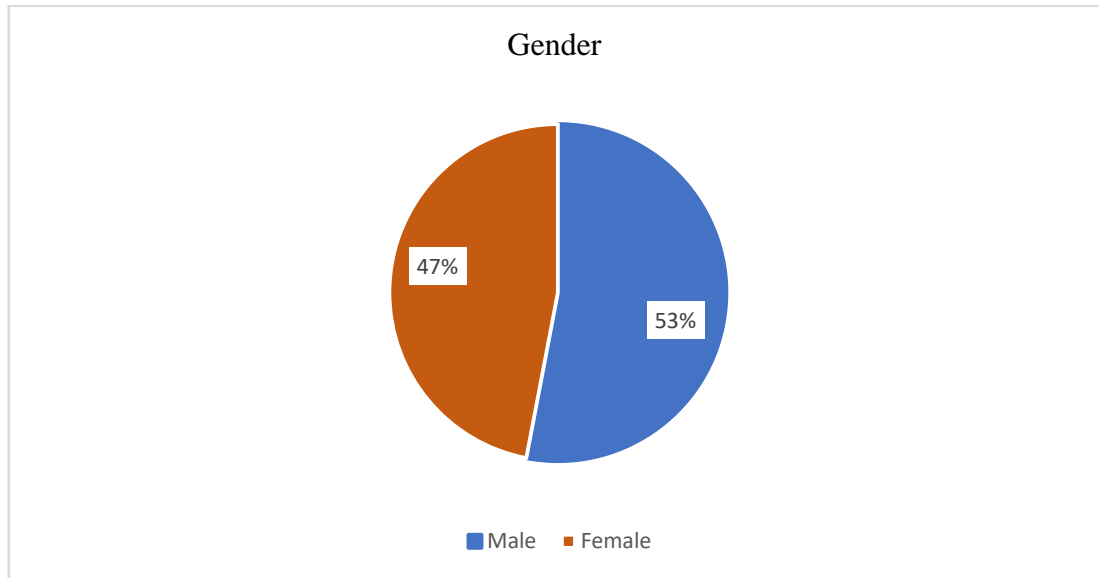
Cronbach's alpha was calculated for each variable to create a reliability scale. The performance of commercial banks had the highest alpha coefficient ( $\alpha=0.946$ ), indicating the scale for this variable has very high internal consistency. This was followed by niche marketing ( $\alpha=0.856$ ), showing good reliability for these scales. The niche marketing strategy scales demonstrated alpha coefficients above the 0.7 level suggested by Gliem and Gliem (2003) to be indicative of an internally consistent, reliable scale. Thus, the reliability analysis provides evidence that the multi-item measures developed in this study are robust and appropriate for gauging the constructs of interest.

**Respondent Demographic Information**

The research gathered and examined respondents' basic details, encompassing gender, age, marital status, educational attainment, years of industry experience, and employment category, as delineated in the following sections.

**Gender Distribution**

The researcher analyzed the gender distribution of the survey participants to determine if both genders were adequately represented in the sample. The results of this analysis are presented in Figure 1. This enabled assessment of whether the sample included perspectives from both men and women, or if it skewed heavily toward one gender. Examining the gender breakdown serves to evaluate the diversity and generalizability of the respondent pool.



**Figure 1: Gender Distribution**

Figure 1 provides a summary of the gender composition among the survey respondents. The results show that 53% of participants were male and 47% were female. This close to equal split between men and women aligns with constitutional guidelines concerning gender representation and balance. The near equivalent proportions of males and females in the sample signifies that perspectives and insights from both predominant genders were captured equivalently in the study. This gender distribution lends credibility regarding inclusion and avoidance of bias in the respondent pool.

**Age of Respondents**

The researcher analyzed the age range of participants to assess if employees were of sufficient maturity in age and life experience to provide informed perspectives on the organization. Mature, seasoned viewpoints were considered likely to yield more nuanced and discerning insights. The findings regarding respondent age demographics are presented in Table 2. Examining the age distribution enabled determination of whether the sample incorporated knowledgeable outlooks from older and more established employees, besides including younger voices as well.

**Table 2: Age of Respondents**

		Frequency	Percent
<b>Valid</b>	18 - 25 years	0	0.0
	26 - 35 years	15	14.9
	36 - 45 years	49	48.5
	Above 45 years	37	36.6
	<b>Total</b>	<b>101</b>	<b>100.0</b>

As shown in the table 2, 48.5% of respondents were between 36-45 years old, 36.6% were over 45 years, and 15.2% fell in the 26–35-year bracket. This signifies that the preponderance of participants were mature adults who could provide meaningful insights on the prominence of various target marketing strategies. With middle-aged and older adults accounting for over 85% of the sample, the respondent pool consists chiefly of seasoned employees whose familiarity and tenure likely allows them to share informed judgments on the research topics. The age distribution lends confidence that the perspectives captured come from employees with adequate life and work experience within the organization.

**Level of Education**

The survey gathered data on the participants' highest level of education completed. This information helped gauge whether the respondents had sufficient educational backgrounds to thoughtfully articulate perspectives on the research topics under study. The results summarizing the sample's educational attainment are presented in Table 3.

The study established that while 55.4% of the respondents had masters and above, 11.9% had technical and vocational college level of education. This means that the respondents who took part in the study were generally learned and hence shared relevant information on predominance of target marketing strategy.

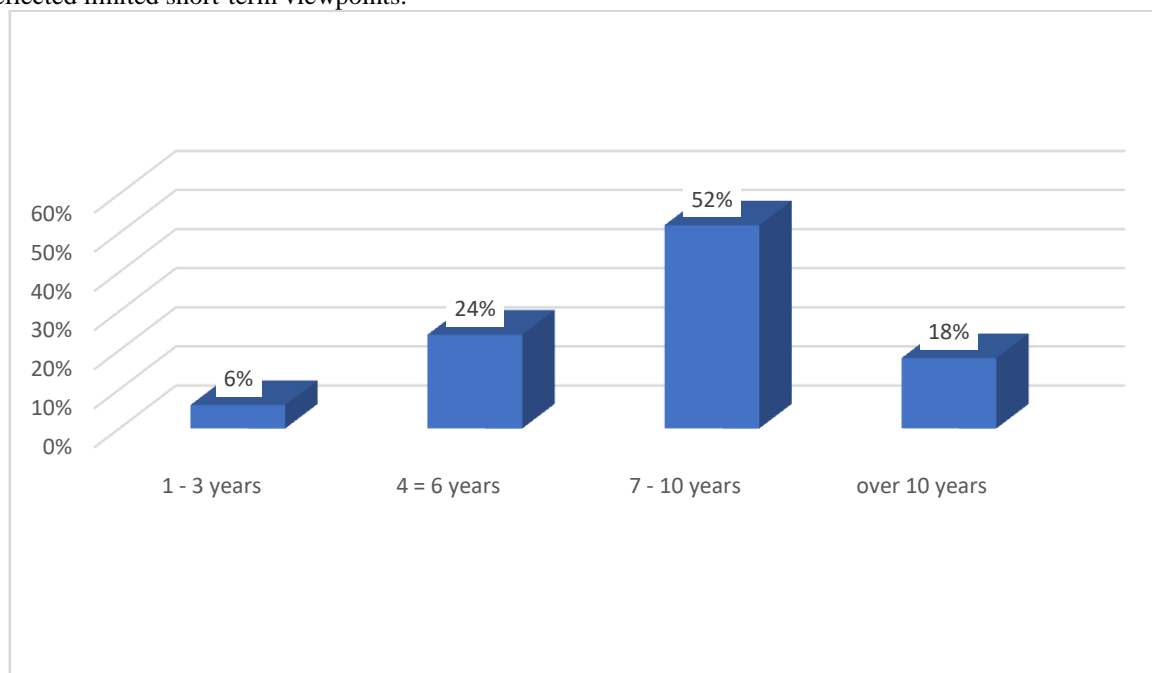
**Table 3: Level of Education**

		Frequency	Percent	Cumulative Percent
<b>Valid</b>	Technical/vocational College certificate/diploma	12	11.9	11.9
	Bachelor’s degree	56	55.4	63.7
	Master’s degree or above	33	32.7	100
<b>Total</b>		<b>101</b>	<b>100.0</b>	

The results show majority 55.4% of respondents held a bachelor degree as their highest education level while 32.7% of the respondents had master's degree or higher and 11.9% had a technical or vocational college education. This signifies that those survey participants were largely highly educated, possessing advanced academic credentials. Therefore, they were reasonably well equipped to provide meaningful perspectives and insights relevant to assessing the prominence of various target marketing strategies. With over half of respondents educated at the postgraduate level, confidence can be placed in the sample's collective capability to thoughtfully address the research questions and strategic issues under examination. The predominantly high levels of academic achievement lend credibility regarding the respondents' capacity to offer discerning observations and judgments concerning the topic.

**Years of Industry Experience**

Data was gathered on how long each respondent had been employed with the organization. The purpose was to determine whether participants had adequate tenure to comprehend organizational operations and contexts relevant to the research topic. Employees with longer service periods were considered likely to have more extensive experience and institutional awareness to inform their perspectives. The findings detailing the respondents' organization tenure are provided in Figure 2. Analyzing the duration of employment enabled assessment of whether the sample offered outlooks from veterans steeped in institutional knowledge or merely reflected limited short-term viewpoints.



**Figure 2: Years of Industry Experience**

Figure 2 summarizes the banking industry experience among the survey respondents. The results show that 52% of participants had 7-10 years of experience in banking, while 6% had 1-3 years. This signifies that the majority of respondents have been employed in the banking sector for relatively extensive periods. Their lengthy service tenures suggest they have accrued solid practical knowledge and familiarity with industry conditions over time. Therefore, these long-serving employees were likely to possess meaningful insights regarding the prominence



and role of various target marketing strategies, which this study aimed to elucidate. The preponderance of seasoned perspectives from respondents with 7 years or more of cumulative banking exposure lends credibility that the sample could authoritatively assess and discuss the strategic issues based on their considerable time spent navigating real scenarios professionally.

**Employment Classification**

**Table 4: Employment Classification**

		<b>Frequency</b>	<b>Percent</b>
<b>Valid</b>	Management	12	11.9
	Non-Management	89	88.1
	<b>Total</b>	<b>101</b>	<b>100.0</b>

Table 4 shows the employment classification of the survey participants. The results reveal that 88.1% of respondents were in non-managerial roles, while 11.9% occupied managerial positions. Given the predominant share of participants in non-managerial functions, it can be inferred they engage extensively in day-to-day operational activities. Their frontline vantage points provide regular interfaces with business operations influenced by target marketing approaches. Therefore, their high representation in the sample lent insider perspectives from personnel entrenched in functional areas affected by and accountable for executing target marketing strategies. With most participants as non-managers immersed in daily workflows, they could offer grounded insights on how alternative target marketing techniques impact commercial outcomes based on direct executable responsibilities.

**Descriptive Statistics on Niche Marketing**

This section will present descriptive statistical analysis findings pertaining to the independent variables (Niche Marketing) and the dependent variable (Bank Performance). The descriptive analysis summarizes key metrics on the distribution, variability, and central tendency measures for each variable. Examining these quantitative descriptors for the key variables facilitates initial insight into the basic patterns and variation in the survey data. This sets the foundation for subsequent evaluation of the role and interrelationships among the respective variables.

Respondents were asked to indicate their level of agreement with statements pertaining to the niche marketing on bank performance. Table 5 summarizes the distribution of participants' ratings regarding the degree to which they affirmed each performance impact statement related to niche marketing.

**Table 5: Descriptive Statistics on Niche Marketing**

	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Our marketing practices targets specific consumer groups e.g., youths, women etc.</b>	101	1	5	3.67	1.051
<b>Our bank serves more than one market segment and establishes a different marketing mix for the different segments</b>	101	1	5	4.15	0.870
<b>We have developed separate brands to serve each of the market segments</b>	101	1	5	4.27	0.801
<b>We use different marketing mix to different segments practice to expand our market shares</b>	101	1	5	3.97	0.810
<b>We use different marketing mix to different segments practice to increase profitability</b>	101	1	5	4.12	0.545
<b>Our bank breaks a huge group of consumers into segments, and then applies the different marketing mix to each segment or group.</b>	101	1	5	4.18	0.769
<b>Valid N (listwise)</b>	101				
<b>Average</b>				4.06	0.808

The findings in the table 5 showed that respondents agreed that their banks practiced niche marketing, as evidenced by the high mean response of 4.06 and standard deviation of 0.808. Specifically, respondents agreed

that their banks had developed separate brands to target different market segments (mean of 4.27, standard deviation 0.801). There was agreement that the banks divided consumers into groups and tailored marketing strategies to each target segment in order to expand profitability (mean 4.18, standard deviation 0.769). Respondents also agreed that their banks applied distinct marketing mixes to multiple market segments, allowing them to increase market share (mean 3.97, standard deviation 0.810). Additionally, there was agreement that banks' marketing practices focused on specific consumer demographics such as youth and women (mean 3.67, standard deviation 1.051). The high levels of agreement across the survey items showed that respondents felt their banks practiced strategic niche marketing targeted at particular consumer segments. The findings align with Plank (2017), who stated that separate brands are often created to serve different market segments. However, this approach involves greater expenses related to production, design, inventory, promotion, management, and marketing research. As Brander and Spencer (2015) explained, product differentiation refers to distinguishing a company's offerings from competitors. Effectively achieving differentiation requires communicating the unique features of a product and contrasting those with alternatives (Brander & Spencer, 2015). Additionally, Barbosa et al. (2015) suggested that differentiation correlates with developing a strong value proposition that resonates with target customers. If done successfully, differentiation can provide a competitive edge and boost brand awareness (Barbosa et al., 2015). Fundamentally, differentiation aims to influence customers to select one product over similar options by recognizing and promoting distinctive attributes (Dai & Yuan, 2013).

The findings showed banks divided consumers into groups and tailored marketing accordingly. This aligns with Camilleri (2018), who stated target marketing commonly segments markets and customizes elements of the marketing mix to match individual consumer needs. Furthermore, the findings revealed banks had approaches to serve multiple segments, each with distinct marketing mixes. As Ahani et al. (2019) discussed, segmentation allows businesses to cluster similar customers, identify best target markets, and inform marketing decisions to efficiently allocate resources. Per Plank (2017), companies serving multiple profitable segments in this way create specific marketing mixes for each one. In short, the tailored approaches reflect strategic efforts to appeal to and serve particular consumer groups.

**Correlation Matrix on niche marketing**

Table 6 is a presentation of the correlation results that relate niche marketing and commercial banks performance.

**Table 6: Correlation Matrix on niche marketing**

		Bank Performance	Niche marketing
<b>Bank Performance</b>	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	101	
<b>Niche marketing</b>	Pearson Correlation	.841**	1
	Sig. (2-tailed)	.000	
	N	101	101

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

The findings revealed a robust, positive correlation between niche marketing and bank performance in Kisii county ( $r = .841, p < .05$ ). This significant relationship suggests that employing niche marketing as a targeted strategy has a substantial and direct impact on the success of commercial banks operating in the Kisii County. The strong correlation implies niche marketing targeted at particular groups represents an effective approach for commercial banks seeking to thrive in Kisii County.

**Regression Results on niche marketing**

Table 7 provides a summary of the regression results to link niche marketing and commercial banks performance. From the results, the coefficient of determination is given as .707, which infers that 70.7% change in bank performance in Kisii county is explained by niche marketing.

**Table 7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 <sup>a</sup>	.707	.698	.586

**a. Predictors: (Constant), niche marketing**

**Table 8: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-11.236	.457		-5.010	.002
Niche marketing	.440	.106	.400	4.161	.000

**a. Dependent Variable: performance of commercial banks**

The results in Table 8 indicate that niche marketing has a significant positive influence on commercial bank performance in Kisii County ( $\beta=.440$ ,  $p\text{-value}=0.000 < 0.05$ ). The p-value is given as 0.000 ( $p < 0.05$ ), which deduce that niche marketing is a key predictor of performance of commercial banks in Kisii county. Specifically, the findings show that for every one unit increase in niche marketing, there is a corresponding 0.440 increase in the performance of commercial banks in the region.

#### **IV. Summary of the Results**

The purpose of this research was to evaluate the effects of niche marketing on the performance of commercial banks in Kisii County. This study utilized a descriptive research design. The units of analysis were the 17 commercial banks, while the respondents included marketing directors, branding managers, and design managers from each bank, totaling 126 participants. A census approach was used in which data was collected from all 126 individuals. Primary data was gathered via a semi-structured survey. A pilot study helped establish the questionnaire's validity and reliability. Ethical standards like informed consent, anonymity, and confidentiality were strictly followed. The collected data was cleaned and analyzed quantitatively using SPSS version 27.

Regarding the study objective, the average value ( $M=4.06$ ) implied respondents agreed their banks practiced niche marketing. Correlation results showed niche marketing and bank performance in Kisii county have a strong positive and significant correlation ( $r=.841$ ,  $p < 0.05$ ). Regression results gave a coefficient of determination of .707; inferring 70.7% of the change in bank performance in Kisii County is explained by niche marketing. The p-value (0.000,  $p < 0.05$ ) deduces niche marketing significantly predicts commercial banks' performance in Kisii county.

#### **V. Conclusion**

Commercial banks in Kisii County do practice niche marketing where they divided a huge group of consumers into segments, and then applied the different marketing mix to each segment or group. To serve customer of different market segments, the banks established a different marketing mix for the different segments besides use of different promotional approaches for different segments of the market. From the correlation results, niche marketing and bank performance in Kisii County have a strong positive and significant correlation with each other. From the regression results, the p-value shows that niche marketing significantly predicts commercial banks performance in Kisii County.

#### **Recommendations**

Based on the results, this research advises sales and marketing managers at commercial banks in Kisii County to continuously evaluate and enhance their niche marketing efforts to improve performance. The banks should creatively develop a unified marketing message to all customers in order to achieve the intended impact, while keeping up with changes in the business landscape to remain pertinent.

The marketing managers at commercial banks need to reshape and reconnect their niche and micromarketing plans to corporate objectives to boost performance. All micromarketing initiatives employed by commercial banks require improvement for better outcomes. They should identify market segments not currently served by large rivals and determine optimal ways to cater to those segments in their mission to gain a competitive advantage, as markets with less competition can offer rapid successes as banks seek strategic edges over competitors. The marketing managers at commercial banks should utilize niche marketing tactics to boost their institutions' performance. It is necessary to improve the niche marketing techniques implemented by Kenyan commercial banks to enhance outcomes. Customers have expressed dissatisfaction regarding the high interest rates and fees charged by these banks. Consequently, this research suggests that banks assess the pricing of their various offerings to determine how they can tailor them to fulfill the needs of a wider clientele for superior performance. Doing so can attract a larger customer base to the banks.

#### **Recommendations for Further Studies**

This research was undertaken focusing on commercial banks located in Kisii County. Future inquiries could study other environments separate from finance such as manufacturing or the consumer-packaged goods industry. Rather than concentrating solely on performance as the dependent factor, forthcoming projects might integrate alternative metrics like expansion, competitive edge, or operational excellence. With regard to methodology, this examination utilized ordinary least squares modeling to assess results. Upcoming efforts should consider more sophisticated analytical approaches, like structural equation models which offer more rigorous data analysis, to strengthen the validity of determinations.

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