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Abstract

The objective of this study was to determine the relationship between international marketing strategy and performance of tour firms in Kenya. International marketing strategy was measured along the dimensions of competitive pricing, product, distribution and promotion. The primary data was collected from CEOs and or MDs and Marketing Manager, Business or Operations Manager. Others were Head of IT, Director Client Relations and Senior Tour Consultants. The population comprised of the 270 firms that were members of Kenya Association of Tour Operators (KATO) as at December 2016. Data was collected using both primary and secondary sources. Primary data was collected through a self-administered questionnaire while secondary data was collected through various publicly available sources. Reliability test was tested through Cronbach alpha and if the reliability coefficient was greater than 0.7, the instrument was considered reliable. Data analysis was done through descriptive statistics while simple and multiple regression was used to test the relationships of the hypotheses. The results showed that international marketing strategy has an influence that is significant on firm performance. Correlation analysis revealed that the relationship between firm international marketing strategy and firm performance is strong, positive and statistically significant. The result was that 46.5% of variation in firm performance was explained by changes in international marketing strategy. The model was also found to be of overall significance ($F=81.773$, $p\text{-value}=0.000$). The study further found that competitive pricing,

product, promotion and distribution channel explained 52.3% of firm performance which meant that 47.3% would be explained by other factors. Competitive pricing and promotion on firm performance were found to be individually positive and statistically significant. The study has made contribution to theory, policy and practice. It has also stated recommendations and has additionally made suggestions for future research.

Keywords: *International Marketing Strategy, Firm Performance, Tour Firms & Kenya.*

1.1 Introduction

Scholars have varied views on firm engagement in international marketing. As noted by Rundh (2003), firms may choose to expand into other markets when the opportunities in the home markets are limited. Rundh (2003) further notes that inadequate resources might also lead to firms seeking less costly market entry forms and that for firms to succeed in the international markets, their activities need to be intrinsic to the companies' business strategy. A firm may thus seek to capitalize on its advantages in markets that are overseas, through its products being exported (Albaum & Tse, 2001), a view shared by (Morgan, Kasikeas & Vorhies, 2012), who further states that participation in export activities is the entry mode through which firms engage with international markets. Coviello and Munro (1995) had earlier noted that firms may engage in international development through formal or informal networks which may be utilized to partly share international marketing activities. International marketing is therefore perceived as a mechanism to keep the firm productive which enables it create value for goods and services (Cavusgil & Cavusgil, 2012).

Lages, Mata and Griffith (2013) agree that indeed international marketing strategy has an impact on performance and it continues to be an area of interest for research. Significant research on adaptation and standardization of international marketing strategy has been conducted with majority of the research focused on marketing mix decisions (Griffith, Lee, Yeo & Calantone, 2014). Zou, Andrus and Norvell (1997) had earlier noted that international marketing standardization contributes to making international marketing beneficial to firms. Zahra, Ireland and Hitt (2000), note that international growth allows firms to achieve progress and positive earnings by capitalizing their unique assets and capabilities. Cavusgil, *et.al*, (2012) summarizes the various scholar views by stating that firms pursuing international customers have a number of opportunities that emerge such as discretionary income increase, open markets and modern tools to enable access to global markets.

Marketing strategy, as stated by Varadarajam (2010), is an organization's blueprint, which specifies its critical choices concerning products and the marketing function in the formulation, communication and/or delivery of the products. Lages, Abrantes and Lages (2017) describe international marketing strategy as being the effective management of business to business (BtoB) operations and thus being attractive for SMEs. Additionally, Rundh (2003), states that the process of international marketing involves focusing the global objectives and resources of a company on opportunities available in global marketing. Doole and Lowe (2001) differentiate between global marketing which is considered to be more complex and extensive and international marketing which is considered to be simpler in terms of marketing mix. Marketing mix elements would be the measures that the firm would use to track its marketing objectives in the target market.

A decade earlier scholars such as Lim, Sharkey and Kim (1993), viewed international marketing as involvement of a firm in overcoming certain barriers such as foreign market, domestic economic barriers and internal barriers. A similar description is posited by Terpstra (1983) who had earlier described international marketing as activities undertaken by the firm to relate to its foreign markets. Albaum, *et.al.*, (2001) posits that international marketing strategy is a component of the strategic plan of a firm and notes that it should accordingly be studied; further emphasizing that customized or globalized strategies lead to international marketing strategy.

Doole, *et.al.*, (2001), notes that international marketing involves the firm creating marketing mix decisions across national boundaries and is considered as a network of relationships between firms involved in buying and selling to the final consumer (Paliwoda, 1993). In the absence of global marketing, Cateora and Graham (1996) consider it as the utilization of capabilities and marketing orientation to international business while Muhlbacher, Helmuth and Dahringer (2006), additionally consider international marketing in association to its capabilities. Griffin and Pustay (2010) further describe it as the procedure of developing and implementing the conception, promotion, pricing and distribution of ideas, services and goods internationally. Risko, *et.al.*, (2014) share the same view only adding that international marketing encompasses the execution of business undertakings that are developed to plan, promote, price and direct the flow of a firm's products and services at a profit to consumers that are located in more than one country.

A firm would therefore require strong marketing models. Gabrielsson and Gabrielsson (2004) found that in globalizing, international organizations select a sample of unrelated international businesses. Thus more focused marketing strategy had an effect on business development. Firms need to develop wholly new approaches to strategy (Hooley, Piercy & Nicoulaud, 2008) to be considered to have been successfully marketed. Strategists need to think about globalization and focus on the business core competencies (Sheth, 1994). Further, Lim, *et.al.*, (1993) postulate that international marketing strategy is influenced by the extents of competitive advantage of which the marketing and non-marketing dimensions have an implication on firm's willingness to pursue aggressive international marketing strategies.

Santos and Brito, (2012), argue that the definition of firm performance and its measurement, though often used as a dependent variable, continues to challenge researchers and or academicians because of its complexity. It is considered as one of the most notable concepts of organizational research (Miller, Washburn & Glick, 2013). Bagheri, Hamid and Abbas (2012), argue that there is lack of consistency on definition and they use the dimensions of financial performance and operational performance in their study. Teeratansirikool, Siengthai, Badir and Charoengam (2013) though in their study measured firm performance, noted that it was inconclusive on whether the measurement of performance that is, non-financial and financial measures, is linked to firm performance.

Teeratansirikool, *et.al.*, (2013) further opine that in measuring performance, the measurable items that are classified as financial, should have the capability of being articulated in monetary terms or precisely reflect financial value rather than customer focused factors. Roxas, *et.al.*, (2012) in measuring firm performance as a dependent variable, sums up the various thoughts by referring to it as a composite measure of the financial, strategic and economic dimension of firm performance.

For any venture, business growth is an important aspect and is an end objective in itself. To progress or not to grow would be a significant part of an entrepreneur's strategy. It is a key requirement for any business, to be prepared for growth and to understand its implications. Qian,

Li, Li and Quan (2008), in trying to examine how regional diversification affected firm performance and whether internationalization had an impact, noted that firms in developed countries maximized their performance when they operated across an adequate number of developed nations and a scarce number of developing regions. Firm performance is therefore an integral part.

Barney (1991); Kogut and Zander (1992) note that intangible, firm specific resources are likely to provide a firm with an advantage over its rivals. Internationalization may lead to SME growth as compared to major competitors, due to market and technological knowledge. The ventures reach a stable phase once revenues and growth stabilize (Hisrich & Peters, 2002). However financing rapid growth might be a major problem. To reach higher levels of sales may necessitate additional and continuing investment in both current and fixed assets. Growth without management control can force the company to get into a cash strapped position (Yegge 1995).

1.2 Tour firms in Kenya

According to the World Tourism Organization, Africa attracted less than 4% of the total world tourists in 2012 and years earlier in 1997 it accounted for 2% (GoK, 2013). This would be considered rather slow growth. The tourism industry in Kenya is considered a big contributor to the country's economy. It is the country's third major foreign exchange earner behind tea and horticulture and it is also a key employer, contributing to about 13.7% of the Gross Domestic Product (GDP) and 12% of total wage employment (GoK, 2013). The World Bank Group (2010) noted Kenya as a tourism jewel despite the issues that affected it in 2008 which led to the deterioration in the number of tourists visiting the country. Subsequent elections have also led to a further decline on number of visitors to the country as has been noted in various media, both local and international. This necessitated the need to aggressively market the country.

The country is famed for its various product lines such as the 'safari' tourism, coastal, business and conference tourism. The Government of Kenya is therefore committed to the growth in this sector through the creation of bodies such as Kenya Tourism Board (KTB). KTB is a parastatal body mandated to market Kenya both locally and internationally and on its website, the organization markets Kenya interactively as shown by the listing of the country's attractions as well as directory resources. Through visiting the website www.magicalkenya.com, a potential visitor gets to experience a virtual tour of the country before they set out to make physical visit to the country. The website also has quick links to tour operators, accommodation and tourism attractions. The Kenya Tourism Development Corporation is mandated to extend investment financing for the tourism industry.

The Vision 2030 Plan, identifies tourism as one of the top priority sectors towards achieving its development blue print of making Kenya one of the tourism destinations globally (GoK, 2012). The industry includes hotels, hospitality industry, suppliers, government, and students. Other associated auxiliary services include tour van operator, air-travel operator, forex bureaus, language centers, tourism literature or newsletters publications, and international conference and delegates facilities.

Tour operators form part of the link that offer services to the travelling public hence it is critical for them to be familiar with the opportunities and challenges that impact performance while marketing the country as a destination. Holloway (1998) as cited by Roper (2005) defines tour operators as firms that procure separate elements of services such as accommodation and transport which they combine into a package and sell directly or indirectly to consumers. Bennet and Schoman (2005) as cited by Ragui (2013) defines tour operators as intermediaries who are

involved in arrangement of holiday packages e.g. travel procedure services (airport transfers), organizing accommodation, transport and car hire excursions.

Additionally, World Bank (2010) considers the tour firms as critical industry intermediaries that are well integrated into worldwide distribution systems that link suppliers, customers and other intermediaries, seamlessly. In addition to being intermediaries, Trunfio, Petruzzellis and Nigro (2006) note that tour operators also address and influence the demand towards destinations hence stimulating the need for tourism. Caldwell and Freire (2004) suggest that travel and tourism is one of the fastest evolving industries and ranks first among the export groups. Algieri, *et.al*, (2017) aptly note that in the previous years, international tourism has undergone sustained growth and consequently becoming one of the major and rapidly growing economic sectors worldwide.

Kenya Association of Tour Operators (KATO) is one of the foremost tourism trade associations in Kenya that represents the interests of the leading and most experienced tour operators in the country. Its mandate is to ensure that the tour operators uphold professionalism in the services that they offer. The membership which comprises over 400 firms, offer a wide range of services (KATO, 2017). The tour firms do handle a small number of visitors as noted from previous studies.

In a study conducted by Ragui (2013) one of the success factors being the number of international visitors served by the tour firms who are KATO members, covering the years between 2006 and 2010, noted that the highest number of international visitors handled by majority of the firms during the stated period was in 2009. Additionally in the same year, from the ninety firms that participated in the study, 39% of the firms served between 101 and 500 international visitors while in 2010, the highest number of international visitors handled by majority of the firms was between 50 and 100 international visitors served by 32.6% of the tour firms. In the same study, between 2006 and 2008, majority of the firms handled less than 50 international visitors that is, 44.5% and 57.2% of the firms respectively (Ragui, 2013). Mburugu and Rotich (2015), noted that the international visitors handled by majority of the firms that were KATO members in 2009 were less than 1000 visitors served by 62% of the firms while in 2010 the highest percentage of firms, that is 44.6%, served less than 1000 international visitors. Ninety two firms participated in the study.

Mburugu, *et.al* (2015) further noted that in the years 2012, 2013 and 2014, the firms handled below 1000 international visitors in each respective year. In the years 2013, 2014, 2015 and 2016, data from Kenya Tourism Board (2017) has the total number of international arrivals at 1.9 million, 1.465 million, 1.183 million and 1.342 million visitors respectively. It is thus reflective that the tour firms are handling a small number of international visitors in comparison to the number of visitors that are arriving in the country.

1.3 Research Objective

The objective of the study was to determine the relationship between international marketing strategy and performance of tour firms in Kenya.

2.1 Literature Review

Businesses evaluate their institutional preparations for foreign operations as they gain an understanding of international trade. Zahra, *et.al*, (2000) note that new business ventures are seen to gain knowledge as they diversify further into international markets and they can use to compete effectively and enhance current capabilities. In diversifying its business internationally, a firm may tap into many advantages which may have potential impacts on firm performance. The

adapted marketing strategy, as suggested by Ryan, Griffith and White (2003) can be effective and yet not increase performance depending on its objective. Ryan, *et.al*, (2003) proceed to state that the effectiveness of a firm's standardization efforts in international marketing strategy is measured in terms of one performance aspect or the other.

A few studies have tried to show the various linkages between international marketing strategy and firm performance. Morgan, *et.al*, (2012) from a study whose outcome indicates that effective execution of planned export marketing makes an impact to financial performance and export market, also supports and notes that exporting is the widely held mechanism through which firms engage with international markets. Shanker (2008) in the study on tourism, which is a service industry, notes that tourism is about the only industry that earns the country foreign exchange without exporting national wealth and this is apt as the wealth is the natural beauty of the country which requires the international visitors to visit hence bring the foreign exchange.

Roper (2005) who also studied the tourism sector, focused on tour operators and evaluated tour operators from Europe, while seeking to assess the scope of marketing standardization. The study selected specifically tour firms operating in the Nordic regions and used a multiple case study approach; employing the research design combining a multiplicity of empirical data that was collected from one subsidiary and also from regional Headquarters. The finding was that the firms in the case study manage marketing regionally and the level of international marketing standardization is influenced by specific situational factors such as industry and product characteristics.

Rundh (2003) further mentions that it is necessary for firms to adjust marketing strategy accordingly so that customers can choose suppliers or firms that offer best value. For successful marketing initiatives in an international market, a firm must ensure that its products and or services have a strong brand presence in the said market. Aaker (1996) summarizes measures that firm may need to consider as they enter into a market and these include differentiation, relevance and esteem. Keegan and Green (2008), gives an overview of advanced form of marketing that even includes managing branding issues. Thus in the segmentation of the global market, there is a specific process to aid in identifying unique segments. This could be by individual consumer groups or by country groups. The targeted group would usually be customers who exhibit similar responses to the country's marketing mix and with similar attributes.

Specifically, in branding issues in marketing, Caldwell, *et.al*, (2004), in an exploratory study, sought to comprehend and elucidate whether branding techniques should be applied to countries, regions and cities when branding different types of tourist destinations. In the study involving European countries –France, Czech Republic, Germany, Turkey & Spain and non-European country (USA) and regional cities- French Riviera, Prague, Miami, Berlin, Istanbul and Ibiza the findings were that differences were evident between countries when compared with the cities.

The creation, delivery and communication of superior customer value translates to growth in customers. Hynes (2010) underscores the fact that internationalization should be an embedded component of the overall growth strategy as it comprises interrelated activities. The main objective for any firm to make an impact internationally is to grow beyond borders. According to Hynes (2010), internationalization is explained as a path for growth where businesses expand beyond their domestic markets. In understanding growth patterns, Park and Jang (2010) indicate that it is necessary in establishing viable growth strategies. There are factors that would determine when and or whether a firm would choose to go international.

At firm level, as a firm size increases, the development rate of small international firms declines faster than that of small domestic ones. However to counter this statement, Albaum, *et.al*, (2001) in a study to examine how firms adapt different elements of their marketing strategies in foreign markets in comparison with domestic markets, found that demographic characteristics of the firm for example the firm size or age, proved to be insignificant in determining firm's performance and strategies. This finding further suggests that there is little assurance of success as markets become competitive and that competitively beneficial positions can be earned by firms of all types- regardless of age or size. The study was based in Hong Kong and targeted Hong Kong exporters from which one hundred and eighty (180) firms were sampled.

Rundh (2003) noted that a firm that is striving for international marketing development will require international marketing strategy that is based on knowledge of the targeted market. In the study involving Swedish export industry with respect to manufacturing firms' exports to Western Europe, Rundh (2003) found that pricing, distribution and technology were of importance due to changing market conditions.

2.2. Conceptual Framework and Hypothesis

The relationship between international marketing strategy that comprises product, place/distribution, competitive pricing, promotion and firm performance that comprises financial (foreign exchange earnings; sales revenues) and non-financial (visitors from new /source markets; partnerships with firms overseas/reciprocating businesses) is depicted in Figure 1.

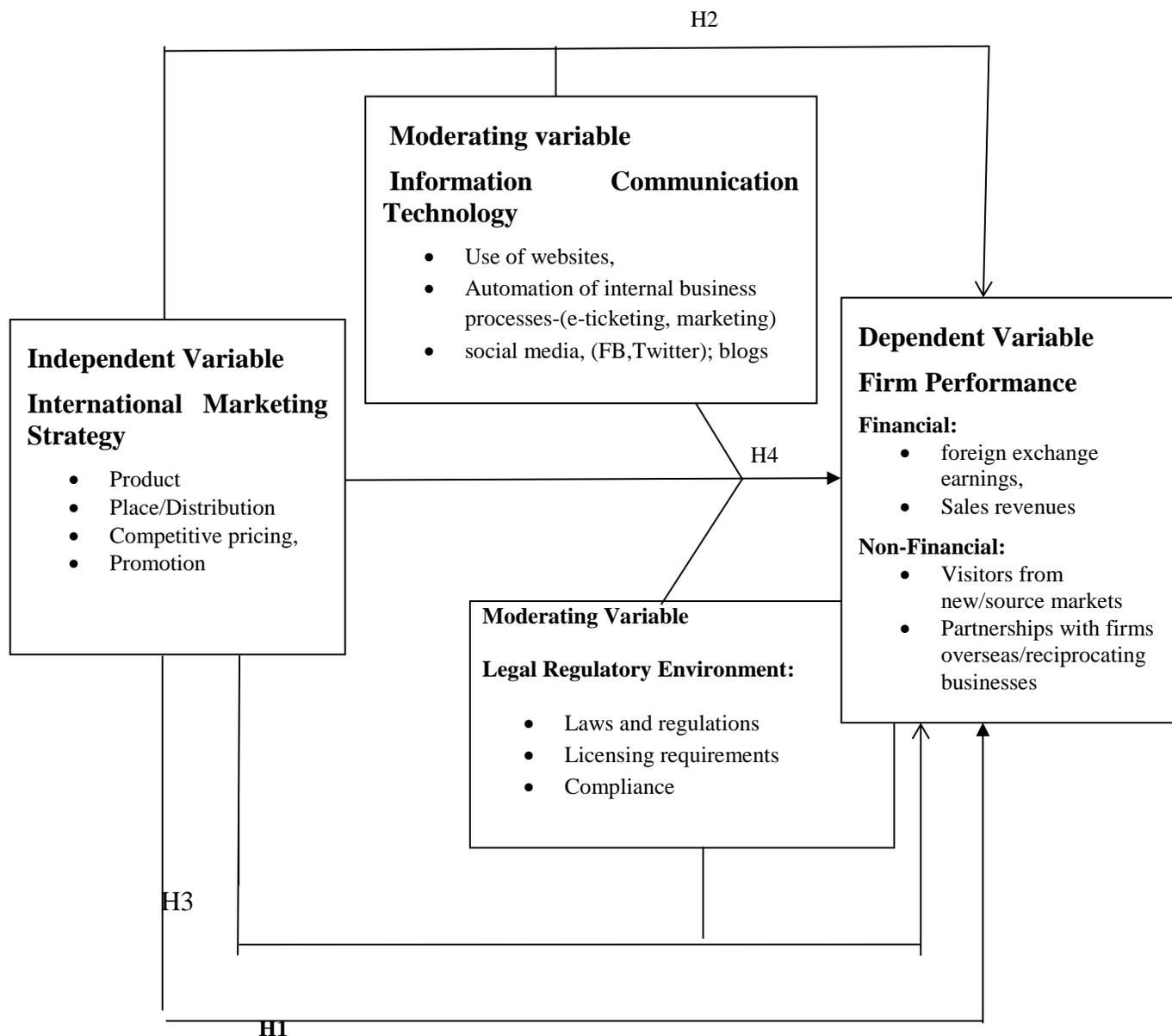


Figure 1: Conceptual model

From the conceptual model in Figure1, firm performance is directly influenced by international marketing strategy. The hypothesis derived from the literature review is stated as follows:

H₁: International marketing strategy has a direct relationship with firm performance

3.1 Methodology

The study took the approach of a descriptive cross sectional survey as it effectively connected the empirical data to the objectives of the study at a specific point in time. A number of scholars have successfully used this approach (Njeru, 2013; Yabs, 2012; Njanja, et.al 2012; Kosure, 2015;& Kithusi,2015).

3.2 Data Collection

The study relied on both secondary and primary data. Primary data was collected based on a questionnaire developed on the concepts of the study aligned to its objectives and hypotheses, as used by previous researchers (Machuki, 2011; Njeru, 2013, Fuentes Fuentes, Saez &Montes, 2004;Hollenstein, 2004). The questionnaire consisted of both structured and unstructured questions and was divided into: background information, firm international marketing strategy, and firm performance.

The secondary data was collected from published sources such as the tour association (KATO) website, firm websites, magazines, newspapers, tourism fairs/exhibitions such as the Tourism Fair held at Sarit Centre, Nairobi on 14th to 18th March, 2018. Additional secondary data was also obtained from brochures fliers from entry and exit points and from other previous researches. A secondary data collection form was designed to assist in capturing some of the secondary data. Both electronic and physical methods were used to administer and follow up on the respondents. The questionnaire was first distributed electronically via electronic mail (email), as all the targeted respondents had listed email contacts on the register, as retrieved from the KATO website. Prior to the start of the actual data collection exercise, the researcher made the necessary arrangements such as reviewing some of the tour operator guides, magazines to establish the office contacts and or contact persons. The researcher engaged a team of research assistants who had been trained prior to the start of the data collection exercise and they also provided additional administrative support.

4.1 Reliability and Validity

4.1.1 Reliability Test

The reliability of an instrument refers to its ability to produce consistent and stable measurements. Bagozzi (1994) expounds that reliability can be discussed from two perspectives: the extent of accuracy and the extent of inaccuracy. Cronbach alpha was used in the study to measure internal consistency by determining how well items on a test relate to all other items and to the total test internal coherence of the data. The reliability is expressed as a coefficient between 0 and 1 thus the higher the coefficient, the more reliable the test is.

As shown in Table 1, all variables were reliable with a Cronbach alpha reliability coefficient greater than 0.7. Specifically firm performance (FP) with 18 items had the highest reliability ($\alpha=.937$) and international marketing strategy (IMS) ($\alpha=.875$) with 16 items. The overall reliability of the questionnaire was very high, that is, Cronbach alpha reliability coefficient ($\alpha=.959$) with 71 items hence the instrument was reliable and could be used for further analysis.

Table 1: Reliability Results

Variable	Items	Cronbach’s alpha (a)
IMS	16	0.875
ICT	22	0.910
LREG	15	0.881
FP	18	0.937
Overall	71	0.959

Source: Primary Data

4.1.2 Test of validity

Validity test is done to show the degree to which a research instrument measures what it is intended to measure (Kothari, 2004). The questionnaire was shared with various parties to get their opinion on the suitability of its use before pilot testing. The questionnaire had first been piloted informally with the research assistants to see if they could answer and or understand the questions and if the questions would be easily understood by the intended recipients.

Prior to that, the instrument had also been reviewed by scholars and fellow PhD students and also by the researcher’s academic supervisors during the various stages of the thesis proposal development stage and subsequent presentations before it was formally accepted. This was done before the commencement of the actual data collection exercise. The aim was to refine it to ensure that the questions were easily understood, aligned to the research objective and that the entire questionnaire/ set of questions were applicable to the target population and industry. The areas of review included the length of the questionnaire as if it was too long then respondents would get discouraged. This has been noted previously by Mugenda, et.al (1999). It was also pertinent to review the duration spent in filling it thus the researcher, having indicated that it would take not more than 20 minutes, needed to determine approximately how many minutes it took to fill and if the wording and sentences were easily understood.

It was also reviewed by a tourism stakeholder who was not part of the population of study and was to assist in testing on if the questions resonated with the tourism industry and with the tour operators in particular. The tourism stakeholder had advised that he would find it easier to answer it as long there was no question insinuating financial figures or requiring him as a respondent, to give out customer information and also the questionnaire should not be too long. The researcher took all this feedback into consideration and this is what informed the nature of how the questions were structured.

The actual pilot test with the tour firms was carried out using a sample of 27 respondents which was 10% of the 270 firms under study. They were randomly selected by using formulae , that is, since the firms on the list were listed according to categories, the pilot needed to be representative of all the categories. There were 5 categories in total. The researcher randomly picked 6 firms each from Category A & Category D; 12 firms from Category E; 1 firm from Category B and 2 firms from Category C.

The exercise commenced as the country was gearing up for elections and at the time, a small number of the firms had scaled down their operations or applying a “wait and see” approach before they engage in any activities. Accompanying the (pilot) questionnaire was the letter from KATO HQ to introduce the researcher to the members and to request for their participation. Thus out of the 27 firms that were contacted, 8 firms responded within a short period of time. Five respondents responded within two days and another three firms thereafter. They confirmed that the questionnaire was straightforward and the questions were easily understood. There being no further changes to the questionnaire, and also the input from the academic supervisors having been incorporated, the questionnaire was then administered to the rest of the intended respondents.

4.2 Measures of Firm International Marketing Strategy

The sub constructs which were used to measure firm international marketing strategy were; promotion, product, distribution channel and competitive pricing. Respondents were asked to rate the statements posed on the variable firm international marketing strategy by indicating the extent to which the same applied in their respective firms. Responses were given on a 5- Point Likert type scale ranging from 1 being not at all to 5 being to a very large extent. The scores of ‘not at all and ‘To a small extent’ have been taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of ‘To a moderate extent’ has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of ‘To a large extent’ and ‘To a very large extent’ have been taken to represent a statement affirmed to, as to a great extent, equivalent to a mean score of 3.5 to 5.0.

Table 2: Mean and Standard Deviation for Measures of Firm International Marketing Strategy

Variables	Mean	Std Dev	CV
Promotion			
Promoting Kenya	4.63	0.700	0.106
Advertising - TV & Radio	2.7	1.346	0.671
Advertising - websites & social media	4.5	0.681	0.103
Trade fair participation	3.63	1.199	0.396
Overall	3.87	1.437	0.371
Product			
Customized products & services	4.27	0.827	0.194
Forms of tourism	3.39	1.099	0.324
New products development	3.94	0.88	0.223
Business tourism vs regular tourism	3.52	1.124	0.319
Overall	3.78	0.983	0.260
Distribution channel			
International partnerships	3.89	1.16	0.298
Professional affiliations	4.06	1.177	0.290
International expansion & development pattern	3.53	1.046	0.296
Negotiation on exclusive partnerships	3.32	1.227	0.370
Overall	3.7	1.153	0.312
Competitive pricing			
Competitive pricing on seasonality	4.42	0.829	0.188
Competitor analysis	3.98	1.015	0.255
Competitive rates - off peak season	4.48	0.808	0.180
Firm competitive rates vs competitors	4.3	0.848	0.197
Overall	4.29	0.875	0.204

As shown in Table 2 under promotion; to a great extent; the respondents were of the opinion that: promoting Kenya as a leading tourist destination (mean of 4.63, std dev of 0.489 and CV of .106), effective advertising of services through websites and social media (mean of 4.50, std dev of 0.463 and CV of .103) and regular participation in trade fairs (mean of 3.63, std dev of 1.437 and CV of .396). The statement that effective advertising of services through media advertising (TV& Radio commercials), had the highest CV value of 0.671. The statement that effective advertising of

services through websites and social media, had the lowest CV of 0.103. This means that the statement reported the lowest variation in response.

Under products; to a great extent; the respondents were of the opinion that: customized products and services based on international niche markets (mean of 4.27, std dev of 0.827 and CV of .194), continuous development of new products (mean of 3.94, std dev of 0.88 and CV 0.223) and promotion of business tourism as an alternate to regular tourism in international markets (mean of 3.52, std dev of 1.124 and CV of .319). The statement that other forms of tourism e.g. Medical tourism, sports tourism and religious and cultural tourism had the highest CV value of 0.324. The statement that customized products and services based on international niche markets had the lowest CV of 0.194. This means that the statement reported the lowest variation in response.

On distribution channel, to a great extent; the respondents were of the opinion that: affiliation with other tourism and travel agencies such as IATA in order to establish international reputation (mean of 4.06, std dev of 1.177 and CV of .290), partnerships with other firms around the world (mean of 3.89, std dev of 1.16 and CV of .298), alignment to the international expansion and developmental patterns of the firm (mean of 3.53, std dev of 1.046 and CV of .296).

The statement that negotiation with other firms/franchisees in various international markets for exclusive partnership arrangements e.g. China had the highest CV value of 0.370. The statement that affiliation with other tourism and travel agencies such as IATA, in order to establish international reputation, had the lowest CV of 0.290. This means that the statement reported the lowest variation in response.

Under competitive pricing; to a great extent; the respondents were of the opinion that: competitive pricing is based on seasonality (mean of 4.42, std dev of 0.829 and CV of .188), firm regularly keeps close competitor analysis (mean of 3.98, std dev of 1.015 and CV of 0.255), offering competitive rates especially during off peak season (mean of 4.48, std dev of 0.808 and CV of .180) and competitive rates in comparison to our competitors (mean of 4.3, std dev of 0.848 and CV of .197). The statement that firm regularly keeps close competitor analysis had the highest CV value of 0.255. The statement that offering competitive rates especially during off peak season, had the lowest CV of 0.180. This means that the statement reported the lowest variation.

In summary, on the measure of firm international marketing strategy, competitive pricing had the highest overall mean 4.29 and followed by promotion which had a mean of 3.87, product had mean of 3.78 while distribution channel had the lowest overall mean. This means that majority of the respondents to a great extent, consider competitive pricing as the best overall indicator to the international marketing strategy of the firm.

4.3 Measures of Firm Performance

The sub constructs which were used to measure firm performance were: financial foreign exchange earnings, sales revenues, and non financial-visitors from new/source markets and partnerships with firms based overseas/reciprocating businesses. Respondents were asked to rate the statements posed on the variable measures of firm performance by indicating the extent to which the same applied in their respective firms. Responses were given on a 5-Point Likert type scale ranging from 1 being not at all to 5 being to a very large extent. The scores of 'not at all and 'To a small extent' have been taken to represent a statement affirmed to, as to a limited extent, equivalent to mean score of 0 to 2.5. The score of 'To a moderate extent' has been taken to represent a statement affirmed to, as to a moderate extent, equivalent to a mean score of 2.6 to 3.4. The score of 'To a

large extent' and 'To a very large extent' have been taken to represent a statement affirmed to, as to a great extent, equivalent to a mean score of 3.5 to 5.0.

Table 3: Mean and Standard Deviation for Measures of Firm Performance

variable	Mean	Std. Dev.	CV
Foreign exchange earnings			
Increased number - international visitors	4.27	0.989	0.232
Foreign exchange earnings - stable currency rates	3.85	1.005	0.261
Foreign exchange earnings - travel advisories	4.48	0.940	0.210
Foreign exchange earnings - international business expansion	4.14	0.829	0.200
Overall	4.190	0.940	0.224
Sales revenues			
Sales increase - demand for products	4.23	0.831	0.196
Sales increase - ICT platforms	4.08	0.814	0.200
Sales increase - competitive pricing strategy	4.29	0.735	0.171
Sales increase - untapped markets	3.57	1.005	0.282
Overall	4.04	0.846	0.209
Visitors from new source markets			
Increase in first time visitors	3.92	0.991	0.253
Increase in loyal / return customers	4.26	0.885	0.208
Service delivery improvement – automation	4.2	0.841	0.200
Easily accessible info - products & services	4.41	0.748	0.170
Tourism products diversification	4.07	0.861	0.212
Overall	4.17	0.865	0.207
Partnership with firms based overseas/reciprocating businesses			
Efficient booking - tour requests	4.35	0.821	0.189
Efficient marketing - products & services	4.24	0.818	0.193
Cost control measures	4.32	0.814	0.188

Faster resolution - customer queries	4.55	0.663	0.146
Qualified employees	4.6	0.589	0.128
Overall	4.41	0.741	0.168

As shown in Table 3, under financial –foreign exchange earnings; to a great extent; the respondents were of the opinion that: impact of travel advisories on foreign exchange earnings (mean of 4.48, std dev of 0.940 and CV of .210), increase in number of international visitors (mean of 4.27, std dev of 0.989 and CV of .232), expanded international business opportunities (mean of 4.14, std dev of 0.829 and CV of .200) and stable international currency rates (mean of 3.85, std dev of 1.005 and CV of .261). The statement stable international currency rates had the highest CV value of 0.261. The statement that expanded international business opportunities had the lowest CV of 0.200. This means that the statement reported the lowest variation in response.

On financial –sales revenues, to a great extent; the respondents were of the opinion that: competitive pricing strategy has contributed to increase in sales (mean of 4.29, std of 0.735 and CV of 0.171), increase in sales due to demand for our products (mean of 4.23, std of 0.831 and CV of 0.196), increase in sales due to the use of ICT-driven platforms (mean of 4.08, std dev of 0.814 and CV of .200) and revenue from untapped or overlooked markets (mean of 3.57, std dev of 1.005 and CV of .282). The statement that revenue from untapped, overlooked markets had the highest CV value of 0.282. The statement competitive pricing strategy has contributed to increase in sales had the lowest CV of 0.171. This means that the statement reported the lowest variation in response.

On non financial- visitors from new source markets; to a great extent; the respondents were of the opinion that: information pertaining to products and services is easily accessible (mean of 4.41, std dev of 0.748 and CV of 0.170), increase in loyal/return customers from source markets (mean of 4.26, std dev of 0.885 and CV of 0.208), automation of our processes has led to efficient service delivery for visitors (mean of 4.2, std dev 0.841 and CV of .200), diversification of tourism products (mean of 4.07, std dev of 0.861 and CV of .212) and increase in number of first time international visitors (mean of 3.92, std dev of 0.991 and CV of 0.253). The statement increase in number of first time international visitors had the highest CV value of 0.253. The statement information pertaining to products and services is easily accessible had the lowest CV of 0.170. This means that the statement reported the lowest variation in response.

On non financial partnerships with firms based overseas/ reciprocating businesses; to a great extent; the respondents were of the opinion that: qualified, well trained employees (mean of 4.6, std dev of 0.589 and CV of .128), faster resolution of customer queries, complaints (mean of 4.55, std dev of 0.663 and CV of .146), efficient booking of tour requests (mean of 4.35, std dev of 0.821 and CV of .189), cost control measures (mean of 4.32, 0.814 and CV of 0.188) and efficient marketing of our products and services (mean of 4.24, std dev of 0.818 and CV of 0.193). The statement efficient marketing of our products and services had the highest CV value of 0.193. The statement qualified, well trained employees had the lowest CV of 0.128. This means that the statement reported the lowest variation in response.

In summary, on the measures of firm performance, partnerships with firms based overseas/ reciprocating businesses, had the highest overall mean of 4.41, followed by foreign exchange earnings which had an overall mean of 4.19, visitors from new source markets had overall mean of 4.17 and finally sales revenues which had an overall mean of 4.04. This means that majority of

the respondents to a great extent consider partnerships with firms based overseas/ reciprocating businesses, as the best contributor on firm performance.

4.4 Test of Hypotheses

This section presents the findings of tests of hypotheses of the study. The study focused on four specific objectives and four hypotheses. The hypotheses that were tested were: international Marketing strategy has a direct relationship with firm performance;

A composite index for each of the study variables was computed as the sum of the responses divided by the total number of measurement items. International marketing strategy was measured as a composite index of product, place/distribution, competitive pricing and promotion. Firm performance was measured as a composite index of foreign exchange earnings, sales revenues, visitors from new/source markets and partnerships with firms’ overseas/reciprocating businesses.

4.4.1 Relationship between International Marketing Strategy and Firm Performance

This presents the findings as guided by the first objective of the study. The first objective of the study was to determine the relationship between international marketing strategy and performance of four firms in Kenya. The following hypothesis was formulated and tested.

H1: International marketing strategy has a direct relationship with firm performance

This hypothesis was tested using simple linear regression analysis. The findings are presented in Table 4.

Table 4: Regression Results for the Effect of International Marketing Strategy on Firm Performance

Model Summary						
Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square	F	Change
1	.682 ^a	.465	.44221	.465	81.773	
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.991	1	15.991	81.773	.000 ^b
	Residual	18.382	94	.196		
	Total	34.372	95			
Coefficients ^a						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.542	.299		5.161	.000

International Marketing Strategy	.683	.076	.682	9.043	.000
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- a. Dependent Variable: Firm Performance
 b. Predictors: (Constant), International Marketing Strategy

The findings in Table 4 indicated that 46.5 percent of the variation in firm performance is explained by the changes in international marketing strategy leaving 53.5 percent unexplained (error term). This shows that when international marketing strategy is considered alone it is a moderate predictor of firm performance.

The model is overall significant (F= 81.773, P-value =0.000). International Marketing Strategy individually statistically significantly influence firm performance ($\beta = 0.683$, $t = 9.043$, P-value = 0.000). It follows that one unit increase in International Marketing Strategy causes 0.683 units increase in firm performance other factors held constant. The hypothesis of International marketing strategy has a direct relationship with firm performance was supported.

Table 5: Multiple Regression Output of the Results for the Effect of International Marketing Strategy on Firm Performance

Model Summary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F	Change
1	.723 ^a	.523	.502	.42465	.523	24.902	
ANOVA ^a							
Model		Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	17.962	4	4.491	24.902	.000 ^b	
	Residual	16.410	91	.180			
	Total	34.372	95				
Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta	t	Sig.	
1	(Constant)	1.293	.328		3.946	.000	
	Promotion	.319	.090	.352	3.553	.001	

Product	-.011	.088	-.013	-.124	.902
Distribution channel	.120	.075	.179	1.607	.112
Competitive Pricing	.300	.082	.333	3.671	.000

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Competitive Pricing, Product, Promotion, Distribution channel

The study found that competitive pricing, product, promotion, distribution channel explained 52.3 percent ($R^2= 0.523$) of firm performance. This finding implied that, 47.3 percent of firm performance was explained by other factors. The F value for the model was 24.902 and the p-value was $0.000 < 0.05$ hence the null hypothesis was rejected implying that international marketing strategy has a direct relationship with firm performance. In addition, the results show positive and statistically significant individual effects of competitive pricing and promotion on firm performance. Equation 1 explains the model of international marketing strategy and firm performance.

$$\text{Firm Performance} = 1.293 + 0.319 \text{ Promotion} - 0.011 \text{ Product} + 0.120 \text{ Distribution Channel} + 0.300 \text{ Competitive Pricing}$$

The model shows that a unit increase in promotion and distribution channel results to firm performance increase by 0.319 and 0.120 respectively while a unit increase in product result in 0.011 units decrease in firm performance.

5.1 Discussions

The first objective of the study was to establish the relationship between international marketing strategy and firm performance of tour firms in Kenya. This objective was tested through testing the hypothesis H1 which stated that international marketing strategy has a direct relationship with firm performance. The independent variable was international marketing strategy while the dependent variable was firm performance.

The measurable dimensions or indicators under international marketing strategy were promotion, product, distribution channel and competitive pricing. The dimensions under firm performance were grouped into financial and non-financial. Financial comprised of foreign exchange earnings and sales revenues while non-financial comprised measurement of visitors from new markets /source markets and partnerships with firms based overseas/ reciprocating businesses.

Broadly, the overall finding was that international marketing strategy has a relationship with firm performance. Simple linear regression analysis was performed to determine the relationship between international marketing strategy and firm performance. The result was that 46.5% of variation in firm performance was explained by changes in international marketing strategy. The model was also found to be of overall significance ($F=81.773$, $p\text{-value}=0.000$). Wu, *et.al* (2012) found that there exists a linear relationship between internationalization and firm performance and thus corroborates the findings of the current study which confirmed that there is a relationship as firms need to go international. The other finding in the current study was that international

marketing strategy makes a contribution to firm performance and when it is considered alone, it is a moderator factor. There would have to be other factors that would determine performance.

The study further found that competitive pricing, product, promotion and distribution channel explained 52.3% of firm performance which meant that 47.3% would be explained by other factors. Competitive pricing and promotion on firm performance were found to be individually positive and statistically significant. The current study findings corroborates the results from other studies such as Rund (2003) who found that firms may be forced to cut prices to retain market share to which Algieri, *et.al*, (2017) affirms that lower price than competitors realizes stronger or better revenues. The four firms in the current study portray the same perspective as the findings revealed that competitive pricing is a significant influencer on firm performance.

The current study finding on promotion activities found that increase in promotion resulted in increase in firm performance and this is consistent with Trunfio, *et.al*, (2006) who stated that tour operators' promotional activities indirectly affects destination image thus impacting the firm's survival and growth. On product, Roper (2005) found that for tour operators, international marketing standardization is affected by product and industry characteristics which are considered to be situation specific. The finding in the current study had noted that product and distribution channel were not individually, significantly influencing firm performance and that an increase in product decreased firm performance. The study established that a unit increase in product resulted in 0.011 units decrease in firm performance and this is corroborated by Roper (2005) who noted that tour operating industry is characterized by a perishable product with thin margins.

Li, *et.al*, (2013) affirms that product innovations do increase the firms' competitive advantages in the international market thus in relation to the current study, it calls for the firms in this study to increasingly become more innovative in how they deliver the product here which is the natural beauty of the country and associated services. The firms would need to repackage the product and it starts with how they market the product from the onset. The firms would seek to find products for potential visitors and carry out aggressive marketing instead of finding customers for the products.

The other competitors would not be the firms themselves but other countries competing for international visitors which equally have their natural endowments. Algieri, *et.al*, (2017) found that endowment with cultural and natural resources increases a country's competitive advantage in tourism. Other studies such as Leonidou, *et.al*, (2002) as cited in Li, *et.al*, (2013) found that by informing and persuading foreign consumers about a firm's products through advertising activities, contributes to its export performance. This finding is consistent with the findings of the current study that noted that promotion had a positive and significant effect on firm performance and illustrated by a unit increase in promotion resulted in increase in firm performance.

5.2 Conclusion

This study was based on the tourism sector specifically on tour firms in Kenya. The theories that grounded the entire study were: Internationalization Theory, and Profit Impact of Market Strategy (PIMS) Theory. Internationalization Theory was the main overarching theory.

All the variables correlated were positive and statistically significant. International marketing strategy independently related strong, positively and statistically significant with firm performance.

5.3 Implications of the research findings

5.3.1 Theoretical Implications

The study findings supported the opinion that had been put forward that international marketing strategy has a direct relationship with firm performance. The internationalization theory anchored the study. Some of the theory proponents such as Buckley, et.al (1999) had indicated that firm internationalization is a key issue in international business research while Rundh (2003) had observed that several researches referred to internationalization process and export marketing. As this current study is based on a service industry, Shanker (2008) had noted that tourism as a service industry earns the country foreign exchange without exporting the goods or national wealth.

The study provides a basis for further empirical research. It tested the relationship between international marketing strategy and firm performance and as moderated by information communication technology and legal regulatory environment as separate moderators. It also tested the joint effect of the variables, international marketing strategy, information communication technology and legal regulatory environment on firm performance.

Other researchers can therefore have a basis to further research on the relationships and would expound on this particular research so as to fill in any knowledge gaps. A few researches have linked international marketing strategy, information communication technology, legal regulatory environment and firm performance in different contexts and independently but this study attempted to link all the variables together to extend knowledge. More so this study now provides knowledge in the area of study both theoretically and empirically in the context of Kenya.

5.3.2 Policy Implications

As the tourism sector is an important contributor to the economy, both in terms of being an employer and also a foreign exchange earner, the policy makers need to make informed decisions. The national government and county government can use this research to formulate or to reformulate their strategies in order to grow the sector. The government has already taken a step forward in the recent creation of the Tourism Research Institute. This study can thus provide a starting point as a source of secondary data for the institute as the study makes contribution to evidence-based research to the tourism sector.

5.3.3 Implications for Practice

This study has shown that international marketing strategy is a strong predictor of performance and that information communication technology and legal regulatory environment play a significant role on the relationship. To the practioners in the fields of marketing and international business, it may appear as though the areas are two separate functional areas but this study brings into sharp focus the synergy that is apparent between the two fields. This study focused on how tour firms may penetrate international markets to get international visitors to visit Kenya.

International marketing practitioners would perhaps derive some of the implications from this study to inform their decisions when drawing up strategies. From the outcome competitive pricing was the best indicator to the firm and generally consumers will always want value for money thus those making decisions must ensure the price is right.

Another area is for the firms to look at having international brand ambassadors who are bloggers or vloggers (Youtube). The vloggers usually have a huge online social media following running into millions of subscribers thus making them influencers. As an example, at least two

international vloggers/ social media influencers have recently visited Kenya and between them, they have approximately 3.9 million online followers. The tour firms in Kenya would need to tap into this by partnering with these personalities to drive up the numbers if they were to consider. The tour firms can also identify a Kenyan or Kenyans who may have huge international online following such as some of our sportsmen and women, film celebrities and other prominent personalities who they can partner with as brand ambassadors to bring in international visitors.

5.3.4 Implications for Methodology

The current study relied on a combination of methods to successfully carry out the research and subsequently to test the relationship between the variables. Tourism industry in Kenya has witnessed dwindling numbers over the last few years hence the contribution of tour firms is envisaged to be key.

The current study also used a combination of methods to collect data. Primary data was collected via questionnaire although short interviews were done where possible prior to the beginning of the research and in the course of the study so as to have a better overview of what entails the industry. Analysis was done using simple and multiple regression as well as correlation analysis so to determine the relationships among the variables. This generally confirms that the methodology that was used is suitable as the data that was collected could be organized and analysed appropriately.

5.4 Limitations of the Study

The study had a few limitations, as is common with any research but they did not affect the results or the quality of the research. The first limitation was the unwillingness and or unavailability of some of the respondents to participate in the survey. This was however partly attributed to the timing of the data collection exercise as it was during a prolonged electoral process period.

In the course of the research, there was hindrance of getting a singular repository of additional research data that was entirely specific to the tourism industry. To this end and in a rather timely manner, a research institute, Tourism Research Institute has since been launched, as at March, 2018. Although it is still at its formative stage, one of its mandates will be to provide guided research and provide a pool of research findings. Future researchers and academics who may research on the tourism industry, of which the tour firms are a valued stakeholder, or related thematic area will perhaps find it easier to access data going forward.

5.5 Suggestions for further research

This research focused on the tour firms who are members of the Kenya Association of Tour Operators (KATO). Future researchers might want to research on tour firms that are not members of KATO, the firms that are independent of any association membership.

Further, future research may also be focused in other institutional or sectoral areas that deal with tourism for example the airline industry, hotel accommodation, auxilliary services such as homestays. The study can also be replicated in other sectors such as education, manufacturing, agricultural or health to determine if similar results can be achieved.

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