

# **EFFECT OF MARKETING PROMOTIONAL TOOLS ON PERFORMANCE OF RENTAL OFFICE PROPERTIES IN NAIROBI CENTRAL BUSINESS DISTRICT**

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## **ABSTRACT**

Kenya's Real Estate sector has seen a steady growth over the past several years. Studies have revealed that the influx of young people from the rural to the urban areas has been a major contributing factor to this development. The general objective of this study is to determine the effect of some four main traditional marketing promotional tools (Advertising, Sales promotion, Public relations and Personal selling) on the Performance of office rental properties in Nairobi's Central Business District (NCBD). The specific objectives are: to establish the effect of advertising on Performance of commercial office rental properties, to analyse the effect of sales promotion on Performance of commercial office rental properties, to determine the effect of Public relations on Performance of commercial rental properties and to assess the effect of Personal selling on Performance of commercial office rental properties in Nairobi Central Business District (NCBD). The study adopts a descriptive and causal comparative research design. The population for this study is all the rental properties with 5 floors and above, which add up to 119 buildings. The sampling method chosen is purposive sampling, a form of non-probability sampling to select the 119 commercial office buildings with 5 floors and above a planning requirement in the NCBD. Purposive sampling involves a deliberate selection of particular units of population to constitute a sample

representing the population. The study uses the questionnaire as the main data collection instrument. Primary data was collected by the use of questionnaires administered to managers, tenants and caretakers of commercial office rental properties in Nairobi's Central Business District. Qualitative data was examined using content analysis, a method which enables a more objective evaluation than comparing content based on impressions of the respondents. Quantitative data was largely analysed using descriptive statistics. The analysis sought to answer research questions, objectives and explain the associations and dependencies between the identified variables of the study. The findings of the research are that there is a linear relationship between the dependent and the independent variables and that the performance of the office tenancies could largely (56.8%) be explained by the marketing promotional tools. Personal selling had the greatest effect on the actual level of tenancy (mean of 3.5) followed by public relations (3.46), advertising (3.44) and sales promotion (2.68). The majority of the respondents (72%) said that the promotional tools have a positive impact on the general level of rental collection. Future research could investigate the Information Technology (IT) promotional tools on Real Estate marketing programs in Kenya urban areas.

**Key Words:** *marketing promotional tools, performance, rental office properties, Nairobi Central Business District*

## **INTRODUCTION**

The Real Estate and its business environment have become very competitive in the 21st century due to the growth in technology, infrastructure and access to information around the globe. This has made the environment very complex and consumer preferences keep changing because of the low switching cost in the market. Due these changes consumers of goods and services are demanding more than ever before and hence the managers of such organizations have to increase their resources with their attention focused more on attracting and retaining their customers. Cushman (2014) has noted that all over the world, there has been a relative increase in demand for property rentals for both housing and offices especially in cities. This market growth has prompted organizations to determine and ensure satisfaction of tenant needs and wants more efficiently and effectively than what is offered by competitors (Kotler, 2011). Kenya's Real Estate sector has also seen a steady growth over the past years which has been attributed to, among other factors; a growing economy with Kenya being seen as a regional hub in the Eastern Africa region and having inflows of multinationals, modern construction technologies, infrastructural developments, manufacturing, a growing middle class, and an overall increasing demand for property for living, working, and for social interactions.

Promotional tools are instruments and mechanisms used by organizations to inform, educate, persuade and retain customers in order to increase sales, usage or trial of goods or services (Davenport, 2013). They are aimed to create awareness and entice customers towards the goods and services on offer by the organisation (Pour et al., 2013). Promotional tools are some of the marketing mechanisms that are aimed to improve performance of organizations if well structured, and, implemented (Rummler & Brache, 2012). They can act as competitive weapons by providing extra incentives for the target audience to purchase or support one brand over the others (Davenport, 2013). Marketing tools such as advertising, sales promotion, public relations and personal selling coupled with service improvements can also help build long-term customer relationships, which act as an organizations' strength leading to higher performance. Sales promotion has been defined as the provision of incentives to customers or to the distribution channel to stimulate demand for a product. It is an important component of an organization's overall marketing strategy along with advertising, public relations (PR) and personal selling (PS) (Rummler & Brache, 2012).

Advertising on the other hand is the non-personal process of buying sponsor-identified media space or time in order to promote an offering. It is aimed at reaching and persuading a larger market base than the other promotion tools (Kotler, 2011). Public Relations is a tool that is used by marketers to sell the company, or brand, through positively managing the image and the communication channels between a company and its stakeholders. Overall, other marketing activities aim to achieve direct revenue whereas Public Relations attempt to drive a positive reputation through an effective PR strategy. A well incorporated PR mix is likely to bring about effective results in rental property ranging from houses to offices. Personal selling

(PS) disseminates information by oral, personal methods, like face-to-face, contacts between targeted audiences and employees of the sponsoring organization. The source of information is the sponsoring organization. It is used to invite individual consumers to purchase more especially on customized goods and create personalized customer relationship.

According to Mughal, Mehmood and Ahmad (2014), many purchase situations are so usual that shoppers conduct a very minor cognitive activity and therefore it is hard to stimulate behavior such as brand switching or increasing in the number of units purchased. For instance, Nairobi grew around the Central Business District. It takes a rectangular shape, around the Uhuru Highway, Haille Selasse Avenue, Moi Avenue and University Way. Included here are many of its important buildings, like the City Hall and Parliament Building. The City Square is also located within the perimeter. A feature of the Central Business District that strikes foreign tourists the most is the skyline. Nairobi's skyline has been compared to many European and American cities. This is due to a construction boom after independence and another construction boom in the late 1990s and early 2000s. Most of the skyscrapers in this region are the headquarters of businesses and corporations.

## **STATEMENT OF THE PROBLEM**

Studies have revealed that the influx of people from the rural to the urban areas has been a major contributing factor to the steady real estate growth in Nairobi, including the increase in demand for office spaces (Syagga, 2010). It is therefore important to understand the role that marketing promotion plays on the Performance (availability) of office rental property in Nairobi. Tenants go through a cycle of decision making processes before making an occupation decision which define their behavior in the consumption of the office rental spaces they occupy. One of the major reasons for the purchase of such rental space as put forth by Hameed (2009) is the internal and external environment of the property. This has been echoed by the world green building council which indicated that most tenants in anticipating a rental occupation, are more attracted to the design of the property than anything else.

However, some studies have revealed that property renters make purchase decisions by examining alternative locations and facilities before making the purchase, and, sometimes the actual final purchase may differ from the purchase decision reached earlier (Carter & Allen, 2012). As much as this acts as an important information reference point to the consumer in determining their behavior in the next purchase, they normally seek more information before actual purchase. Performance of firms has been said to also be as a result of improved customer loyalty which results from awareness, beating competition and creating a market impact (Rummler & Brache, 2012). It has also been noted however that the increase in Performance of rental spaces in Central Business Districts results from convenience location and modern facilities and not from promotional effort, a factor that needs further investigation (Carter & Allen, 2012).

## **GENERAL OBJECTIVE**

The general objective of this study was to determine the effect of marketing promotional tools on Performance of rental office properties in Nairobi Central Business District.

## **THEORETICAL FRAMEWORK**

According to Creswell (2009), the theoretical framework is defined as the presentation of a theory that explains a particular problem. It identifies a plan for investigation and interpretation of the findings and discusses the interrelationships among the variables thought to be critical to the issues being investigated (Sekaran, 2006).

### **Behavioral Learning Theory**

Behavioral learning theory concerns behavior modification. A detailed review of some of its basic concepts can be found in Kolb (2014) who states that behavioral learning occurs when a response behavior precipitates the appearance of a stimulus. This paradigm is not new to marketers; the marketing concept uses its principles in that a transaction occurs when purchase behavior (response) takes place and a product (stimulus) is received by the consumer. If the product satisfies a crucial need, the probability of repeat behavior will increase.

Additionally, one can enhance the pleasantness of the product through appropriate manipulation of price, distribution, and promotional variables. Since the key to successful marketing is closely tied to repeat purchase behavior, the notion of providing positive reinforcement for desired behavior is crucial; therefore, positive reinforcement must be the ultimate goal of the marketer. A more rigorous examination of the principles of behavioral learning theory will allow marketers to take advantage of what behaviorists have always suggested (Kolb, 2014).

### **Sales Promotion Theory**

Sales promotion means giving the customer something extra, rewarding them for their behavior on a particular purchasing occasion. There are several theories which support the concept of reward as a motivator. The conditions of sales promotion are regarded as classical and operant conditioning. Whereas classical conditioning is largely associated with advertising, operant conditioning is seen as an explanation for consumer behavior in relation to sales promotion. Operant conditioning suggests the response of the individual is likely to be affected by positive reinforcement (reward). Negative reinforcement (punishment) is likely to cease when the reinforcements are taken away. Edward Thorndike suggested that the law of effect, which explains positive and negative consequences of actions, is also relevant to sales promotion. The law states that under similar circumstances, the consequences of behavior now, will govern the consequences of that behavior in the future. In other words, once a buying pattern is achieved it will continue into the future (Kotler & Keller, 2009).

A final response can be explained as appearing after proceeding acts, which, taken together, constitute a chain of successive approximations. Shaping breaks the desired behaviors in a series of stages and the parts are learnt in sequence. Bezawada and Pauwels (2013) suggest that behavior emerges from sequences of actions in which the preceding action becomes the discriminative stimulus for the final response that is inducement leading to purchase. Alvarez and Casielles (2005) suggest that a short exposure to a particular stimulus can evoke an increased drive to consume more of a product. These theories offer reasons why we can motivate people to buy more by offering incentives although the continuation of these behaviors is open to doubt.

## **EMPIRICAL REVIEW**

Various studies have been done on marketing strategies. Aagaard and Hauer (2013) studied the impact of marketing strategy on business performance a study of selected Small and Medium Enterprises (SMES) in Oluyole Local Government, Ibadan, Nigeria. The survey research design method used in the study involved a self-administered questionnaire in collecting data from one hundred and three (103) respondents. The instrument used in this study is a close-ended questionnaire. Correlation coefficient and multiple regression analysis were used to analyze the data with the aid of statistical package for social sciences (SPSS) version 20. The results show that the independent variables (i.e Product, Promotion, Place, Price, Packaging and After sales service) were significant joint predictors of business performance in terms of profitability, market share, return on investment, and expansion. ( $F(6, 97) = 14.040$ ;  $R^2 = 0.465$ ;  $P < .05$ ). The independent variables jointly explained 46.5% of variance in business performance. Subsequently, recommendations were made to SMEs operators to produce quality products; charge competitive prices, position appropriately, use attractive package for the product, engage in after sales service and provide other distinctive functional benefits to consumers.

Matti (2006) studied the strategic marketing and its effect on business performance: moderating effect of country-specific factors. Data containing marketing and performance data of 5627 companies in 13 countries is used in empirical part of the study. In addition to the full sample analysis, individual countries were examined and two comparison studies – “low-cost” vs. “high-cost” countries and “engineering countries” vs. each other – conducted. Statistical part of the study based largely on hypotheses derived from literature. Structural equation modeling was the primary statistical method applied. The full-sample results indicate that effect of inside-out marketing capabilities on financial performance is the strongest, followed by innovation orientation, outside-in marketing capabilities and market orientation. Majority of the hypotheses were supported and marketing performance assessment tool for firm use was developed. Finnish companies were found to be among the least effective in strategic marketing. Differences between countries and groups were identified. The study achieved its objectives and offers a basis for subsequent quantitative studies within the StratMark research project. Some avenues for further research were suggested.



Lule (2011) studied the effectiveness of marketing strategies on sales performance of pharmaceutical companies in Nairobi, Kenya. The study sought to establish the effectiveness of marketing strategies used by pharmaceutical companies operating in Nairobi on sales. Descriptive research design was used for the study. Towards this end, the study collected primary data from 38 multinational pharmaceutical companies operating in Kenya who employ pharmaceutical representatives and managers. The data was collected through the administration of questionnaires to the companies. The data collected was analyzed using SPSS. Descriptive statistics were used in the presentation and analysis of results. The study established that the marketing approach of the pharmaceutical firms differs as some prefer segmentation while others prefer mass marketing. The target market for the firms varied from national, multinational to both. The strategies which were used by the firms and that increased sales included the 4Ps of marketing, product, place, promotion and pricing. Other marketing strategies used and increased sales were competitive market strategies including defender strategy which describes holders of the highest market share, prospector who will continually search for market opportunities and are creators of change and analyzer who read the market and watch competitors closely in various segments and rapidly adopt promising ideas.

Mawira (2016) researched marketing strategies and performance of large hotels in Nairobi County. The population comprised of all the large hotels in Nairobi registered and licensed by the Tourism Regulatory Authority. Only five and four star hotels based in Nairobi were studied. This made a total of 30 hotels. Descriptive, correlation and regression analysis were used and results presented in tables and figures. The findings obtained revealed that the most adopted penetration strategy was penetration pricing on services, the most adopted marketing strategy was making hotel brand visible to the niche market, most adopted product development strategy was existence of promotion strategies while diversification adopted to the largest extent was maintaining of strong customer relationship. The study concluded that marketing strategies positively affects performance of large hotels in Nairobi. Product development strategies, diversification strategies, market development strategies and penetration strategies were concluded to be strategies adopted by the hotels and improved hotel performance. The study recommends that the implementation process of these marketing strategies should be given top priority during the strategy formulation process to enhance performance of hotels.

Aswani (2010) researched the effects of marketing strategies on the performance of insurance companies in Kenya. The data was collected from the marketing managers of all the insurance companies to gain wide representative of the sector. In all, 43 self-administered questionnaires were distributed among the marketing managers. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. For purposes of this study the output of the insurance were market share, sales volume, development index, penetration

levels, innovation and creativity, cost management, pre-tax profits and finally customer satisfaction. According to the insurance industry report 2008 from AKI the penetration of insurance in Kenya is very low at only 2.54 percent of Gross Domestic Product (GDP) compared to 2.57 percent in 2005. Long-Term (life) insurance recorded a penetration ratio of 0.76 percent while that of general insurance was 1.78 percent. The penetration ratio reveals existing coverage and growth challenges for insurance market in a given country.

Maina (2016) studied the effectiveness of marketing mix strategies on performance of Kenol Kobil Limited. The research design was a case study, as it focused on marketing mix strategies in Kenol Kobil Ltd. The researcher used primary data for this study. The primary data was collected via personal interview with an interview guide. Since the data was qualitative in nature, content analysis was used to evaluate the response, draw conclusions and to derive recommendations. The study concludes that Kenol Kobil Ltd. uses three distribution strategies whereby, products for commercial activities are directly supplied to the customers, products. Moreover, the study concludes that Kenol Kobil Ltd. uses Integrated marketing communications strategy as its major promotion strategy which is designed to make all aspects of marketing communication including advertising. The study recommends that the marketing mix strategies adopted by Kenol Kobil Ltd. should be more emphasised in order to have greater influence on performance.

Onyango (2016) examined the influence of digital marketing strategies on performance of cutflowers exporting firms in Kenya. A qualitative and quantitative research was conducted using semi-structured interviews targeting 30 cut flowers exporting firms in Kenya. The outcomes show that Digital Marketing has an incredible impact across all elements of firms' performance. He noted that digital marketing significantly improved revenue, improved market share, and increased profitability. The study findings concludes that there is a strong correlation between digital marketing and performance of flower firms and therefore recommends that cut flower firms that have not been using digital marketing should, to a large extent, adopt digital marketing to be competitive and enhance organizational performance. The study recommends that further research to be done on why specific countries are more receptive to specific digital marketing strategies and on what needs to be done to improve on digital marketing at the firm level.

Njoroge (2015) studied marketing strategies and the performance of small and medium enterprises in Matuu town, Machakos County, Kenya. To achieve the study objectives the study used a descriptive research design and the population of interest comprised all the Small and medium enterprise in Matuu town, Machakos County. A sample of 86 SMEs was selected for the using simple random and stratified sampling methods. Data was collected using a semi-structured questionnaire which administered to the owners and employees of the sampled SMEs. The data collected was analyzed using descriptive and inferential statistics using the statistical package for social sciences (SPSS). The study established that customer relationship marketing strategies and technology based marketing strategies have a positive insignificant influence on



the performance of SMEs in Matuu town while innovative marketing strategies have a significant negative relationship with the performance of SMEs in Matuu town. The study concluded that marketing strategies influence the performance of Small and medium enterprises and recommended that that small and medium enterprises should develop effective policies on marketing since marketing is one of the major determinants of SMEs performance.

Kamau (2016) researched the effects of marketing strategies on performance of petroleum companies in Kenya. Primary data were collected using questionnaires from a total of 35 firms. The data were analyzed using descriptive statistics including percentages, mean scores, standard deviations and frequencies. Thereafter regression analysis was used to determine the influence of the independent variable on the dependent variable. The study established that i) the petroleum industry has ensured cost leadership strategy by strategic location of storage, filling and loading facilities, and high operational efficiency through reduced wastage of time and resources; ii) the industry has ensured consistent product availability and use of highly efficient equipment and facilities; ii) the industry uses segmented markets as a method of competitive advantage; iv) the industry employs various strategies to remain profitable in a largely competitive market. The study also concluded that cost leadership, corporate growth, market-focus and differentiation strategies are responsible for gaining market share among petroleum companies in Kenya. The study recommended that the industry should embrace cost leadership and differentiation strategies to enhance the profit margin.

Kinyua (2013) studied the effect of strategic marketing practices on the performance of housing sector in Kenya. The target population included Private Housing Developers operating in Kenya, stratified sampling technique was used to select sample. Primary data was collected using semi-structured questionnaires with both close-ended and open ended questions. Data was analyzed descriptively. Regression model was used to analyze data and data was presented using tables. Pearson correlation analysis was used to determine if there was a relationship between independent and dependent variable. The study established that quite a good number of the House developers understood and upheld the importance of strategic marketing with regard to profit maximization. It also established that for any trader to flourish in the business and to be competitive enough they must have distinct product, pricing, promotion and distribution strategies. The study found out that strategic marketing practices were adopted to a moderate extent by the housing sector in Kenya despite challenges that included; inadequate capital, high operational costs and inadequate training among House developers. Therefore, the researcher recommended that Government intervention initiatives, ICT integration, training in the housing industry and training of House developers strategic marketing practices.

Cherotich (2016) looked at the effect of social media marketing strategy on the performance of women owned micro and Small Enterprises In Kasarani Division, Nairobi County, Kenya. The study employed a descriptive survey design. Convenience and random sampling was used to select a sample population of 110 women owned MSEs from Clay City, Njiru, Mwiki, Ruai and

Kasarani wards in Kasarani Sub-county. The study used semi-structured questionnaire to collect primary data from the women owners of each sampled MSE. Descriptive data was collected and then analyzed using Statistical Package for Social Sciences (SPSS). The study found that most MSEs in Kasarani Division use social media and specifically Facebook as a marketing strategy. Due to the higher level of education of the women engaging in MSEs, the study found that social media marketing is user friendly and for that reason, majority do not fear that hackers will damage the image of their business when they use social media for marketing their products. The study recommends that MSEs should adopt the various social media marketing practises more in their business to achieve the desired levels of performance.

## **RESEARCH METHODOLOGY**

This study adopted a descriptive and causal comparative research approach. The main reason for the use of such a design was to provide as much information as possible on the entire population being studied in relation to the effect of marketing promotional tools on Performance. This design is concerned with the what, where, how and when of the phenomena. The target population was all the rental office properties with 5 floors and above, which add up to a total of 119 buildings in the Nairobi Central Business District. The population chosen has homogeneous characteristics since they are all in Nairobi. A sample size of 91 respondents out of a total frame of 119 was selected at 95% confidence and 5.0% margin of error which is a fair number and would hopefully yield fair results. According to Cooper and Schidler (2012) a sample size of more than 30% or at least 10% is normally recommended for social science studies. The study in that respect took 76% of the population, a sample size that was considered appropriate according to Mugenda and Mugenda (2012). The study covered 91 respondents which were considered to be a representative of the total population. This case, the Krejcie and Morgan (1970) formula is to determine the actual sample size:

$$S = \frac{x^2 NP(1-P)}{d^2(N-1)+x^2P(1-P)},$$

Where:

*S = Required Sample size*

*X = Z value (e.g. 1.96 for 95% confidence level)*

*N = Population Size*

*P = Population proportion (expressed as decimal) (assumed to be 0.5 (50%))*

*d = Degree of accuracy (5%), expressed as a proportion (.05); It is margin of error*

The research focused on primary data that was collected from questionnaires distributed to the target group. On the other hand secondary data was gathered from books, journals and previous literature covering the study topic and as published reports backed up the primary data. Pilot

testing of the research instruments were conducted using tenants, managers/caretakers in the buildings. A total of 9 questionnaires were administered to the pilot survey respondents who were chosen at random. After one day the same participants were requested to respond to the same questionnaires but without prior notification in order to ascertain any variation in responses of the first and the second test. This is very important in the research process because it assists in identification and correction of vague questions and unclear instructions. It is also a great opportunity to capture the important comments and suggestions from the participants. This helped to improve on the validity and reliability of the instrument. This process was repeated until the researcher was satisfied that the instrument does not have variations or vagueness. The researcher used the Cronbach's Alpha that is widely used to assess internal consistency reliability and is used for three, four, or five point Likert scale items with 0.7 being the cut-off point (Cravens, 2005). The table below illustrates the ranking of Cronbach's Alpha.

**Table 1: Cronbach's Alpha Range**

Cronbach's Alpha	Internal Consistency
$\alpha \geq 0.9$	Excellent (High-Stakes testing)
$0.7 \leq \alpha < 0.9$	Good (Low- Stakes testing)
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

The researcher used content validity through industry experts and peers who gave their opinion. The qualitative data collected was subjected to content analysis. On the other hand the researcher used descriptive and inferential statistics to analyse the quantitative data. This study utilized the SPSS version 24 software to perform correlation and regression analysis on the collected data. The following multivariate regression analysis model on the factors affecting performance of office rentals was adopted and analyzed using the SPSS version 24 software:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y= Performance of commercial rental office properties;  $\alpha$  = constant (intercept);  $\beta$  = slope (gradient);  $X_1$ = Advertising,  $X_2$  = Sales promotion,  $X_3$ = Public relations,  $X_4$  = Personal selling,  $\varepsilon$  = Error term.

The T-test at 95% ( $\alpha=0.05$ ) level was used to test the significance of the difference in pre and post-performance of motor repair firms. The analysed data was presented using statistical and graphical techniques. Statistical techniques used were measures of central tendency (mean, median and mode) and measures of dispersion such as standard deviation and variance.

## RESEARCH FINDINGS

### Reliability Analysis

Cronbach Alpha was established for every objective which formed a scale. This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Kruger, 2012). This, therefore, depicts that the research instrument was reliable and therefore required no amendments.

**Table 2: Reliability Analysis**

	Cronbach's Alpha
Advertising	.805
Sales promotion	.816
Public relations	.723
Personal selling	.742

### Validity Analysis

Exploratory factor analysis was used to establish the construct validity of the questionnaire the factors that explain the highest proportion of variance of the variables share are expected to represent the underlying constructs. The results allowed for the identification of which variables fall under each of the 5 major extracted factors. Each of the 17 parameters was looked at and placed to one of the 5 factors depending on the percentage of variability it explained the total variability of each factor. From the factor analysis, all the variables indicated high construct validity since all exceeded the prescribed threshold of 0.40 (McCrea, 2004).

### Regression Analysis

The research study sought to evaluate the effect of marketing promotional tools on Performance of commercial rental office properties in Nairobi Central Business District.

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.810	0.656	0.638	0.113

The findings reveal that there was a strong positive relationship (R= 0.810) between the variables. The study also revealed that 63.8% of the Performance of office buildings could be explained by the marketing promotional tools being studied.

**Table 4: Analysis of Variance (ANOVA)**

Model	Sum of Squares	Df	Mean Square	F	Significance.
Regression	1.946	4	0.487	36.762	3.64E-17
1 Residual	1.019	77	0.013		
Total	2.965	81			

The findings show that the F-critical (4, 78) was 3.92 while the F-calculated was 65.424 as shown in Table 4.9. This shows that F-calculated was greater than the F-critical and the p-value was 0.000, which is less than the significance level (0.05). Therefore, the model can be considered to be a good fit for the data.

**Table 5: Regression Coefficients**

	Un standardized		Standardized	t	Significance.
	Coefficients				
	B	Std. Error	Beta		
(Constant)	0.854	0.253		3.375	0.001
Advertising	0.778	0.063	0.261	12.349	0.017
Sales Promotion	0.677	0.07	0.152	9.671	0.001
Public Relations	0.614	0.054	0.014	11.370	0.008
Personal Selling	0.883	0.072	0.457	12.264	0.016

The equation for the regression model is expressed as:

$$Y = 0.854 + 0.778X_1 + 0.677X_2 + 0.614X_3 + 0.883X_4$$

The results of the regression equation below shows that for a 1- point increase in the independent variables, Performance of commercial rental office properties in the Nairobi CBD is predicted to increase by 0.854, if all the other factors are held constant.

### **Adverting Factor**

The study findings show that a unit increase in the scores of advertising would lead to 0.778 increases in the Performance of commercial rental office properties in the Nairobi CBD. The study found that most of the advertisements for office rentals are done through print Ads and found that it affects the Performance of commercial rental office properties in the Nairobi CBD positively. This is in line with Mishra (2009) who noted that in an effort to improve managing and to gain audience attention, advertisers create branding moments that resonate with target markets, and motivate audiences to purchase the advertised product or service and, advertisers copy test their advertisement before releasing them to the public. Study found that advertising to a wide number of people brought the effect of the advertising factor. However the study was neutral on the fact that advertising superiority (enables large existing product to block new competitors from entering into market). These findings are in line with Rust et al (2004) who opined that if benefits are to be derived from the selected markets especially

advertising/marketing, training of human resources in selected programmes is necessary in the determination of customer attitude.

### **Sales Promotion**

Further a unit increase in the scores of sales promotion would lead to 0.677 increases in the Performance of commercial rental office properties in the Nairobi CBD. In regard to sales promotion the study showed that it affects Performance of office tenancy in the Nairobi CBD positively. This is in line with Shira (2003) who argued that sales promotion helps to build brand loyalty by giving the seller the opportunity to attract a loyal and profitable set of customers which provides sellers some protection from competition and greater control in planning their marketing mix. It also presented that most promotions are done through trade fairs. Again the study agreed on the aspect of number of new potential tenants had an effect on performance of office tenancy. Again the study found that it is used as a key ingredient in marketing campaigns and had an effect on performance of office tenancy and on the aspect that helps to build brand loyalty by giving the real estate manager an opportunity to attract new tenants. These findings support those of Rotimosho (2003) who established that sales promotion consists of a number of motivational tools which are designed to immediately stimulate quicker or greater purchase of products or services by consumers, for example, the use of premiums, product warranties, tokens, among others, stimulate consumer purchase quicker or, in larger quantities.

### **Public Relations**

The study found that a unit increase in the scores of public relations promotion would lead to 0.614 increases in the Performance of commercial rental office properties in the Nairobi CBD. Further, these findings support Schor (2014) who maintained that the accountability of public relations at the organizational level could be demonstrated well by showing the effect of reputation on financial performance of the organization. The study found that lobbying was the most commonly used technique of public relations. From the findings the study found that favorable public perception about the property and its services affects performance of office market, on the fact that it is an intangible marketing function whose value can be seen affects performance of office market and on the fact that creation and maintenance of corporate identity and image affects performance of office market. The study also found that the number of exhibitions/events/shows held affect performance of office market. Schor (2014) had also noted that the accountability of public relations at the organizational level could be demonstrated well by showing the effect of reputation on the actual performance of the organization.

### **Personal Selling**

Finally the study found that a unit increase in the scores of personal selling promotion would lead to 0.883 increase in the Performance of commercial rental office properties in the Nairobi CBD. Sinha and Kumar (2002) had noted that the increased competition within the fast changing



environment of financial services led institutions to develop and maintain comprehensive relationships with their customers. Success in commercial real estate office rentals depends on building solid, long-term relationship with tenants arising from an appropriate sales force strategy and structure. However the study was neutral that the number in the sales team affects performance commercial rental office properties in the Nairobi CBD. This correspond to Muhajji and Ngari (2015) who point out that once a customer has chosen its firm, he is unlikely to switch to another. Thus, personal selling is probably the most important element in the communication mix especially within the offices service industry. All the study variables were significant ( $p < 0.05$ ).

## **CONCLUSIONS**

The study concluded that most of the advertisements for office rentals are done through print Ads and that it affects the Performance of commercial rental office properties in the Nairobi CBD positively. It concluded that advertising to a wide number of people brought the effect of the advertising factor, especially resulting from repetitive advertising. Further the study established that advertisers create branding moments that resonate with target markets. However the study deduced that advertising superiority (enables large existing product to block new competitors from entering into market) only mildly affected office rental performance.

Sales promotion had a positive and significant effect on the performance of rental office properties in Nairobi Central Business District. Most promotions are done through trade fairs. The study established that sales promotion is used as a key ingredient in marketing campaigns and had an effect on the performance of office tenancy by building brand loyalty thus giving the real estate manager an opportunity to attract new tenants. The study noted that it is only a short-term marketing technique and had only a modest effect on long-term performance of office tenancy

Public relations also had an effect on the performance of office rentals. Lobbying was the most commonly used technique of public relations. From the findings the study concluded that favorable public perception about the property and its services affects performance of office rentals. It is an intangible marketing function meant to create and maintain corporate identity and image affects performance of office market. However the study concluded that the number of exhibitions/events/shows held only modestly affects the performance of commercial rental office properties in the Nairobi CBD.

Finally, Personal Selling had a major effect on the performance of rental office properties in Nairobi Central Business District. It ensures that tenants get after sales service which then affects performance. It remains a cornerstone that enables Firms to build strong long-term tenant relationship. It is the most expensive mode of communication among all the efforts in the marketing mix. The number in the sales team has a positive effect on the performance of commercial rental office properties in the Nairobi CBD.

## **RECOMMENDATIONS**

The study recommends that property managers should weigh carefully their marketing promotion strategies and align them to their rental objectives adapting a suitable mix of the promotion tools. This will assist in improving performance of the commercial rental office properties in the Nairobi CBD.

As for Public relations, the study found that the events as well as seminars are not mostly used. The study therefore recommends that the commercial rental office properties in the Nairobi CBD should also make use of the events as well as seminars for public awareness. This will make their properties to be more widely known hence improving the overall performance.

In Personal selling, sales shows as well as samples are not commonly used. The study therefore recommends that sales shows and samples should be employed in selling properties since these will also assist in reaching as many tenants as possible.

This research also recommends that all promotional tools should be coordinated in an integrated marketing communication strategy to deliver a clear, consistent, credible and competitive message about the property and its rental facilities.

Finally this study suggests that the Property Manager should decide the extent to which each of the components of the promotion mix will be used, based on the marketing communication objectives, and, given the merits and demerits of each, the role that each can play individually, and, collectively in the achievement of the rental performance, since, 56.8 percent of the performance of office tenancies could be explained by the tools used in promoting the office rental properties in the Central Business District (CBD) of Nairobi, Kenya.

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