Marketing Innovation and Performance of Savings and Credit Cooperative Societies in Nairobi City County, Kenya

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ABSTRACT

Savings and Credit Cooperatives (SACCOs) in Kenya are instrumental in Gross domestic product (GDP) growth and uplifting the livelihoods of the people through job creation, poverty eradication by enhancing financial inclusion. Despite having a huge potential for growth SACCOs in Nairobi City County have witnessed a decline in performance. While most of the SACCOs in Nairobi City County have started adopting various innovations, it is apparent from the performance that they are yet to harness well on these marketing innovation strategies to improve their performance. The general objective of this study will be to establish the effect of marketing innovation on performance of SACCOs in Nairobi City County. This study will be anchored on Schumpeter theory of innovation, dynamic capability theory and resource based view theory. Descriptive research design will be adopted with a population of 177 SACCOs in Nairobi City County. The study will adopt a census technique and the respondents will be 177 chief executive officers in the SACCOs. Data will be collected using a closed-ended questionnaire and will be analyzed using descriptive and inferential statistics with the aid of Statistical Package of Social Sciences version 28.0. Cronbach's alpha will be used to test reliability. Construct validity will be tested using regression analysis. The content validity will be done through research supervisors who will check if the research instrument captures all the relevant aspects to answer the research questions. The pilot study will involve 18 respondents from 18 SACCOs in Kiambu County which constitute ten percent of the targeted managers Simple and multiple regression analysis will be done to establish the relationship between variables. Correlation analysis will be used to test the strength of the relationship between variables. Data will be presented using tables and figures. T-test and F-test will be used to test hypothesis at 5% significance level. The study results indicate that marketing innovation has a positive and significant effect on performance and therefore, SACCOs should adopt innovative marketing strategies that enhance visibility, attract new members, and strengthen member loyalty. This study is expected to add value to the policy makers within the SACCOs sector such as SASRA in coming up with policies that promote marketing innovations. Academicians can utilize findings from studies on SACCO's innovation to inform policymakers about the challenges and opportunities faced by these organizations.

Keywords: Product Innovation, Performance, SACCOs

INTRODUCTION

Marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging (Tang et al., 2021). In the perspective of Sudirjo (2023), marketing innovation is the incorporation of new marketing methods involving significant changes in product design, packaging, placement, promotion and pricing. Marketing innovation as conceptualized by Wallace et al., (2021) entails changes in loan product design, market segmentation where products are tailored to suit specific customers and pricing of products. As described by Peng et al., (2021), marketing innovation is the process of incorporating new marketing techniques by making use of promotions, pricing and distribution of services or products. Mbegu et al., (2024) assessed marketing innovation from the standpoint of creative marketing campaigns. Kotler et al., (2021) defined marketing innovation as dynamic pricing and personalized promotions which can be interlinked tools that marketers can innovate simultaneously to enhance competitiveness and consumer engagement.

According to Kotler and Keller (2016) marketing innovation entails creating new approaches to product placement, pricing, and promotion strategies that differentiate the firm and create superior customer value is a key component of marketing innovation. Through the use of new promotional strategies, price model restructuring, and inventive product delivery methods goes beyond standard marketing. Varadarajan, (2020) suggested that marketing innovation as changing the way firms engage existing markets through new channels, digital platforms, and co-creation with customers. Marketing innovation refers to new markets creation, reshaping of already existing markets and value creation for customers in the market (Tang et al., (2021). The current study conceptualized marketing innovation as placement, promotion and pricing (Tang et al., 2021; Kottler and Keller, 2016; Varadarajan, 2020 & Kotler et al., 2021. Marketing innovation in SACCOs involves adopting digital technologies such as: mobile banking applications, digital and social media marketing, data-driven customer relationship management systems and automated service delivery channels and e-loan platforms. These are technological solutions that enhance efficiency, accessibility, and customer satisfaction. Marketing tools such as pricing, product and promotion lead to increased customer reach and engagement, improved service delivery and convenience and growth in membership and deposits. While SACCOs belong to the financial services sector, the technological marketing strategies they adopt such as social media campaigns, mobile platforms, and online branding are also applicable to businesses in tourism and hospitality. Therefore, the findings provide valuable insights for: businesses adopting technology-based marketing solutions and policymakers promoting innovation-driven competitiveness.

Performance is crucial for the success and sustainability of any organization (Gutterman, 2023). Organizational performance is important because it helps businesses achieve their objectives, maximize resources, and adapt to changes in the market. It leads to increased productivity, improved profitability, and enhanced customer satisfaction. Furthermore, companies that prioritize organizational performance are better positioned for long-term success and sustainable growth. A critical concern is the rising number of dormant memberships: in 2023, 21.15 % of members were dormant that is no account activity for 6-12 months up from 19.01 % in 2022 translating to 1.45 million inactive members. This suggests that although SACCOs attract new members, retaining active engagement is becoming a struggle (SASRA, 2023). The SACCOs in Kenya have been faced by various challenges related to stagnation, membership growth, declining performance, limited product differentiation and inefficient service delivery (SACCO Supervision Annual Report, 2023). Additionally, members often report dissatisfaction with delayed loan processing, high interest rates compared to emerging digital lenders, inadequate communication, and limited adoption of modern technology such as mobile and internet banking. Poor customer care and lack of personalized financial products further contribute to negative member experiences, which in turn weakens loyalty. Increasing competition from commercial banks, mobile money platforms, and fintech firms offering flexible and faster services has made it difficult for SACCOs to attract and retain new members, particularly the youth. Limited awareness of SACCO services, rigid membership requirements, and inadequate marketing strategies also hinder expansion (SACCO Supervision Annual Report 2023). Strategic innovation has emerged as a critical factor for competitive advantage and organizational sustainability. Therefore, there was need for the SACCOs to employ strategies such as product, process and marketing innovation that can help them overcome the declining performance.

Performance can be measured using financial and non-financial measures (Abdullahi et al., 2021). Financial performance metrics are used to assess a company's growth, profitability, and overall health (Kotane & Kuzmina-Merlino, 2012). Stobierski (2020) stated that financial key performance indicators fall under various categories including profitability, solvency, efficiency, valuation and liquidity. The author further outlines that in the financial statements, return on assets, gross profit margin, net profit margin and working capital are the most common measures used. Non-financial performance metrics gauge a business's intangible assets, including employee engagement, brand reputation, and customer satisfaction (Shah, 2024). Various authors have outlined various measures of performance of organizations. Non-financial measures such as customer satisfaction, employee engagement, innovation, service quality capture the drivers of long-term success that financial data cannot fully explain (Omran et al., 2021). Additionally, SACCOs financial measures like profitability and liquidity are important, but non-financial measures are equally critical since SACCOs exist to promote member welfare, trust, and sustainability. Kotler and Keller, (2016) viewed performance as the ability of a firm to gain and retain market share while achieving high levels of customer satisfaction, noting that these

two indicators are central to long-term competitiveness. Therefore, the current study measured SACCO performance in terms of customer satisfaction and market share based on (Kottlers & Keller, 2016).

Savings and Credit Cooperatives (SACCOs) play a significant role in the country's financial sector, offering a range of financial services to members. Registered SACCOs, in particular, hold a significant position in the financial landscape, as they are authorized to accept deposits from the public and contribute 6.43% to the country's GDP (SACCO Societies Regulatory Authority, 2021). In 2023, Kenya's SACCOs (DTS) exhibited signs of low performance, including decreased profitability, reduced capital adequacy, and a rise in non-performing loans (SASRA report, 2023). Specifically, the Return on Assets (ROA) dropped from 2.65% in 2022 to 1.59% in 2023 (SASRA, 2023). Additionally, the declining performance has been caused by several factors such as stagnation, dormant membership growth, limited product differentiation and competition from other financial institutions. Strategic innovation can be a critical and essential factor for the growth and competitiveness of an organization (Soomro et al., 2021).

Within the Chinese context, Peng et al., (2021) examined how marketing innovations influence performance of firms under different market environments. Based on a review of literature the study narrowed down to two marketing innovation strategies categorized as market driven innovations and market driving innovations. Market driven innovations were assessed from the perspective of existing product concept, expressed consumer needs and existing market segments. On the other hand, market driving innovations were analyzed from the perspective of new product concept, potential consumer needs and new market segments. The results from correlation analysis indicated that both the market driving and market driven innovations had a significant effect on performance of firms. With regard to market environments, the study found that the effect of market driven and market driving innovations on performance were moderated by technological factors and the intensity of competition as opposed to demand uncertainties. The context of this study was China a developed country whose business environment is different from that of Kenya hence the results could differ.

A study by Sipos et al. (2025) explored the determinants of marketing innovation among SMEs through the lens of the resource-based view (RBV) framework, utilizing data from the Global Competitiveness Project (GCP). Employing ordinal logistic regression analysis, the study established that internal firm-level capabilities such as product uniqueness, the adoption of marketing and communication tools, product innovation, and the sophistication of distribution channels significantly enhanced the probability of marketing innovation. The findings further emphasized that dynamic capabilities, including responsiveness, digital engagement, and learning orientation, play a crucial role in driving marketing innovation within SMEs. Nonetheless, since the study was conducted among SMEs, its outcomes may vary when applied to SACCOs.

Shaker and Al-Khattab (2019) conducted a study to explore the effect of marketing innovation on customer satisfaction in Aqaba Special Economic Zone Authority in Southern Jordan. Also, the study involved the effect of each one of the elements of marketing innovation (innovation in marketing, innovation in performance, innovation in culture and innovation in product) on the customer satisfaction level. A special questionnaire was developed to collect the data from (110) respondents. The result of analysis of the data by using SPSS 21 program; indicated that there was a statically significance strong positive relationship between customer satisfaction and marketing innovation. The context of this study was Aqaba in Southern Jordan whose business environment is different from that of Kenya hence the results could differ.

According to a study done by Nwachukwu and Vu, (2022) on the effect of Service innovation, marketing innovation and customer satisfaction and the moderating role of competitive intensity. Respondents from 300 microfinance banks in Nigeria participated in the survey. The authors employed a cross-sectional quantitative research approach. This approach is appropriate for testing hypotheses quantitatively. Online surveys and emails were used to collect data from 325 participants who were conveniently selected Analyses in Smart PLS software showed that Service innovation positively and significantly affects Customer satisfaction. Marketing innovation promotes customer satisfaction. This study focused on micro finance banks in Nigeria which deals with different products as compared to SACCOs in Nairobi and thus the results would differ.

A study was conducted by Sulton, et al., (2022) to review the effect of marketing, product and process innovations on marketing performance among firms in Indonesia. Marketing innovation was analyzed based

on product and service innovations. The study results indicated that marketing innovations has a significant and positive effect on market performance of firms. Both product innovations and service innovations were found to be significant in their influence on market performance. The study however has a conceptual gap in that it mainly focused on one aspect of performance which is market performance yet there are other aspects of performance like customer satisfaction and market share which was focused on in the current study. Furthermore, the current review was based on the Kenyan context specifically SACCOs in Nairobi City County.

A study by Adamu, et al., (2020) examined the nexus between marketing innovations and performance of Nigerian SMEs. Marketing innovations were examined based on four elements; products, promotion, pricing and distribution. Performance was assessed on the basis of efficiency. The target population was 203 SMEs. Questionnaires were utilized in the collection of data and the outcome from analysis showed that marketing innovation strategies (products, promotion, pricing and distribution) had a positive effect on efficiency. The study nonetheless had a contextual gap in that it examined marketing innovations from the viewpoint of the SMEs hence the current study addressed this gap by examining the SACCOs which falls within the financial sectors and whose operations are different from the SMEs and the results might differ.

However, some researchers have shown that marketing innovation, while often associated with positive outcomes such as increased competitiveness and market share, can also have adverse effects on firm performance. Hai et al., (2022) found that one of the primary ways in which marketing innovation can negatively impact performance is through increased costs. Firms may invest heavily in research and development (R&D), marketing, and new product launches without guaranteed returns. For instance, companies might allocate significant resources to develop innovative products or services that do not resonate with consumers or fail to meet market needs. This misalignment can lead to wasted investments and reduced profitability. The study found a negative effect of marketing innovation on performance therefore there was need for a study to check whether the results differed.

Objective of the Research Paper

To assess the effect of marketing innovation on performance of SACCOs in Nairobi City County

METHODOLOGY

This study was conducted in Nairobi City County, Kenya**.** Nairobi is the capital city of Kenya, located in the south-central part of the country and 300 miles northwest of Mombasa. The latitude of Nairobi, Kenya is -1.286389°, and the longitude is 36.817223° (KNBS,2022).This study used a descriptive research design to determine the nexus between strategic innovation and performance. As pointed out by Walliman, (2021), a descriptive research design is a powerful tool that helps in getting an accurate and detailed picture of behaviors and characteristics of a population. The target population in this study was 177 SACCOs in Nairobi City County.The researcher and research assistants reached out to targeted respondents earlier to schedule a date and time to administer the questionnaire. The researcher and research assistants introduced themselves to the CEOs and then presented a copy of the permit and an introductory letter to the respondent and requested them to fill the questionnaire with the aim of gathering as much information as possible that will help in achieving the study's objectives. Secondary data on SACCO size was sourced from SASRA reports (2023) using a data collection check list.

This study employed a census technique. Kothari and Guarg (2014) argued that a census method is employed where the population is considered relatively small. Under the current study, the number of respondents is 177. All the 177 CEOs of the SACCOs was considered in this study. The respondents were given one week to respond to the questionnaire. SACCO size was measured using tiers where Large-Tiered SACCOs have total assets more than Kshs 5 Billion; Medium-Tiered SACCOs have total assets between Kshs 1 Billion and Kshs 5 Billion; and Small-Tiered SACCOs have total assets below the Kshs 1 Billion threshold (SASRA,2023).

The study used primary and secondary data. Primary data was collected using a questionnaire while secondary data was collected using a data collection sheet. The questionnaire was close-ended as it is very effective in

obtaining more comprehensive responses (Kothari & Guarg, 2014). Based on the targeted respondents of 177 respondents, the pilot study involved 18 respondents from 18 SACCOs in Kiambu County which constituted ten percent of the targeted managers. Kiambu County was chosen because it has similar characteristics to Nairobi City County and it has the second highest number of SACCOs as indicated in SASRA report (2023).This study used the Cronbach's alpha coefficient in testing the reliability of the questionnaire. The Cronbach's alpha threshold coefficient is 0.70 (Kothari & Garg, 2014). Data was cleaned and coded with the help of Microsoft excel and was analyzed using SPSS Version 28.0. Data was analyzed using descriptive statistics such as mean and standard deviation and inferential statistics was used to test hypothesis using F-test and t-test.

RESULTS AND DISCUSSION

Response Rate

In this study a questionnaire was administered to 177 SACCO CEOs in Nairobi City County and 150 respondents completed the questionnaire. Response rate is presented in Table 1.

Table 1: Response Rate

	Frequency	Percentage
Response rate	150	85%
Non-response rate	27	15%
Total	177	100

Source: Primary Data (2025)

Table 1 shows that 150 copies of questionnaires were filled and returned representing 85% response rate. This response rate was excellent as it was more than 70 percent recommended by (Mugenda & Mugenda, 2014).

Reliability Test

In this study Cronbach's alpha was applied to evaluate the internal consistency of the items under study. Cronbach's alpha coefficients are presented in Table 2.

Table 2: Cronbach's Coefficient

Variable	No of items	Cronbach's Alpha	Comments
Marketing innovation	9	0.912	Reliable
Performance	9	0.882	Reliable

Source: Primary Data (2025)

The Cronbach's Alpha reliability coefficients contained in Table 2 show reliability levels of the instrument ranging from 0.912 for marketing innovation to 0.882 for performance. These levels are above the acceptable minimum value of 0.50 and above the recommended value of 0.7. Therefore, the instrument's internal consistency was considered satisfactory for data analysis.

Diagnostic Tests

To ascertain fitness of the model normality, multicollinearity and heteroscedasticity test were conducted.

Normality Test

The researcher focused on normality test to determine the normality of the residuals. Shapiro-Wilk test (small sample size) was adopted to check for normality.

Table 3: Normality Test of the Residual

Variables	Statistic	Shapiro-wilkDf	Sig
Marketing Innovation	0.987	150	0.199
Performance	0.986	150	0.139

Source: Primary Data (2025)

The findings in Table 3 show significance value for marketing innovation and performance were > 0.05, signifying that all residuals are normal and the data is fit for further analysis.

Multicollinearity Test

Variance Inflation Factor (VIF) was employed to check multicollinearity between variables. VIF results are shown in Table 4.

Table 4: Multicollinearity Test

Predictor Variable	**Tolerance**	**VIF**	**Status**
Product Innovation	0.936	1.068	No multicollinearity
Process Innovation	0.589	1.697	No multicollinearity
Marketing Innovation	0.598	1.672	No multicollinearity

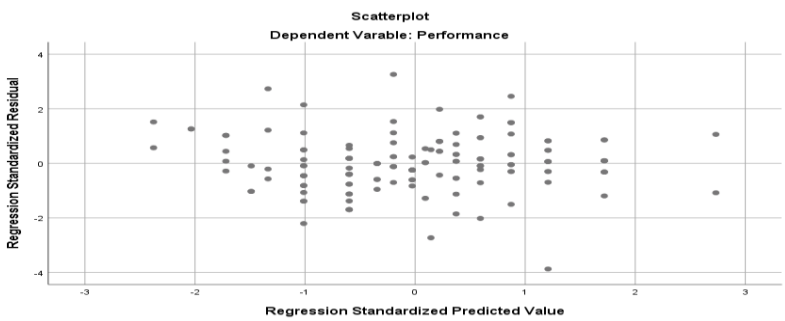
Source: Primary Data (2025)

Table 4 shows that product innovation had a VIF of 1.068, process innovation had 0.589, and marketing innovation had a VIF 1.672. The results indicate that all variables had a VIF of less than 10 ruling out the problem of multicollinearity. Since all the predictor variables recorded tolerance levels above 0.10, the problem of multicollinearity was ruled out.

Heteroscedasticity Test

Heteroscedasticity occurs when the error terms do not have persistent difference. Heteroscedasticity can be affected by measurement errors and presence of sub-population variances or extra collaboration effects. In this research, heteroscedasticity was tested using P-P plots. P-P plots was used because they are the best in presenting spread of data (Reimann et al., 2011). When the widths of the residuals rise or decrease as the observed constructs rise then heteroscedasticity is present. Results are presented in Figure 1.

Figure 1: Heteroscedasticity Test



Source: Primary Data (2025)

The results in Figure 1 indicate no specific pattern and the widths are neither increasing nor decreasing as the variables rise. Therefore, heteroscedasticity is absent implying that the variance of the error terms is not constant.

Descriptive Statistics of Marketing Innovation

The independent variable of the study was marketing innovation. Marketing innovation was perceived in terms of placement, promotion and pricing. Selected statements captured marketing innovation indicators. The respondents were asked to rate their agreement with the statements provided on a five-point scale ranging from: SD – Strongly Disagree; D – Disagree; N – Neutral, A – Agree; and SA – Strongly Agree. Table 5 gives the findings.

Table 5: Descriptive Statistics of Marketing Innovation

	N	Minimum	Maximum	Mean	Std. Deviation
The SACCO has established adequate physical branches to improve accessibility to members	150	2	5	3.40	0.75
The SACCO provides effective online banking platforms that make it easy to access services.	150	3	5	3.97	0.56
Placement of SACCO services through agency banking has increased accessibility.	150	2	5	3.84	0.79
The SACCO have introduced digital marketing	150	3	5	4.09	0.71
Social media channels such as Tiktok campaigns and interactive advertisement are effectively used in the marketing campaigns.	150	2	5	3.97	0.82
Promotional campaigns by the SACCO effectively increase awareness among members.	150	3	5	4.14	0.65
The SACCO uses innovative pricing strategies to attract new customers.	150	2	5	4.08	0.79
The SACCO's pricing structure makes it competitive in the financial market.	150	3	5	4.16	0.61
The SACCO communicates pricing decisions on interest rates effectively to members.	150	2	5	4.16	0.67
Aggregate	150			3.98	0.71

Source: Primary Data (2025)

The results in Table 5 shows that most of chief executive officers agree that SACCO's pricing structure makes it competitive in the financial market and also communicates pricing decisions on interest rates effectively to members as it had the highest mean of 4.16. This implies that SACCO's pricing structure makes it competitive in the financial market and SACCO communicates pricing decisions on interest rates effectively to members. Other chief executive officers agreed that SACCO had established adequate physical branches to improve accessibility to members which had a mean of 3.40 and a standard deviation of 0.75. Overall mean of 3.98 and

a standard deviation of 0.71 indicates that SACCOs have generally incorporated marketing innovation to a high extent, and perceptions among CEOs were largely consistent, with only modest variation across SACCOS.

Descriptive Statistics of Performance

The dependent variable of the study was performance. Performance was perceived in terms of customer satisfaction and market share. Selected statements captured performance indicators. The respondents were asked to rate their agreement with the statements provided on a five-point scale ranging from: SD – Strongly Disagree; D – Disagree; N – Neutral, A – Agree; and SA – Strongly Agree. Table 6 gives the findings.

Table 6: Descriptive Statistics of Performance

	N	Minimum	Maximum	Mean	Std. Deviation
The SACCO resolves complaints and inquiries in a timely and satisfactory manner.	150	2	5	3.42	0.66
The SACCO continuously introduces products that meet changing member needs.	150	3	5	4.01	0.52
The SACCO's services are easily accessible such as branches, mobile banking, ATMs	150	2	5	4.02	0.64
The SACCO's use of technology such as mobile apps, online platforms enhances my satisfaction.	150	3	5	4.03	0.63
Our SACCO has experienced significant growth in membership over the past three years.	150	2	5	4.10	0.67
The SACCO has expanded its operations to reach a wider market.	150	2	5	4.12	0.69
The SACCO's reputation in the market has strengthened its position.	150	2	5	4.08	0.69
Product innovation in the SACCO has contributed to an increase in market share.	150	3	5	4.17	0.64
The SACCO is successful in retaining existing members, which supports its market share growth.	150	3	5	4.24	0.63
Aggregate	150			4.02	0.64

Source: Primary Data (2025)

The results from Table 6 indicate that most CEOs agreed that their SACCOs are successful in retaining existing members, which supports its market share growth which had the highest mean of 4.24 while other CEOs agreed that their SACCOS resolve complaints and inquiries in a timely and satisfactory manner having a standard deviation of 0.66 and the lowest mean of 3.42 .Therefore the overall mean of 4.02 and a standard deviation of 0.64 shows that SACCOs were generally perceived to perform well, with respondents' opinions being consistent across the SACCOS.

Marketing Innovation and SACCO Performance

The study sought to establish the effect of marketing innovation and performance. A simple linear regression was used to examine this relationship and the hypothesis was postulated as follows;

H_{O1}: There is no statistically significant relationship between marketing innovation and performance of SACCOs in Nairobi City County

The model summary results of marketing Innovation are presented in Table 7 (a),(b) and (c).

Table 7 (a): Marketing Innovation

Model	R	R^2	Adjusted R^2	Sig
1	0.646	0.418	0.414	0.000

Source: Primary Data (2025)

RESULTS

in Table 7 (a) indicates that R^2 obtained by the study was 0.418 at a probability value 0.000, which is less than significance value of 0.05. The R^2 denotes that 41.8% of the change in performance can be associated with marketing innovation while 58.2 % of variations in performance is explained by random error or other factors not included in the model. To further test for the influence of marketing innovation on performance, Analysis of Variance (ANOVA) was carried out to ascertain the significance of the estimation model. ANOVA results are presented in Table 7 (b).

Table 7 (b): Anova Results of Marketing Innovation

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.259	1	13.259	106.144	.000
	Residual	18.487	148	.125		
	Total	31.746	149			

Source: Primary Data (2025)

As presented in Table 7 (b), the F-value was found to be 106.144 with a significance value of (0.000< 0.05) implying that the overall model examining the effect of marketing innovation on performance was statistically significant. The results of this analysis showed that marketing innovation is a good predictor of performance. The coefficient estimates are presented in Table 7 (c).

Table 7 (c): Coefficient Estimates of Marketing Innovation

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	1.843	0.213	8.634	0.000
	Marketing Innovation	0.548	0.053	10.303	0.000
a. Predictors: (Constant), Marketing Innovation					
b. Dependent Variable: Performance					

Source: Primary Data (2025)

Table 7 (c) indicate that the intercept was 1.843 with a p-value of 0.000 < 0.05 showing that the intercept is statistically significant signifying that the value of performance is 1.843 when marketing innovation is held at zero. The regression coefficient of marketing innovation was 0.548 meaning that the coefficient was statistically significant for marketing innovation variable (β=0.548, P-value=0.000<0.05).This implies that a unit increase in marketing innovation results to significant increase in SACCO performance by 0.548. Therefore, the study rejects the null hypothesis that there is no statistically significant relationship between marketing innovation and performance of SACCOs in Nairobi City County. This implies that marketing innovation had a positive and significant effect on performance because it involves the placement, promotion and pricing that help organizations reach customers more effectively, strengthen their brand, and increase sales. By innovating in areas such as product promotion, distribution, pricing models, and communication, firms can attract new customers, retain existing ones, and build stronger market presence.

The results concur with dynamic capabilities theory since the theory suggests that marketing innovation such as new promotion methods, digital channels, branding strategies and customer engagement models enables firms to adapt to competition, technology, and customer preferences. Additionally, the results are in line with those of Peng et al. (2021), Shaker and Al-Khattab (2019) and Nwachukwu and Vu (2022) who found that marketing innovation had a positive effect on performance because when organizations continually adjust their marketing practices to market dynamics, they strengthen customer relationships, build brand equity, and achieve sustainable performance. The regression equation is presented as follows:

$$\text{Performance} = 1.843 + 0.548\ \text{marketing innovation}$$

SUMMARY OF THE FINDINGS

The objective was to examine the effect of marketing innovation on performance of SACCOs in Nairobi City County. The overall mean of 3.98 and a standard deviation of 0.71 indicates that SACCOs have generally incorporated marketing innovation to a high extent, and perceptions among CEOs were largely consistent, with only modest variation across SACCOS. R^2 obtained by the study was 0.418 at a probability value 0.000, which is less than significance value of 0.05. The R^2 denotes that 41.8% of the change in performance can be associated with marketing innovation while 58.2 % of variations in performance is explained by random error or other factors not included in the model. F-value was found to be 106.144 with a significance value of (0.000< 0.05) implying that the overall model examining the effect of marketing innovation on performance was statistically significant. The results of this analysis showed that marketing innovation is a good predictor of performance. The results of the study indicates that marketing innovation was statistically significant (t=10.303, P-value=0.000<0.05). This implies that marketing innovation had a positive and significant effect on performance. Hence it is an important factor to be considered to improve the performance in SACCOs. In the SACCO context, marketing innovation such as the adoption of digital marketing platforms, mobile applications, social media engagement, and data-driven customer relationship management demonstrates how technological solutions can revolutionize service delivery, outreach, and member satisfaction. These innovations mirror trends in the tourism and hospitality sectors, where businesses increasingly rely on digital tools for customer engagement, online bookings, personalized experiences, and feedback systems to drive growth and loyalty. Thus, SACCOs adopting technological marketing innovations not only improve their visibility and brand appeal but also create seamless, tech-driven member experiences comparable to how tourism and hospitality enterprises use digital solutions to attract and retain clients. This cross-sectoral link highlights that leveraging technology in marketing enhances service accessibility, responsiveness, and satisfaction core drivers of performance in all service-oriented industries.

CONCLUSION

The study established that marketing innovation had an impact on the performance of SACCOs, with an R^2 value of 41.8%. This indicates that nearly half of the variation in SACCO performance can be explained by marketing innovation activities. Specifically, placement strategies such as establishing accessible physical branches, online banking platforms, and agency banking have improved customer reach and service convenience, thereby enhancing member satisfaction and loyalty. Promotional activities, including the

adoption of digital marketing, TikTok campaigns, and targeted promotional initiatives, have expanded brand visibility and attracted younger, tech-savvy members. Similarly, innovative pricing approaches such as flexible pricing strategies, transparent communication of interest rates, and differentiated pricing structures have not only enhanced competitiveness but also strengthened trust and financial inclusivity.

Overall, the findings highlight that marketing innovation is a key driver of growth and sustainability for SACCOs, as it enables them to remain competitive, appeal to diverse market segments, and adapt to changing consumer behaviors. This suggests that SACCOs that prioritize continuous marketing innovation are more likely to achieve superior financial and operational performance compared to those that rely on traditional approaches.

RECOMMENDATION

SACCOs should strengthen marketing efforts by embracing placement activities such as having accessible physical branches, online banking platforms and agency banking, promotional activities such as digital marketing, tiktok campaigns and promotional campaigns and pricing activities such as innovative pricing strategies, pricing structure and communication of pricing decisions such as interest rates enhances performance of SACCOs to increase visibility and attract new members.

Suggestions for further Research

The current study focused on SACCOs in Nairobi City County therefore a similar study should be done on other sectors such as other financial institutions, manufacturing firms because these institutions operate under different regulatory frameworks, serve broader customer bases, and have more diverse product portfolios compared to SACCOs.

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