CHRISTIAN SERVICE UNIVERSITY COLLEGE

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DEPARTMENT OF MARKETING LOGISTICS AND CORPORATE STRATEGY

SMALL AND MEDIUM SCALE ENTERPRISES MARKETING STRATEGIES IMPACT ON SALES PERFORMANCE IN GHANA, MODERATING ROLE OF PRODUCT INNOVATION.

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DECLARATION

We hereby declare that this submission is our own work towards the Bachelor of Business Administration and that, to the best of our knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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SUPERVISOR'S DECLARATION

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the dissertation policy of the Christian Service University College.

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ABSTRACT

The dynamic nature of business environment has make it necessary for businesses to adopt strategic means for survival. These strategies are adopted worldwide by many SMEs including those in Ghana. Considering the competitive nature of the SME sector, businesses need not only to practice but fully understand the effectiveness of marketing strategies on their respective businesses.

The study compares the effect of marketing strategies on the performance of Small and Medium Scale Enterprises in the Ashanti Region of Ghana. Marketing strategies considered under this study includes market segmentation, ansoff growth strategy and competitive strategy. The medicating role of product innovation was also reviewed. The population comprised of SME (registered and unregistered) within the Ashanti Region. The study was conducted on a sample size of two hundred (200) SMEs in the Kumasi Metropolis. A response rate of 88.5% (177 respondents) was achieved. Purposive and convenience sampling technique was used and the data collection method used was questionnaire. The primary data was collected through google forms and the research design adopted was explanatory. The study revealed that marketing strategies significantly and positively affect sales performance of SME firms. The study also found that firms that adopt and implement marketing strategies have better chance of succeeding in innovating products and services that satisfy customers. Among the marketing strategies variables used, the study concluded that competitive strategies contribute greatly to sales performance. The study recommended that to stay competitive, SMEs should prioritise competitive strategies when implementing marketing strategies.

DEDICATION

This Project Work is dedicated to our families especially our husbands and wives, our lecturers Nana Danso Boafo , Mr. Jerry Jay Kraa and Mr. Job Addae who supported us throughout the programme.

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LIST OF ABBREVIATIONS

SME	Small and Medium-Sized Enterprise
SPSS	Statistical Package for Social Sciences
GDP	Ghana's Gross Domestic Product
OECD	Organization for Economic Co-operation and Development

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The business environment continues to grow and is becoming very competitive at a faster rate. The survival of small, medium and large scale business have been minimize by the intense competition through globalization of markets and technology advancement. Competition _ both direct and indirect_ have moved from the traditional micro and micro environment to worldwide competition and small and medium scale enterprises (SMEs) are no of exception. The only survival of businesses in the current dispensation, is to compete with good marketing strategies. Small and medium enterprises (SMEs) are the engine of economy growth and development globally, however, by their very nature, SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development (Ayeni et. al. 2013). SMEs in developing countries are struggling to survive under intense competitive environments both domestic and international. Small and Medium Scale Enterprises (SMEs) aspiring to meet the challenges of today's rapidly changing markets and increasing global competition require management decisions to be founded on well-conceived strategies. Clearly defined strategies and plans are vital if an SME is to achieve its objectives while optimizing the use of its limited resources.

One important strategic direction that a firm may undertake is to be more market orientated (Kotler and Armstrong, 2006). Analysing the business environment, defining specific customer needs, matching products or services to customers segments and implementing programmes that achieve a competitive position, superior to competitors has been described as marketing strategies (Ashford et. al 2008).

According to the business dictionary, a marketing strategy refers to a business' overall game plan for reaching prospective consumers and turning them into customers of the products or services the business provides. Strategy is the way, method, technique or plan which an individual or organisation intends to exploit in achieving success in the marketplace or the society. It is a unified, comprehensive and integrated plan relating the strategic advantage of the firm to the challenges of the environment (Achumba 2000). A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. (Blumberg and Perronc 2001). An organizations marketing strategy should be cantered on the key concept that customer satisfaction is the main goal. According to Kotler (2015), marketing strategies; product, price, place and promotion are strategies that organizations use to react to market and internal forces that will enable an organization achieve their objective. Organizations create and improve sound marketing strategy to increase their chances of survive and also improve their marketing effectiveness and efficiency. Malik and Razzaq (2011) asserts that organizations that have implemented effective marketing strategies are able to increase their sales performance, market share and achieve a competitive advantage. Marketing strategy is a vital prerequisite of an organisation's ability to strengthen its market share and minimize the impact of the competition In summary, marketing strategy is the way of providing quality product that satisfies customer needs, offering affordable price and engaging in wider distribution and backing it up with effective promotion strategy (Adewale et al, 2013).

Product innovations have played a central role in the achievement of marketing strategies. Product innovation is the result of bringing to life a new way to solve customers' problem. Product innovation refers to the development and introduction of a new product to the market or the modification of existing products in terms of function, quality consistency, or appearance

(Liao et al., 2007). Innovation is an organization's process for bringing in new ideas, workflows, methodologies, products or improving on existing services (Caetano & Amaral, 2011). The ability to innovate is seen as the most important in developing and sustaining competitive advantage (Tidd et.la 2001). Innovation appears as a key factor of SMEs' growth and development (Terziovcki, 2010). Kuswantoro et.al (2012), states that innovation is a key driver for companies to pursue competitiveness and improve the performance of SMEs. Innovation is a central point on the agenda of many organizations in order to stay competitive, and thus ensure that they have future offerings and can stay on the market. (Nagji - Tuff 2012). It has been established that innovative marketing strategies; product, price, place and promotion influences sales performance (Roghanian et. al 2013).

The regulatory body for SMEs in Ghana, National Board for Small Scale Industries (NBSSI) defines SMEs in terms of both fixed asset and number of employees. It defines SME as an enterprise with turnover greater than US$200,000 and not more than US$5 million equivalent. Venture capital trust fund Act, 2004 (Act 680) however defines a small and medium scale enterprise (SME) as an industry, project undertaking or economic activity whose total asset base (excluding land and building) does not exceed the cedi equivalent of $1 million US dollars in value. In Ghana, the SME sector contributes over 70% of Ghana's Gross Domestic Product (GDP) (Villars 2004), and account for about 92% of businesses. SME's do not only contribute to the growth of national GDP but also contribute to the reduction of unemployment (Abor & Quartey, 2010). In addition to SME's being a source for job creation and employment, it also leads to investment opportunities, capacity building to individuals and firms, provision of niche professional services, and potential source of revenue for government (Mensah, S.and Rolland, 2004).

1.2 Statement of the Problem

Marketing strategy has been an important aspect in objectives achievement in most organizations as such one of the key elements of a company's success. Organization’s decision making process on selection and implementation of appropriate marketing strategy makes it possible for them to adhere to their objectives easily; however most of them do not meet their objectives while others venture into different strategies due to the competition in the market (Renart, 2007). Companies are therefore evaluating their retail services with an aim of coming up with more focused strategies that help them meet their unit and companywide objectives. Muthengi (2015) conducted a research on the effects of marketing strategies on sales of SMEs and found that there is a positive effective of marketing strategies on performance.

It is difficult for the SMEs to survive or maintain their business position in the local and global market (UNCTAD, 2004). Although it can be argued that the performance of SMEs is adversely affected in the global market due to fierce competition from larger firms, emerging technologies, innovation and porous trade barriers in Africa, most of the enterprises in Ghana have, in their own small way, adopted some marketing strategies that have enabled them survive the stiff competition over the years. More importantly, owners of these businesses have understood the role that marketing strategies play in enhancing the performance of SMEs (Taiwo, 2010). The SMEs in Ghana have also recognize this need and now incorporate various market mix elements to improve help fight competition to survive and grow (Johne & Davies, 2002).

Although strategic marketing places a vital role in the performance of SMEs, many research efforts in the area of marketing strategies practice in developing economies among SMEs is limited (Samli & Kaynak 1994). A lot of studies have been done in other industries to find out the effects of marketing strategies on sales performance but few have been done to investigate the effect of marketing strategies sales performance of SMEs with a focus on product innovation. Therefore the study seeks to investigate and address this knowledge gap by focusing the effects of marketing strategies on the sales performance of small and medium scale enterprises in Ghana, moderating role of product innovations.

1.3 Objectives of the Study

The general objective of the study is to examine the marketing strategies impact on sales performance among Small and Medium Scale Enterprises (SMEs) in Ghana mediating role of product innovation.

1.3.1 Specific Objective

1. To examine the different marketing strategies adopted by SMEs in Ghana.
2. To examine the role of marketing strategies on product innovation.
3. To examine the impact of product innovation as a marketing strategy on sales performance.

1.3.2 Research Questions

1. What are the differences between the marketing strategies adopted by SMEs in Ghana?
2. What role does marketing strategy play in product innovations?
3. What is the impact of product innovation on sales performance?

1.5 Significance of the Study

This study explores the role of marketing strategies on sales performance of SMEs in Ghana. It will hence serve as a source document for stakeholders and entrepreneurs seeking for effective competitive advantage marketing strategies, not only in the SME sector but also in other business sectors. It will also augment existing marketing strategies that will serve as an effective blueprint for Small and Medium-scale Enterprises. Again the study will provide recommendations for SME entrepreneurs on how to understand product innovation and its importance, and how to effectively innovate competitively to achieve sales performance in a more challenging economic situations.

The discoveries of the study will help fill policy gaps for policy makers and serve as a policy document for policy makers in government and non-governmental institutions, investors, associations, financial institutions, organisations and other stakeholders of SMEs.

1.6 Scope of the Study

The study was conducted by sampling two hundred (200) SMEs operating in the Kumasi Metropolis whose operations fall under the following categories; family business, manufacturing, trade (wholesale and retail), commerce and service. The study used sales persons, managers and administrative staffs of the aforementioned SME categories as a sample. This is because sales reports and financial statements for accurate judgement of sales performance could be assessed from category of employees stated above.

1.7 Organisation of the Study

The study is organized into five chapters. Chapter One is the introduction of the study and it includes the background description, problem definition or statement, objectives of the study, the research question, significance of the study, scope, and organisation of the study. Chapter Two is the literature review of the study that reviews relevant literatures relating to SMEs. Chapter Three entails the research methodology, which looks at methods used in carrying out the study. Chapter Four focuses on data presentation and analysis whiles the summary of the study, findings and conclusions drawn from the findings and recommendations of the study were presented in Chapter Five.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter presents the analyses of conceptual, theoretical, and empirical framework review of related literature to the study. The theoretical foundation of the study provided a review of small and medium scale enterprises marketing strategies impact on sales performance in Ghana, moderating role of product innovation. The chapter highlight opinions, criticisms of researchers, and definitions of key concepts that include marketing strategies, segmentation, competitive strategies, innovations and performance of SMEs.

2.1 Marketing Strategies

Marketing strategy is a set of marketing tools that firms use to pursue their marketing objectives in the target market (Goi 2005). A marketing strategy includes all activities for reaching prospective customers and turning them into customers of the products and services the business provides. Marketing strategies consist of analysing business environment and defining specific customer needs, matching SMEs products or services to customers segments and implementing programmes that achieve a competitive position for the SME firm superior to competitors (Anderson 2004; Bryson, 2004). According to (Owomoyela, et al, 2013), the aim of the development of an organization's marketing strategy is to establish, build, defend and maintain its competitive advantage. Different marketing strategies are used by Small Medium scale Enterprises (SMEs) in Ghana. In trying to understand the different marketing strategies that are applicable in theory, these marketing strategies by different authors have been reviewed.

2.2 Market Segmentation

Market segmentation is the process of dividing a market into homogenous groups of consumers or customers with distinct needs, characteristics, or behaviours who might require separate product or marketing mix strategies (Kotler and Armstrong, 2006). Market segmentation is one step in a broader process which includes the targeting of messages or advertising campaigns to specific segments. Market segmentation comprises grouping distinct subset of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. The underlying aim of market segmentation is to group customers with similar needs and buying behaviour into segments, thereby facilitating each segment being targeted by a distinct product and marketing offerings to be developed to suit the requirements of different customer segments (Quinn, 2009). The customer and competitor analyses which segmentation approach require, allow Small and Medium Scale Enterprises SMEs to become more in tune with the behaviour of both. The result can be a better understanding of customers' needs and wants, allowing greater responsiveness in terms of the product on offer by SMEs (Sternthal 2001). Again the enhanced appreciation of the competitive situation with the SME sector also allows the business to better understand the appropriate segments to target and the nature of competitive advantage to seek. Moreover, a segmentation approach can add clarity to the process of marketing planning, by highlighting the marketing programme requirements of particular customer groups (Tybout 2001).

Market segmentation when done properly will maximize SME firm's returns for a given marketing expenditure (Salami & Adewoye 2006). Sternthal and Tybout, (2001) posit that all market segmentation strategies should be premised on the basic assumptions that many markets are significantly, but not completely, heterogeneous regarding consumers' needs, wants, use requirements, tastes, and preferences, and, therefore, can be divided into smaller, meaningful, relatively homogeneous segments of consumers.

2.2.1 Segmentation variables

There are many ways to sort and categorize individual segmentation variables. Evidence may also be literature in which a variety of variants can be encountered, always according to a particular author (Pelsmacker, 2003; Jobber, 2004; Kotler and Armstrong, 2004; Doyle and Stern, 2006; Drummond, 2008). However, they do not differ significantly in the description of the individual segmentation criteria. For the purposes of our research, we are guided by the categorization developed by Foret and Stavkova (2003). They list three categories for the significant segmentation variables: Geographic, Behavioural, Demographic, and Psychographic Criteria.

2.2.1.1 Demographic Segmentation

Demographic segmentation is the process of dividing the market into groups based on variables such as age, sex, income, gender, family size, occupation, education, religion, ethnicity and nationality (Armstrong and Kotler, 2005: 187). The demographic segmentation is often used in market segmentation for the reason that the variables are easy to identify and measure. Furthermore the demographic variables are associated with sale of many products and services and finally they provide a description of the target customers so media buyers and others can target a desired target market. Each of the variable are useful knowledge when segmenting markets and some of the above mentioned variables will be elaborated in the following (Gunter and Furnham, 1992).

2.2.1.2 Geographic Segmentation

Geographic segmentation is dividing up the market into different geographical units, such as nations, states, regions, countries, cities or neighbourhoods. It is important to segment according to geographic, due to the fact that the purchasing behaviour of the customers are influenced on where they live, work etc. (Pickton and Broderick, 2005). Therefore many companies customize their products, advertising, promotion and sales efforts to fit the needs of the geographical variables (Armstrong and Kotler, 2005). The geographic segmentation is furthermore useful when there are differences in a location where a product is marketed. The differences can be caused by cultural factors, traditions, politics etc. and furthermore the differences can be significant in one segment, whereas in other segments the differences can be minor and less significant. (Gunter and Furnham, 1992)

2.2.1.3 Psychographic Segmentation

This is where the marketer uses social class, life style or personality characteristics to divide buyers. Psychographic segmentation helps marketer understand buying behaviour better and design communication programs through understanding lifestyle, interest, activities, opinion, personality, attitude, values (Demby 1989) defines psychographics as “The use of psychological, sociological and anthropological factors, such as benefits desired (from behaviour being studied), self-concept and lifestyle (or serving style) to determine how the market is segmented by the propensity of groups within the market – and their reasons- to make particular decision about a product, person, ideology or otherwise hold an attitude or use a medium.”

2.2.1.4 Behavioural Segmentation

In this case, marketers make use of the knowledge of consumers, their attitudes, uses and responses to a product to segment or divide the market. Many marketers believe that the behavioural variables such as occasions, benefits, user status, usage rate, buyer-readiness stage, loyalty status and attitude are the best starting points for constructing market segments and thus these variables will be described further in the following (Kotler and Keller, 2009). By combining the different behavioural variables, it is possible for marketers to get a view of a market and its segments and thereby the marketer can enhance its targeting strategies (Kotler and Keller, 2009).

2.3 Competitive strategies

Competitive strategy is basically concerned with the patterns of decisions or choices that managers of firms make over which markets to compete in and how the business can add more value for buyers in order to gain more advantage than competitors. Competitive strategies are actions that firms choose to adopt to gain competitive advantage over real and potential competitors and it basically concerned with the patterns of decisions or choices that managers of firms make over which markets to compete in and how the business can add more value for buyers in order to gain more advantage than competitors. It is a major determinant of the success of firms and it also determines the appropriateness of an SME firm's activities that contribute to its superior performance (Capon, 2008). These activities include innovation, a cohesive culture and proper implementation of the strategies. Competitive advantage aims at establishing a sustainably superior position against the environmental forces that determine industry competition by effective use of available resources and capabilities (Barney, 2007; Grant, 2000; Porter, 1998). Firms adopt their strategies after analysing both the external and internal environment in order to make strategic choices that are implemented to gain competitive advantage (Porter, 1998). Competitive strategies are the outcome of a process of choosing the best action(s) to pursue in order to achieve goals and objectives (Capon, 2008; Pearce & Robinson, 1991). According to Porter (1980), an organization can generate competitive advantage and ostensibly maximize performance – either through cost leadership, differentiation, or a focus strategy.

2.3.1 Cost Leadership Strategy

This strategy seeks to achieve a lower price than competitors whilst trying to maintain similar perceived products or service benefits to those offered by competitors (Johnson, Scholes and Whittington 2008). Cost Leadership tends to be more competitors oriented rather than customer oriented (Frambach, et. al, 2003). Cost leadership requires a strong focus on the supply side as opposed to the demand side of the market, as this requires a high level of competitor orientation (Day & Wendley, 1988). Therefore, firms pursuing a cost leadership strategy continuously benchmark themselves against other competing firms in order to assess their relative cost (and therefore profitability) position in market place. A firm that pursues cost leadership strategy achieves a low-cost position by emphasizing on ―aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like research and development (R&D), services, sales force, advertising (Porter, 1980). The cost leadership strategy is the basis for the long-run, sustainable competitive strategy compared to the price competition strategy. The price competition strategy is easily duplicated (Porter, 1980; Ellis & Kelley, 1992).

2.3.2 Differentiation Strategy

According to Pearce & Robinson (2011), differentiation strategy is a business strategy that seeks to build competitive advantage with its product or service by having it ―different‖ from other available competitive products based on features, performance, or other factors not directly related to cost and price. The difference would be one that would be hard to create and/or difficult to copy or imitate. The generic of differentiation strategy involves creating a market position that is perceived as being unique industry-wide and that is sustainable over the long run (Porter, 1980). Such differentiation can be based upon design or brand image, distribution, and so forth (Frambach et. al, 2003). In particular, differentiator firms create customer value by offering high-quality products supported by good service at premium prices (Walker & Ruekerts, 1987). The effectiveness of differentiation strategy depends on how well the firm can balance product benefits and product costs for the customer, relative to competitive offerings (Slater & Olson, 2001). Companies following a differentiation strategy strive to create and market unique products for varied customer groups.

A firm that pursues a differentiation strategy seeks to create a perception in the minds of customers that their products or services possess superior characteristics that are unique from those of its competitors in terms of image and reputation, reliability, design features and quality (Dean & Evans, 1994; Sashi & Stern, 1995). A firm creates this perception by incorporating real qualitative difference in its products and services, engaging in advertising programs, marketing techniques, and charging premium prices (Miller, 1986). According to Acquaah & Ardekani (2006), differentiation firms are able to achieve competitive advantage over their rivals because of the perceived uniqueness of their products and services. Porter (1980) stated that, competitive strategies deal with the development of attributes that characterize a company and differentiate the value it creates and offers in comparison to its competitors in the market place.

2.3.3 Focus Strategy

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. The focus strategy has two variants: - in cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry (Porter, 1985). The target segments must either have buyers with unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Cost focus exploits differences in cost behaviour in some segments, while differentiation focus exploits the special needs of buyers in certain segments (Porter, 1985).

According to Porter, the firm focuses its marketing effort on serving a defined, focused market segments with a narrow scope by tailoring its marketing mix to these specialized markets, it can better meet the needs of that target market. The firm typically looks to gain a competitive advantage through product innovation and/or brand marketing rather than efficiency. It is most suitable for relatively small firms but can be used by any company. A focused strategy should target market segments that are less vulnerable to substitutes or where a competition is weakest to earn above-average return on investment.

2.4 Ansoff Growth Strategy

All SMEs need not to just survive but grow, hence the need for a strategy to effectively execute this growth agenda. One of the widely accepted growth strategy is Ansoff growth Metrix by Igor Ansoff. Ansoff (1965) explained the concept of this strategy as the common thread among an organizations' activities and product markets that defines the essential nature of business that the organization was or planned to be in future. Ansoff matrix is a strategic planning tool that provides a framework to help to determines product and market growth strategy (Obour 2015). Ansoffs product/market grid explores two key dimensions, the product and the market while combinations of these two dimensions result in four growth strategies. These include market penetration, market development, product development and diversification strategies (Ansoff, 1987).

Table 2.1 Ansoff Growth Strategy Matrix

	Existing Products	**New Products**
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Source: Ansoff, I. (1987).

2.4.1 Market Penetration

According to Ansoff (1965, 1987) a firm pursues marketing penetration approach when aggressively exploiting its current products and current markets. The strategy has been used to improve on sales without drifting from the original products and markets. Lancaster (1988) explains market penetration as a growth strategy involving same services and products being pushed into the same larger consumer group. Kotler (2000) advanced market penetration as where the products remains unchanged and no new segments are pursued instead the firm concentrates on enhancing its existing internal competences. McCarthy (2000) confers that market penetration tries to increase sales of a firm present produce in its markets through a more marketing mix. Eyk (2010) in his study on game ranching in South Africa found application of market penetration as adaption of trained guides, knowledgeable staff to increase market share while game viewing as a way of increasing product usage. A study by Murigi (2010) found market penetration to be achieved through aggressive marketing of the existing products in ICT SME firms. Further study on marketing penetration for emerging economies, Meyer and Tran (2006) concluded that foreign investors may position themselves in the mass market for long term market position supported by a combination of global brands and operational capabilities for the specific local context. Wanyande (2009) on application of Ansoff growth strategies on internet providers in Kenya found market penetration being the most widely used.

2.4.2 Product Development

Ansoff (1965, 1987) defined product development as the focus on the needs of the current customers and the wider customer markets. Kotler (2000) says in product development a firm remains in its present markets but develops new products for these markets. According to McCarthy (2000) product development allows a broader definition of the business while the danger lies in its exposure to one type of customer so the business must actively scan the economic environment. Although a firm operates in familiar markets, product development carries more risk since there is interest risks normally associated with new product development. Empirical research by Eyk (2010) found introduction of picnic sites and game viewing in a ranching environment to be pursuing product development strategy.

2.4.3 Market Development

Ansoff (1965, 1987) defines market development as taking current products and finding new markets achieved through opening up previously excluded market segments, new marketing and distribution channels and entering new geographic markets. Lancaster (1988) confirms that development of new markets for the product as a strategy if the firm's core competences are related to specific market segment. McCarthy (2000) developed two possible methods of implementing market development strategy as moving the present product into new geographical areas and expanding sales by attracting new market segments. Murigi (2010) found conversion of non-users in SME ICT firms to be practiced by majority compared to expansion into new regions of the sector. A study in a South African ranching farm found promotion of offerings of the game ranch to local, national, international users and offering unique hunting package for women and disabled people as strong market development strategy (Eyk 2010).

2.4.4 Diversification

Ansoff (1965, 1987) presents diversification in three levels. The levels include related markets where customers and markets are new, unrelated markets using existing resources and capabilities where customers and markets are different and unrelated markets which require new resources and capabilities. Kleinschimidt (1986) presents diversification as the most challenging of the four growth strategies since it involves new markets and products. The riskiness of the strategy is further pointed out by Doyle (1994) in the sense that it requires both product and market development and may operate outside the core competencies of the firm. Strickland (2000) found diversification to be an attractive strategy when a company runs out of profitable growth opportunities in the present business. A study by Klein and Lien (2009) on diversification found that firms diversify when they have valuable and difficult to imitate resources that are valuable across industries and when they have effective internal resource allocation mechanisms. Adoption of diversification strategy into related businesses was found to be preferred by majority of SME ICT firms in Kenya due to its inherent risks and less exposure (Murigi, 2010). Production of healthcare products using nature ingredients in a ranching environment was found to be unrelated diversification strategy while eco-tourism or entering the international market for trophy hunting to be related diversification (Eyk 2010).

2.5 Product Innovation

Product innovation refers to the development and introduction of a new product to the market or the modification of existing products in terms of function, quality consistency, or appearance (Liao et al., 2007). These include significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics. Product innovations include both new products and new uses for existing products (OECD (2012**).** New products are goods and services that differ significantly in their characteristics or intended uses from products previously produced by the firm**.** New uses for products, **is** the development of a new use for a product with only minor changes to its technical specifications is a product innovation. However, Bloch and Bugge 2013 sees product innovation as the introduction of a service or good that is new or significantly improved compared to existing services or goods in your organisation. This includes significant improvements in the service or good's characteristics, in customer access or in how it is used.

Product innovation is the introduction of a good or service that is new or significantly improved regarding its characteristics or intended uses; including significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics (OECD Oslo Manual, 2005). Product innovation is inevitable if businesses are to remain relevant and sustainable. There are various theories that have been developed that tend to bring out the relationship between product innovation and organisations performance.

Previous studies have shown evidence of a strong relationship between product innovation and market performance (Narver, 1990). Kotler (1991) mentioned that corporate revenue's return hit more than 50% on innovation account. Products innovations can be achieved through utilize the new or existing knowledge or technologies. Communication within the firm, between the firm and its customers and suppliers is an essential step to the successes in product innovation. Moreover, the success of product / service innovations can be achieved through the improvement of processes (Oke, 2007). In addition, marketing and product innovation are positively related. Both have effect on each other (OECD, 2005). This leads to competitive advantage increase. Firm financial performance can be improved through innovation such as the ability to response quickly to market forces, develop and launch new products with a lower lead times (OECD, 2005).

In Ghana, SMEs that adopt product innovative practices recorded a significant growth in terms of the annual turnover (Forkuoh et. al., 2016). Ansah-Appienti et. al., (2016) posit that Ghanaian SMEs in the cities and with educated entrepreneurs adopt to product innovation at the expense of those in the rural areas. Numerous frameworks, including the product-life cycle and growth-shared matrix, postulate the need for product innovations that generate future profitability and prevent the obsolescence of firm's product line (Cooper R 1994).

It has long been noted that one can differentiate the types of innovation in terms of the degree of novelty associated with them. Some innovations employ a high degree of novelty, while others involve little more than 'cosmetic' changes to an existing design. This distinction between big change and small changes innovations has led some to group innovations as either radical or incremental (Freeman, 1982). However differentiating innovations using just two classes in this way is rather limited and does not bring out the subtle but important differences between innovations. In particular it fails to show where the novelty often lies. To cater for this Henderson and Clark, (1990), use a more sophisticated analysis. Their analysis incorporates both radical and incremental innovation but within a more wide-ranging analysis that is both robust and meaningful. Henderson and Clark's, (1990), analytical framework provides a typology that allows us to analyze more modest innovations and at the same time predict their impact in terms of both competition and the marketplace.

2.6 Impact of Marketing Strategies on Product Innovation

Johne (2000) after researching into the effects of innovation types on Firms Performance empirically tested identifying the relationships amid innovations and firm performance. The study not only discloses how four innovation types affect diverse firm performance aspects, but it also points out that innovative performance exerts a mediator role between innovation types and performance aspects.

A research by Hajar. (2015) examined the relationship between product innovation and performance of wooden furniture manufacturing SMEs in Indonesia. The study reveal that innovation has a positive effect on firm`s performance. Notwithstanding, a study on innovation and SMEs performance find that innovation culture and strategy are key drivers of performance (Terziovski. 2010). Another study reveal that distribution innovation channels is positively related to overall firm performance (Kuswantoro. 2012). In their studies they find entrepreneurial orientations via product innovativeness to be positively associated with SMEs performance. Consistently in Turkey context Sattari. (2013) examined innovation and firm performance in automotive industry. Their results demonstrated that technological innovation (product and process innovation) has significant and positive impact on firm performance, but no evidence was found for a significant and positive relationship between non technological innovation (organizational and marketing innovation) and firm performance. A positive effects of innovation types on firm performance in Pakistan`s manufacturing sector was established in a study conducted by Hassan (2013). The findings showed that SME firms that constantly practice product innovations record higher financial margins.

Innovation had led to performance for SMEs in Taiwan (Lin et. al. 2007). A research by Lin et. al. 2007 provided an evidence that innovation has weak link with performance (sales). The study further reveal that the tendency of SME owners to engage in new ideas, novelty, experimentation and creative processes result in new products services or technological process which has great influence on the performance of SMEs. Supporting the results by (Ngungi. 2013) which examined the role of innovation on SME operation sustainability. The results show that there is a strong link between product innovation and SMEs operation sustainability. Marquez. (2009) in their study reported that superior innovative capacity contributes to improved performance in Portugal SMEs. Consistent to his study show a positive relationship between innovation and Malaysian SMEs performance. Rosli (2013) examine the relationship between innovation and performance in SMEs in Malaysia. The findings confirmed the hypotheses that product innovation and process innovation influenced firm performance significantly. Corresponding the results by Rosli and Garcia (2012) analyzed relation between innovation and the level of small business revenue in Ibero-America. The results show that there is a strong influence of innovation in the level of performance of Small and Medium-Size Enterprises. Despite the weak link they found, associated innovations with increased firm sales; and they argued that organizational innovations rather than technological innovations appeared to be the most vital factor for total sales.

Table 2.2 Impact of Product Innovation on Sales Performance

Author	**Year**	**Findings**
Johne	2000	Innovative performance exerts a mediator role between innovation types and performance aspects
Hajar.	2015	Product innovation has positive effect on firm`s performance
Terziovski.	2010	at innovation culture and strategy are key drivers of performance
Sattari	2013	Product innovation has a significant and positive impact on firm performance.
Hassan	2013	A positive effects of innovation types on firm performance
Lin et. al.	2007	Product innovation has weak link with performance (sales).
Ngungi.	2013	Strong link between product innovation and SMEs operation sustainability
Marquez.	2009	Superior innovative capacity contributes to improved performance in Portugal SMEs. Showed a positive relationship between innovation and Malaysian SMEs
Rosli	2013	product innovation and process innovation influenced firm performance significantly
Rosli and Garcia	2012	Strong influence of innovation in the level of performance of Small and Medium-Size Enterprises

2.7 Marketing Strategies and Performance of SMEs

Prajogo (2012) examined the underlying strategic intent of quality performance. Specifically, the study aimed to examine the individual impact of differentiation and cost leadership as well as their interaction influence on quality performance. This study employed a data set drawn from 102 managers of Australian manufacturing firms. The findings indicated that product quality was predicted by differentiation strategy, but not cost leadership strategy. However, the influence of differentiation on quality was moderated by cost leadership whereby the higher the cost leadership, the stronger the influence.

Muthoka and Oduor (2014) examined the influence of strategic alliances on performances. Correlation results indicated that there was a strong, positive influence between marketing strategic alliances and performance for the supermarkets while for supermarket alliances there was a medium, positive correlation between marketing strategic alliances and performance.

Lee (2012) examined whether the new ventures success of small and medium enterprises (SMEs) in the biotech industry relates with the characteristics of marketing strategies. Using sampling data gathered from 189 Taiwan biotech firms through a benchmarking questionnaire, the study found that marketing strategies improve SMEs' new venture success.

Kamalesh et al. (2012) used data from a survey of 159 private hospitals to test the relationship between market strategy and firm performance for low cost and differentiation strategies. Hospitals pursuing a differentiation strategy had stronger market orientation than those pursuing a cost leadership strategy. Marketing strategies had a more positive impact on the performance of organizations pursuing a differentiation strategy than on those pursuing a cost leadership strategy. In the cost leader group, the inter-functional coordination component of market orientation significantly affected firm performance, while in the differentiator group the customer orientation and competitor orientation components of market orientation had significant impact on performance.

Egeren and O'Connor (2012) used questionnaire survey of 289 top management team members from 67 SME organizations. Results indicated that a significant positive relationship exists between market strategies and performance in service businesses. Spencer et al. (2010) examined the mediating role of both non-financial and financial performance measures in the relationship between a marketing strategies and organizational performance. A path-analytical model was adopted using questionnaire data from Australian manufacturing firms. The results indicated that, firstly, firms pursing a differentiation strategy (product flexibility or customer service focus) utilize non-financial as well as financial performance measures; secondly, these performance measures were associated with higher organizational performance; and thirdly, there is a positive association between a firm's strategic emphasis on differentiation and organization performance through the mediating role of non-financial and financial performance measures.

Prajogo (2012) examined the underlying strategic intent of quality performance. Specifically, the study aimed to examine the individual impact of differentiation and cost leadership as well as their interaction influence on quality performance. This study employed a data set drawn from 102 managers of Australian manufacturing firms. The findings indicated that product quality was predicted by differentiation strategy, but not cost leadership strategy. However, the influence of differentiation on quality was moderated by cost leadership whereby the higher the cost leadership, the stronger the influence.

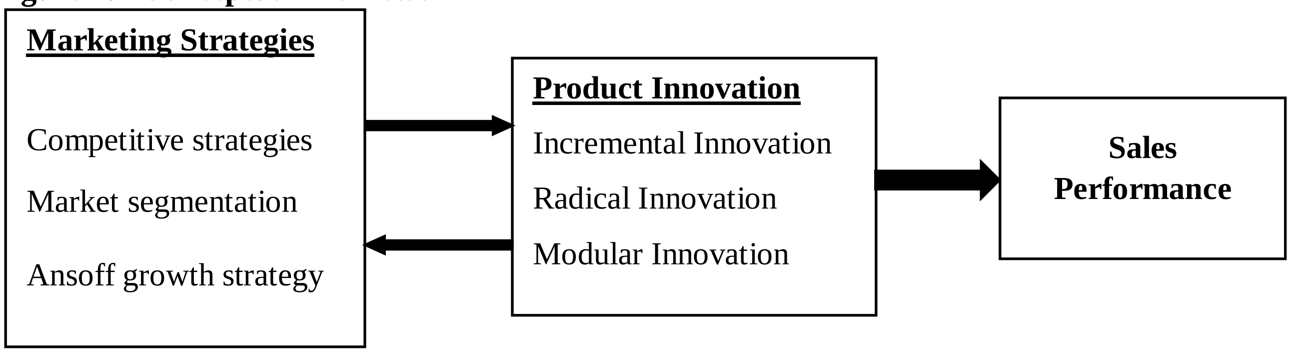
Yanney (2014) investigated the impact of leadership styles and business strategy on the organizational performance of small medium scale enterprises (SMEs) in the manufacturing sector of Ghana. The study revealed that leadership styles that focus on marketing strategies statistically and significantly impacted on organizational performance but strategy had greater influence. Pelham (2013) used questionnaire surveys of presidents and sales managers of 160 firms. Results indicated that the market orientation-performance relationship is strongest in differentiated markets.

Table 2.3 Marketing Strategies and Performance of SMEs

Author	**Year**	**Findings**
Prajogo	2012	Positive influence of cost leadership on buying behaviour of customers hence a direct impact on marketing and financial performance.
Hilman	2013	Strong and positive influence between marketing strategies and performance for the supermarkets in Ghana.
Lee	2012	Marketing strategies improve SMEs' new venture success.
Kamalesh et al.	2012	Differentiation strategy had a more positive impact on the performance of organizations than those pursuing a cost leadership strategy.
Egeren and O’Connor	2012	Significant positive relationship between market strategies and performance in service businesses
Spencer et al.	2010	Firms pursing a differentiation strategy utilize non-financial as well as financial performance measures.
Prajogo	2012	Cost leadership has a stronger influence on organisations performance.
Yanney	2014	Leadership styles that focus on marketing strategies statistically and significantly impact on organizational performance

Muthoka and Oduor	2014	Strong, positive influence between marketing strategic alliances and performance.
Pelham	2013	Results indicated that market orientation-performance relationship is strongest in differentiated markets

Figure 2.1 Conceptual Framework



Source: Authors Construct, 2020

The above diagram represents the proposed conceptual framework of this research study, which identify the extent to which marketing strategies influence the sales performance of Small and Medium-Sized Enterprises SMEs in Ghana. It also identifies the impact of SME product innovation on performance of the Ghanaian SME industry. At a glance on the research model, there are marketing strategies variables; competitive strategies, market segmentation and ansoff growth strategy. The product innovation variables play a mediating role. Cost leadership, differentiation and focus strategies are the independent marketing strategies variables on which the dependent variable (sales performance) depends.

CHAPTER THREE

METHODOLOGY AND ORGANIZATIONAL PROFILE

3.1 Research Methodology

Research design is the strategy or method that researchers choose to integrate the different components of a research work in a coherent and logical way (Saunders, Lewis, & Thornhill, 2007). Research design is the blueprint for the collection, measurement, and analysis of data. Saunders et al. (2007) identified three main research designs; these are exploratory, descriptive, and explanatory (or causal) studies. Exploratory research design does not aim to provide the final and conclusive answers to the research questions, but merely explores the research topic with varying levels of depth (Brown, 2006). Explanatory research sometimes referred to as analytical study seeks to identify any causal links between the factors or variables that pertain to the research problem (Saunders et al., 2007). Such research is also very structured in nature. Descriptive research on the other hand can either be quantitative or qualitative (Hakes & Neal, 1994).

This study adopts an explanatory research design in examining the effects marketing strategies on sales performance of SMEs in Ghana, because in the opinion of the researcher, the explanatory research design allowed several SMEs spread across the entire study area to be included in the study.

3.2 Population of the study

The population of this study comprises of all SMEs (both registered and unregistered) in the Kumasi Metropolis. A population refers to the total number of all units of the issue or phenomenon to be investigated into which all the possible observations of the same kind are made (Kumekpor, 2002).

3.3 Sample Size and Sampling techniques

A sample is a sub-group or representative selection of a population that is examined or tested to obtain statistical data or information about the whole population. Sampling however is the process of selecting a group of people, items or cases to be used as a representative or random sample (Saunders et al., 2007). The mechanism used in achieving the sample size is known as the sampling technique. The sampling technique provides a range of methods that enable researchers to reduce the amount of data collection by considering only data from a subgroup rather than all possible cases (Robson, 2002). A sample size of 200 SMEs in the Kumasi Metropolis were chosen for the study, however 177 out of the sample size responded to the questionnaire representing a response rate of 88.5%. Moreover, the study used convenience and purposive sampling techniques to select and administer the questionnaires. Convenience and purposive sampling technique was used to ensure that the respondents chosen from the population understand the questionnaires.

3.4 Method of Data Collection

The researcher used both primary and secondary data. Sources of primary data were collected through a field survey of questionnaires to elicit information from entrepreneurs from selected SMEs in the Kumasi Metropolis. These questionnaire were distributed through google form links to the respondents. Books, articles, publications, and journals were referred for the secondary data. The google forms questionnaire was used for the primary data collections because it is the most effective instrument for the field survey data collection considering the Covid 19 pandemic. Likert scale of 1-5 that range from “Strongly Disagree” to “Strongly

Agree" was used as parameters identifying respondent's opinions in the questionnaire. Information collected was marketing strategies, sales performance and product innovation of SMEs.

3.5 Data Analysis

In terms of data analysis, data obtained from the survey was subjected to critical analysis and examinations that help the study to make appropriate recommendations. Descriptive and explanatory analysis was used in analysing the responses obtained from the respondents. The Statistical Package for Social Sciences (SPSS) software was used to run the regression to determine the relationship of dependant and independent variables. Interpretations were done by means of regression and correlation.

3.1 Measurement of Construct

Construct	Variable	Source
Competitive Strategies	Cost leadership strategy Differentiation strategy Focus strategy	M. Porter (1980)
Product Innovation	Incremental Innovation Radical Innovation Modular Innovation	Henderson and Clark, (1990)
Market segmentation	Demographic factors Geographic factors Socio-economic factors Psychological influences	Dibb and Simkin (2008)
Growth strategy	Market Penetration Market Development Product Development Diversification	Kotler (2000)

Source: Author's Construct, 2020

3.7 Overview of the SME Sector in Ghana

Statistics from the Registrar General's Department suggests that 92 per cent of companies registered are micro, small, and medium enterprises. SMEs in Ghana are the backbone of the Ghanaian economy as they represent about 85% of businesses, largely within the private sector, and contribute about 70% of Ghana's gross domestic product (GDP) (International Trade Centre 2016). SMEs in Ghana improve the efficiency of domestic markets and facilitate long-term economic growth. However, the industry is faced with numerous challenges that are making the SME sector unattractive and uncompetitive on both the local and global scene.

This research study covers the development in the SME industry in the Kumasi Metropolis as at the end of December 2019. The major activities within this sector include:- soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smiting, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical based products and mechanics (UNECA 2010, Kayanula and Quartey 2000).

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter contains the results of a study carried out to examine small and medium scale enterprises marketing strategies impact on sales performance in Ghana, moderating role of product innovation. The analysis and discussion of the results cantered on the research objectives. The demographic information of respondents of sampled SMEs were analysed.

4.2 Demographic Information

A comprehension of the respondent's profile is achieved by their demographic data. Having background knowledge of respondents helps generate confidence in the reliability of gathered data. In this study, the demographics includes the gender, the age of respondents, education level and position held by the 177 respondent out of the total 200 sample size who responded to the questionnaire. A summary of results of the demographic information from the analysed data are presented in the tables below.

Table 4.1: Demographic Information

	Variable	Frequency	Percentage
Gender	Male	107	60.5
	Female	70	39.5
Age	Below 20 years	6	3.4
	21 – 30 years	66	37.3
	31 – 40 years	59	33.3
	41 – 50 years	36	20.3

	51 – 60 years	9	5.1
	above 60 years	1	.6
Education	Certificate	27	15.3
	Diploma	47	26.6
	Undergraduate	61	34.5
	Postgraduate	33	18.6
	Others	9	5.1
Position	employer	36	20.3
	employee	119	67.2
	others	22	12.4

Source: Researchers field work (2020)

4.2.1 Demographic Information

The breakdown of the respondents by gender, age and employee status is shown in Table 1 above. The demographic information indicates that out of the total number of 177 respondents, male respondents were 107 representing 60.5% as against 70 (39.5%) female respondents. This implies that the SME sector is dominated by more males than female.

A summary of the age distribution of respondents results shows, out of the total sample population of the research, 6 (3.4%) respondents were people below the ages of 20 years whilst 66 respondents representing 37.3% fell within the age bracket of 21 and 30 years. 59 (33.3%) and 36 (20.3%) of the respondents were between the ages 31 and 40 years and 41 and 50 years respectively. However only 9 respondents representing 5.1 % out of the total sample of 177 were between the ages of 51 and 60. Only one (0.6%) person was above 60 years. The data of the respondents posit that the SME sector in Ghana is youth dominated and that entrepreneurs hand over to their young ones as the age.

Using the normal statistical distribution, five classes were obtained for the educational level of the respondents. Out of the total number of the 177 respondents involved in the survey, 27 representing 15.3% were certificate holders whilst the diploma holders were 47 representing 26.6%. 61 respondents representing 34.5% were undergraduates. 9 (5.1%) respondents however, were either not having basic education only or no formal education. The study found that 33 of the respondents representing 18.6% were postgraduates. The findings are valid to make the generalisation that most SMEs workers and managers in the Ashanti Region have formal education.

The above outputs in table 4.1 indicates that 119 respondents representing 67.2% were the employees. Meanwhile, 36 (20.3%) of the respondents were employers or owners of the businesses whilst 22 (12.4%) respondents were performing other roles such as supervisors, departmental heads, marketers, administrators etcetera. The demographic information infers that SMEs in the Kumasi metropolis have more male entrepreneurs or employers than female and this population is dominated by young adult and adults within the ages of 21 and 50 years.

4.3 Reliability of study

Variable	Cronbach alpha coefficient	Number of items
Ansoff growth matrix	0.866	8
Market segmentation	0.803	5
Cost leadership strategy	0.763	3
Differentiation strategy	0.775	5
Focus strategy	0.721	4
Product innovation	0.891	7
Sales performance	0.828	10

Source: Researchers field work (2020)

With Creswell (2009) research conclusion in mind, the study can conclude that all the variables used were valid and fit for the study. Cronbach alpha coefficients value not less than 0.7 is an accepted value. An alpha value of 0.7 is a reliable value whilst an alpha coefficient value of 0.8 is preferable. The following alpha coefficient values were obtained: 0.866, 0.803, 0.763, 0.775, 0.721, 0.891, and 0.828 and these data represent ansoff growth matrix, market segmentation, cost leadership strategy, differentiation strategy, focus strategy, product innovation, and sales performance respectively. There was a greater consistency between the questions used in measuring the respective variables.

4.4 Correlation Matrix

The Correlation matrix below shows the relationship that existed between the variables used in the study and is used to assess if there is a multicollinearity between the variables used.

For the study to be strong, the Correlation should not exceed 0.7 (F. Hair Jnr. 2007). As shown in the Correlation matrix table of the study below, at the significant level of 99% (error margin of 0.1%), there were few multicollinearities among some of the variables used for the study.

Table 4.3: Correlation

	ANSOFFG	MKTSEG	PROINO	SPERF	COMSTRG
ANSOFFG					
MKTSEG	.516**				
PROINO	.806**	.604**			
SPERF	.673**	.607**	.698**		
COMSTRG	.576**	.638**	.621**	.714**	

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

Source: Researchers field work (2020)

Key: **AnsoffG** = Ansoff growth matrix, **MktSeg** = Market segmentation, **ProIno** = Product Innovation, **SPerf** = Sales performance, **ComStrg** = Competitive strategy,

4.6 Descriptive analysis

Table 4.4 Market Segmentation responses

	Mean	Std. Deviation
Our company offer products and service based on different markets	3.76	1.07
My company supply products according to age, income and gender	3.01	1.21
We consider cultural differences when marketing our product	3.31	1.30
We have products that suit different lifestyle and interest	3.63	1.17
My company supply products designed to suit different cities	3.38	1.19

Source: Researchers field work (2020)

In Table 4.4, the respondents were asked to ascertain the current market segmentation of the respective firms. Our company offer products and service based on different market needs had a mean and standard deviation of 3.76 and 1.07 respectively. Also, my company supply products according to age income and gender had a mean and standard deviation of 3.01 and 1.21 respectively. It was also observed that, we consider cultural differences when marketing our product and we have products that suit different lifestyle and interest had means and standard deviations of (M= 3.31, SD=1.30 and M= 3.63, SD=1.17) respectively. My company supply products designed to suit different cities however had 3.38 and 1.19 as mean and standard deviation respectively. The descriptive statistics shows that majority of the respondents strongly disagree to contribution of demographic segmentation to performance. On the other extreme, there was a strong agreement to mass segmentation and photographic segmentation. There was a moderate agreement on the impact of other segmentation strategies.

The results implies that most SMEs use mass segmentation or segment their markets based on lifestyle and interest.

Table 4.7 Competitive strategy responses

Cost Leadership	Mean	Std. Deviation
Our company strives to supply a standard of high volume goods or services at a price lower than our competitors.	3.64	1.05
The company is a low cost producer in the industry	3.20	1.15
Our company has improved its efficiency by producing at a lower cost.	3.55	1.13
Differentiation Strategy	Mean	Std. Deviation
It is difficult to find our products in other stores	2.74	1.27
It is difficult for other companies to quickly imitate our products.	3.46	1.20
Our customers are less sensitive to prices	3.14	1.26
The company has carried out its own strategic group- unique services within the industry	3.57	1.10
The company markets unique products for varied customer groups	3.55	1.09
Focus Strategy	Mean	Std. Deviation
The company has identified a small market of buyers	3.05	1.29
The company produces unique products that enhances value only a smaller group of individuals or organizations	3.06	1.24
The firm targets a specific group within the industry	3.09	1.23
The Firm specializes in activities in ways that other firms cannot perform	3.48	1.16

Source: Researchers field work (2020)

In the cost leadership category, the respondents were asked to detect the current competitive strategies of the respective firms. Our company strives to supply a standard of high volume goods or services at a price lower than our competitors and the company is a low cost producer in the industry had a mean and standard deviation of (M=3.65,SD=1.06 and M=3.20,SD=1.15 respectively. Also, our company has improved its efficiency by producing at a lower cost had a mean and standard deviation of 3.55 and 1.13 respectively.

In differentiation category of Table 4.8, it is difficult to find our products in other stores and It is difficult for other companies to quickly imitate our products had a mean and standard deviation of (M=2.74, SD=1.27 and M=3.47,SD=1.20 respectively. Also, Our customers are less sensitive to prices and the company has carried out its own strategic group- unique services within the industry had a mean and standard deviation of (M=3.15, SD=1.27 and M=3.57, SD=1.11) respectively. Finally, the company markets unique products for varied customer groups had a mean and standard deviation of 3.55 and 1.09 respectively.

The focus strategy category however, recorded the following mean and standard deviation scores. The company has identified a small market of buyers and the company produces unique products that enhances value of only a smaller group of people had a mean and standard deviation of (M=3.05,SD=1.29 and M=3.07,SD=1.24 respectively. Also, the firm targets a specific group in the industry and the firm specializes in activities in ways that other firms cannot perform had a mean and standard deviation of (M=3.09, SD=1.23 and M=3.48, SD=1.17) respectively.

The competitive strategy responses show a strong agreement for the use of cost leadership, moderate agreement for differentiation strategy and least agreement for focus strategy. This implies that the most SMEs in the Kumasi metropolis uses cost leadership strategy as a competitive tool.

Table 4.8 Growth strategy responses.

	Mean	Std. Deviation
We usually develop and introduce new products and services	3.87	1.02
We continually increase product service benefits	3.74	1.08
Our company priority for developing new products and service	3.81	1.03
We prioritise satisfying customers with added service benefit	3.71	1.08
We develop new ways customers can use our products or service	3.75	1.05
Our company continually modify existing products	3.66	1.13
We focus on products that satisfy customer needs	3.90	1.14

Source: Researchers field work (2020)

In Table 4.8, the respondents were asked to ascertain the current growth strategies of the respective firms.We usually develop and introduce new products and services had a mean and standard deviation of 3.87 and 1.03 respectively. Also, we continually increase product service benefit had a mean and standard deviation of 3.75 and 1.08 respectively. Again, our company priority for developing new products and service and we prioritise satisfying customers with added service benefit had means and standard deviations of (M= 3.81, SD=1.04 and M= 3.71, SD=1.08) respectively.

It was also observed, we develop new ways customers can use our product or service and our company continually modify existing products also had mean and standard deviations of (M=3.75, SD=1.06 and M=3.67, SD=1.14 respectively. Finally, we focus on our products that satisfy customer needs had a mean and standard deviation of 3.91 and 1.14 respectively. The results only showed moderate and strong agreement for the use of growth strategies and its implication on SMEs. Most respondents strongly agreed to the use of product development and product modifications recorded a moderate response. The implications are that SMEs often use product development as a growth strategy.

Table 4.9 Product innovation responses.

	Mean	Std. Deviation
We always find new ways of selling our products to our customers.	4.08	0.93
Our company always find ways of increasing sales in existing markets.	3.88	1.00
We focus on the needs of the current customers.	3.81	1.14
We sell products that make our current customer base happy.	3.92	1.03
Our company always seek for ways of improving product qualities.	4.08	.993
Our business focus on finding new customers or users.	3.89	1.04
Product distribution and sales prospecting is our priority.	3.80	1.06
Our company has over the years have invented new products.	3.75	1.02

Source: Researchers field work (2020)

In Table 4.9, the respondents were asked to respond to questions on the product innovation activities of their respective firms.We will always find new ways of selling our products to customers and our company always find ways of increasing sales in existing markets had a mean and standard deviation of (M=4.04, SD=0.93 and M=3.88, SD=1.00 respectively. Also, we focus on the needs of the current customers and we sell products that make our current customer base happy   had a mean and standard deviation of (M=3.81, SD=1.15 and M=3.92, SD=1.03) respectively. Moreover, it was observed that our company always seek for ways of improving product qualities and our business focus on finding new customers or users had a mean and standard deviation of (M=4.08, SD=0.99 and M=3.89, SD=1.05). Finally, product distribution and sales prospecting is our priority and our company has over the years invented new products had a mean and standard deviation of (M=3.80, SD=1.06 and M=3.76, SD=1.03). The descriptive analysis of product innovation showed that all the mean were extreme. The results implies that almost all the respondents strongly agreed with the product innovation variables.

Table 4.10 Sales performance responses

	Mean	Std. Deviation
Our sales revenue has increased marginally	3.81	0.93
We always record improvement in sales	3.77	0.97
Our business is now profitable	3.89	0.97
We have stop incurring financial loses	3.30	1.05
Financing day-to-day operations is a problem	2.80	1.19
We have more loyal customers than ever	3.74	0.96
We continually record new customers	4.00	0.95
The demand of our product/service has increased	3.80	1.05
We keep losing old customers	2.48	1.23
Our customers are always satisfied	3.90	0.98

Source: Researchers field work (2020)

In Table 4.10. The sales performance of SMEs was also accessed, respondents responded based on their level of agreement to sales performance in their respective firms. Our sales revenue has increased marginally, we always record improvement in sales and our business is now profitable had a mean and standard deviations of (M=3.81, SD=0.94 and M=3.78, SD=0.98 and M=3.89 SD=0.98) respectively. Also, we have stop incurring financial loses, financing day-to-day operations is a problem and we have more loyal customers than ever had a mean and standard deviation of (M=3.30, SD=1.05 and M=2.80, SD=1.19 and M=3.74 SD=0.97) respectively. Additionally, it was observed that, we continually record new customers, the demand of our product/service has increased and we keep losing old customers had a mean and standard deviation of (M=4.01, SD=0.96 and M=3.80, SD= 1.06 and M=2.49 SD=1.23). Finally, our customers are always satisfied had a mean and standard deviation of 3.90 and 0.98 respectively.

The statistics showed that most respondents see gaining of new customers as a measure of sales performance. Most respondents strongly agreed to increase in revenue, profitability of business, increase demand in products and services, and increase in sales revenue as a measure of sales performance.

4.7 Impact of Marketing Strategies on Product Innovation.

The study used regression analysis for this objective. First the model summary, followed by the ANOVA table and the coefficient table as indicated in tables 4.11, 4.12 and 4.13.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.841[a]	0.707	0.701	0.42471

a. Predictors: (Constant), ComStrg, AnsoffG, MktSeg

Table 4.12: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62.985	3	20.995	116.393	0.000[a]
	Residual	26.155	145	0.180		
	Total	89.141	148			

a. Predictors: (Constant), ComStrg, AnsoffG, MktSeg

b. Dependent Variable: ProIno

Table 4.13: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.079	0.216		-0.365	0.715
	AnsoffG	0.692	0.064	0.613	10.878	0.000
	MktSeg	0.190	0.055	0.208	3.438	0.001
	ComStrg	0.156	0.071	0.140	2.215	0.028

a. Dependent Variable: ProIno

Key: ComStrg = competitive strategy, AnsoffG = Ansoff growth matrix, MktSeg = Market Segmentation, ProIno = Product Innovation

Source: Researchers field work (2020)

Results from the above regression table shows that there is a strong relationship (R-value of 0.841) between marketing strategies and product innovation of an SME firm. The relationship (R) value of 0 to 0.3 is weak; 0.3 to 0.7 is moderate; and correlation value between 0.7 and 1 is strong.

From the analysis of the data in table 4.11, the study posit that marketing strategies contribute about 70.7% of product innovations in SME firms (R square value of 0.707). This point to the fact that there is a strong relationship connecting product innovation and SME firm's marketing strategies in Ghana. From the (Analysis of Variance) ANOVA results, the output depicts that the impact of marketing strategies on the product innovation of SMEs is statistically significant and fit for the model. The output values of (F = 116.393; sig. = 0.000) confirms the statistical significance and fitness of the model. The findings supports Forkuoh et. al., (2016) findings that SMEs that adopt product innovative practices recorded a significant growth in terms of the annual turnover.

4.7.1 Ansoff growth strategy

In the regression results, the coefficient value (B) of 0.692 depicts a positive relationship between growth strategy and SME's product innovation. This means that when all other variables are held constant, continues growth strategy would lead to an increase in SME firms' product innovation. Growth is statistically insignificant and have strong influence on product innovation with (t value of 10.878 and significant of 0.000).

4.7.2 Marketing Segmentation

With regards to marketing segmentation regression results, the coefficient value (B) of 0.190 is depicting a positive but weak relationship with product innovation. This means that when all other variables are kept constant, a firm's product innovation will increase at a minimal rate when marketing segmentation increase. Marketing segmentation is statistically significant to product innovation implying that it has an influence on product innovation with a t value of 3.438 and significant value of 0.001.

4.7.3 Competitive Strategies

Competitive strategies was assessed and the regression results points to a coefficient value (B) of 0.156 portraying a positive relationship with product innovation. Competitive strategies is statistically significant to sales performance implying that it has an influence on product innovation with a t value of 2.215 and significant of 0.028.

After a careful analysis of the individual effect of the marketing strategies to identify the value that makes the greatest contribution to product innovation of an SME firm, the beta variable outputs of the independent variables 0.613, 0.208 and 0.140 which represents competitive strategy, ansoff growth matrix and market segmentation respectively were used. From the analysed results of the study, ansoff growth matrix had the highest contribution to the product innovation of SMEs in Ghana.

4.8 Effect of Marketing Strategies on Sales Performance of SMEs

After the study accessed the impact of marketing strategies on product innovations, the study sought to establish the effect of marketing strategies on sales performance of SMEs. The study used the regression analysis to establish the relationship between marketing strategies and sales performance of SMEs. The findings have been captured below.

Table 4.14 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.797[a]	.635	.628	.37762

a. Predictors: (Constant), ComStrg, AnsoffG, MktSeg

Source: Researchers field work (2020)

Table 4.15 ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.260	3	11.753	82.424	.000[a]
	Residual	20.249	142	.143		
	Total	55.508	145			

a. Predictors: (Constant), ComStrg, AnsoffG, MktSeg

b. Dependent Variable: SPerf

Source: Researchers field work (2020)

Table 4.16 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.738	.190		3.892	.000
	AnsoffG	.315	.057	.357	5.572	.000
	MktSeg	.119	.049	.164	2.417	.017
	ComStrg	.357	.063	.407	5.660	.000

a. Dependent Variable: SPerf

Key: ComStrg = competitive strategy, AnsoffG = Ansoff growth matrix, MktSeg = Market Segmentation, SPerf = Sales Performance.

Source: Researchers field work (2020)

The study also assessed the impact of marketing strategies and performance of SMEs. The results show that there is a strong positive relationship (R-value of 0.797) between marketing strategies and performance of SMEs. The R square value of 0.635 shows that 63.5% of SME firm sales performance can be attributed to its marketing strategies.

The Analysis of Variance (ANOVA) results however, shows that the variables used in the assessment of marketing strategies and performance of SMEs was statistically significant and fit for the model. The statistical values of (F = 82.434; sig. = .000) indicate that the model was fit for the study. Although, the analysis of variance results points to the fact that a stronger relationship exist between the dependent and the independent variables, the dependent variables were also accessed to ascertain their respective impact on sales performance.

4.8.1 Ansoff Growth Matrix

In the regression results (table 4.10), the coefficient value (B) of 0.315 depicts a positive relationship between ansoff growth matrix and sales performance. This means that when all other variables are held constant, continues application of the Ansoff Growth Metrix would lead to an increase in the overall performance of the business. Moreover, the regression output showed that Ansoff growth Metrix is statistically significant and its influence on sales is minimal (t value of 5.572 and significant of 0.000). This confirms a study by Obour (2015) which concludes that ansoff growth matrix provides a framework to help to determines product and market growth strategy (Obour 2015).

4.8.2 Market Segmentation

Market segmentation was assessed as an independent variable and the regression result points to a coefficient value (B) of 0.119 portraying a positive relationship with sales performance. This suggest that the more SMEs adopts market segmentation, the greater their chances of meeting the sales targets. Statistically, market segmentation is insignificant to increasing sales (t value of 2.417 and significant of 0.017). The conclusion of the output supports a study by Quinn (2009) that the underlying aim of market segmentation is to group customers with similar needs and buying behaviour into segments, thereby facilitating each segment being targeted by a distinct product and marketing offerings to be developed to suit the requirements of different customer segments (Quinn, 2009).

4.8.3 Competitive strategy

Competitive strategy's regression result shows a coefficient value (B) of 0.357. The output means that there is a positive relationship between competitive strategy and sales performance. The coefficient value implies all things been equal, the more SMEs implement competitive the higher their sales margins. Notwithstanding the competitive strategy's statistically significant to sales performance (t-value of -2.242 and significant of 0.026). The findings confirms Capon (2008) assertion that a major determinant of the success of firms to its superior performance is based on its competitive strategies (Capon, 2008).

The individual effect of the independent variables (competitive strategy, ansoff growth matrix, and market segmentation), to identify the variable that makes the greatest contribution to the sales performance. The study found that competitive strategy has the highest contribution to sales performance of SMEs.

CHAPTER FIVE

SUMMERY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

This is the last chapter of the research and presents a discussion on the findings derived from the study. This chapter highlights the summary, conclusions of the survey and recommendations as well as suggestions for further research. The research design that was employed for this study was the descriptive survey. The study was therefore quantitative. In all a sample of 200 respondents were considered for the study however 177 responded to the survey. Both descriptive and inferential data analysis was used. The study adopted the regression analysis model as the model specification for this study.

5.2 Summery of Findings

This project work set out to generally assess the influence of marketing strategies on the performance of SMEs in the Kumasi Metropolis. The various findings of this study are discussed below.

5.2.1 Impact of Marketing Strategies on Product Innovation.

This section used simple regression model to examine the impact of marketing strategies on product innovation. The study concluded that marketing strategies has a direct effect on product innovation of SMEs in Ghana. The study found a positive and significant effect between product innovations and marketing strategies. The study confirmed that 70.7% of product innovations can be attributed to marketing strategies.

5.2.3 Effect of Marketing Strategies and Performance of SMEs.

This study also examined the effect of marketing strategies and sales performance of SMEs. The study used simple regression to examine the effect of marketing strategies and sales performance. Here the researcher wanted to find out whether marketing strategies has any impact on sales performance. The researcher recognized that indeed marketing strategies influence the performance of an SME firm. After running the regression analysis of the data, the R-Square value which shows the proportion of variance in the dependent variable (sales performance) which can be predicted from the independent variable (marketing strategies), an R-square value of 0.635 representing 63.5% of variance and predictability was obtained. Based on this premises, the research confirmed that 63.5% of SME firm sales performance can be attributed to its marketing strategies. Market segmentation, competitive strategy and growth matrix also had positive impact on sales performance. However, competitive strategy was making the highest impact on sales performance.

5.3 Conclusion

For this study, the researcher found a positive and significant relationship between product innovation and marketing strategies as dependent variables and sales performance as an independent variable. The study concluded that 1 percent increase in market strategies was associated with 46.8 percent increase in product innovation. However, when it comes to marketing strategies, the study found that marketing strategies significantly affect SME sales performance at an attributing rate of 63.4 percent.

5.4 Recommendation

Based on the above findings, the researcher recommends the following.

Management and owners of SMEs should ensure effective integration of marketing strategies geared towards product innovations. It is equally important for management to identify product innovation gaps and create new or improve existing products targeted at satisfying customers' needs.
To deal with the question of whether marketing strategies affects sales performance, the study supported the position that marketing strategies has a positive and significant effect on sales performance. However, it is recommended that management periodically evaluates the contribution of marketing strategies relatives.

Finally, based on the research findings that conclude competitive strategies as having the highest impact on sales more than ansoff growth matrix and market segmentation, the study recommends that SMEs should focus and prioritise competitive strategies when implementing their marketing strategies.

5.5 Recommendations for Future Studies

The following are suggested for further investigation.

1. The interactive effect of marketing strategies and product innovation on sales performance
2. The effect of individual marketing strategies on the overall performance of SMEs.
3. The effect of sales promotion on new customer acquisition.

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APPENDIX

CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI

SCHOOL OF BUSINESS

DEPARTMENT OF MARKETING, LOGISTICS, AND CORPORATE STRATEGY

QUESTIONNAIRE

This is a questionnaire for a research study that focuses on small and medium scale enterprises marketing strategies impact on sales performance in Ghana, moderating role of product innovation. The answers you provide for this study is strictly for academic purposes. Respondents are assured of confidentiality. I would be most grateful if you could spare few minutes of your time to answer the following set of questions by ticking the answers that best describe your responses. Thank you.

PART A:

BACKGROUND INFORMATION

1. Gender: Male [ ] Female [ ]

2. Position in the organization [ ] employer, [ ] employee [ ] other (specify) ……………

3. Please tick the age bracket in which you fall.

Below 20 years [ ] 21 – 30 years [ ]

31 – 40 years [ ] 41 – 50 years [ ]

51 – 60 years [ ] above 60 years [ ]

4. What is your highest education level?

Certificate [ ] Diploma [ ]

Undergraduate [ ] Postgraduate [ ]

Other ____

APPENDIX II

PART A: MARKET SEGMENTATION

Please indicate your opinion as per the level of disagreement or agreement with the outline statement on market segmentation using 1 to 5 scale guideline. **1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree.**

		1	2	3	4	5
1	Our company has different product for different age groups					
2	Our company offer products and service based on different market needs.					
3	We consider cultural differences when marketing our product					
4	We have products that suit different lifestyle and interest groups					
5	We have different products for different regions or countries					

PART B: COMPETITIVE STRATEGIES

Which of the following competitive strategies activities are undertaken by your organisation? The likert scale to use is: **1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree.**

Cost Leadership Strategy		**1**	**2**	**3**	**4**	**5**
1	Our company strives to supply a standard of high volume goods or services at a price lower than our competitors.					
2	The company is a low cost producer in the industry					
3	Our company has improved its efficiency by producing at a lower cost.					
Differentiation Strategy						

1	It is difficult to find our products in other stores					
2	It is difficult for other companies to quickly imitate our products.					
3	Our customers are less sensitive to prices					
4	The company has carried out its own strategic group-unique services within the industry					
5	The company markets unique products for varied customer groups					
Focus Strategy						
1	The company has identified a small market of buyers					
2	The company produces unique products that enhances value only a smaller group of individuals or organizations					
3	The firm targets a specific group within the industry					
4	The Firm specializes in activities in ways that other firms cannot perform					

PART D: GROWTH STRATEGIES

Kindly indicate the extent to which you agree or disagree with the following statements on Growth Strategy. Kindly (√) tick appropriately on a scale of 1-5. **1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree.**

Ansoff Growth Strategy

		1	**2**	**3**	**4**	**5**
1	We always find new ways of selling our products to our customers.					
2	Our company always find ways of increasing sales in existing markets.					
3	We focus on the needs of the current customers.					

4	We sell products that makes our current customer base happy.					
5	Our company always seek for ways of improving product qualities.					
6	Our business focus on finding new customers or users.					
7	Product distribution and sales prospecting is our priority.					
8	Our company has over the years have invented new products.					

PART E: PRODUCT INNOVATION

Kindly indicate the extent to which you agree with the following statements on product innovation. Kindly (√) tick appropriately on a scale of 1-5. **1-Strongly Disagree, 2-Disagree, 3-Uncertain, 4-Agree, 5-Strongly Agree.**

		1	**2**	**3**	**4**	**5**
1	We usually develop and introduce new products and services to the market.					
2	We continually increase product/ service benefits.					
3	Our company priority for developing new products and services is high.					
4	We prioritise satisfying customers with added service benefits					
5	We develop new ways customers can use our products/service					
6	Our company continually modify existing products					
7	We focus on products that satisfy customer needs					

PART E:

SALES PERFORMANCE

How would you rate the performance of your business over the **past 5 years** using the scale;

1 = strongly disagree, 2 = disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree

		1	**2**	**3**	**4**	**5**
1.	Our sales revenue has increased marginally					
2.	We always record improvement in sales					
3.	Our business is now profitable					
4.	We have stop incurring financial loses					
5.	Financing day-to-day operations is a problem					
6.	We have more loyal customers than ever					
7.	We continually record new customers					
8.	The demand of our product/service has increased					
9.	We keep losing old customers					
10.	Our customers are always satisfied					

Thank you for taking time to complete this questionnaire