

**MARKETING STRATEGIES TO BE ADOPTED BY THE DAIRY INDUSTRY
TO IMPROVE COMPANY COMPETITIVENESS: A CASE STUDY OF
KINANGOP DAIRY LTD**

BY

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DECLARATION

This research project is my original work and has not been presented for any academic fulfilment in any other institution of learning.

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This research project has been submitted for presentation with my approval as University of Nairobi Supervisor.

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DEDICATION

To my wonderful family for their unconditional love and support through all my endeavors especially this study.

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ABSTRACT

The study was aimed at determining the marketing strategies to be applied by the dairy industry to improve the company competitiveness with reference to Kinangop Dairy limited. The researcher adopted a descriptive research design as there were variables in the study that could not be quantified. Data was collected through interviews and the data collected was analyzed through content analysis method which helped in the understanding and analysis of the findings. The study observed that the strategies of differentiation, market segmentation and cost leadership can be applied to improve on company's competitiveness. The study recommended that the company needs to make more profits by considering a price reduction and by making the cost of production as low as possible in order to reduce the prices of various products making the company's products more competitive in the market. There is also need to compare the company prices with what is available in the market. Proper use of cost leadership strategy is crucial in achieving the company's competitiveness. There is need for the company to properly segment its market to address the customers' needs in various locations given that this has not been properly explored by the organization as a strategy that increases the company's competitiveness in the ever increasing competitive market. Finally the study recommends that Kinangop dairy should do more to ensure that its products are as competitive as possible by practicing differentiation and marketing approaches to address the varying needs of each market.

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ABBREVIATIONS AND ACRONYMS

DV	Dependent Variable
FAPDA	Food and Agriculture Policy Decision Analysis
GDP	Gross Domestic Product
IV	Independent Variable
KDB	Kenya Dairy Board
KCC	Kenya Co-operative Creameries
KDL	Kinangop Dairy Limited
USAID	United States Agency for International Development

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Kenya's economy is largely dependent on agriculture; it contributes about 35% of the gross domestic product (GDP) and 40% export earnings. Agriculture is the main source of income for about 75% of the Kenyan population. Kenya is among most African countries whose population's livelihood is supported either directly or indirectly by agriculture. The dairy industry in Kenya is a key player in economic growth contributing to about 4% of the GDP with an estimation of about 5 billion litres of milk produced in the country. Dairy production in Kenya is made up of large scale and small scale producers both of whom make up the largest percentage of about 70-80% of the total production.

Despite its contribution to economic growth, the dairy sector as well brings about nutritional value and improves the living standards of Kenyans who rely on dairy farming for a living. According to a report by USAID (2011), an estimated number of 1 million Kenyans are employed at farm level, 500,000 in direct waged employment and an additional 750,000 employed in support services. The dairy sector is governed by the Kenya Dairy Board established in 1958 through an act of parliament whose mandate is to provide for the improvement and control of the Dairy industry and its products, (Kiema, 2009).

In Kenya, there has been an increase of competition for market share in the dairy industry which is largely dominated by the three giants; Brookside which is privately owned, state owned new KCC and Githunguri dairies. Brookside Dairy is the biggest milk processing

company in Kenya in regards to market share with a daily capacity of 750,000 litres. However, with the entrance of new small to medium holder dairy firms such as Kinangop Dairy Limited, the top giants have been slowly conceding their market share to smaller firms who collectively are controlling 31% of the market. The small dairy firms need not necessarily capture a large market share as the giants, but apply competitive marketing strategies that will enable them have a niche over their rivals.

Effective strategies in marketing are crucial for any organization. While these strategies are seen as important, developing plans and strategies for marketing today is a challenging endeavor. With increasing competition companies operating in various sectors tend to fight for market share therefore calling for effective strategies though the fundamentals of marketing planning remain the same. In order for a marketing strategy to be deemed effective, it must efficiently communicate all the features and characteristics the product's consumers' demand. The organization is therefore required to align its marketing strategies with its overall objectives.

The study is guided by Ansoff's product/market growth matrix and the dynamic capability theory. The Ansoff's product/market growth matrix created by Igor Ansoff in 1965, has four basic growth strategies which include market penetration strategies where an organization focuses on selling existing products to the current markets to increase market share and market development which focuses on approaching potential markets with the existing products while on the other hand product development where a company focuses on creating and introducing new products to the existing market. The other popular strategy that can be applied by the organization is diversification strategy

which is seen as a high risk approach, where new products are introduced to new markets.

The dynamic capability theory on the other hand focuses on the ability of an organization to purposefully and skillfully adapt its resource base to enable it to integrate, build, and reconfigure internal and external capabilities to address the dynamic environments (Tecee, 2011). While more players continue to enter the dairy sector in Kenya, effective marketing strategies should be developed by the players to ensure that the companies are as competitive as possible. Clarity of marketing strategies is crucial, Muchiri (2010) advises that marketing strategies should not be confused with a marketing objectives or goals but rather a marketing strategy should describe how an organization will accomplish the stated goals in a way which is consistent with the business's mission.

1.1.1 Concept of Marketing Strategies

Organization's strategy is a long-term game plan objective which provides a clear road map on goals in order to achieve the corporate mission (Norman and Gaither, 2004). These strategies are embodied in the companies' business plan, which includes a plan for each functional areas of the business. All organizations are environment dependent and the link between any organization and its environment is the strategy it adopts. For organizations to remain competitive in the dynamic, complex and unpredictable environment, successful development of its strategy for its various functions is critical. Organizations at functional level use strategy to determine goals and objectives identify necessary courses of action and provision of resources necessary to achieve the set objectives both at organization and functional level (Chebat, 2009).

Effective strategies are therefore necessary for organization competitiveness. Companies in various industries are developing different strategies to market their goods and services and ensure that the company is as competitive as possible. A good marketing strategy that is competitive should begin with a proper analysis of the business environment and include a comprehensive understanding of the strategic limitations of the same environment. Grant (2012), advises that it is largely necessary to try to understand many aspects of the external business environment, which includes cultural, economic, technological, political and legal aspects as it generally considers the market competitiveness.

Given that a marketing strategy is a description of detailed and specific actions that are to be practiced over a period of time to accomplish the organizations' goals. Proper understanding of the market that the company operates in, is crucial in developing effective marketing strategies that are competitive as possible. As companies develop these strategies, different marketing plans should be stretched over the years, with small sub-plans to be covered each year, although as the speed of the retailing environment increasingly becomes dynamic to change, time margins become shorter (Dess and Davis, 2010).

1.1.2 Concept of Company Competitiveness

The competitiveness of milk processing companies in Kenya is directly linked to the strategies they put in place in order to position themselves better. Porter, (2000) posits that there are three main strategies that companies need to use to remain competitive; focus strategy, where an organization identifies, targets and satisfies the specific needs of

a particular segment, cost leadership strategy where a organization endeavors to produce its goods at the lowest possible cost thereby reflecting in the final prices as well as differentiation strategy whereby a firm invests in unique product innovations so that products to stand out from their competitors.

As much as competition may be high in the dairy sector, Stone (2011) states that through a strong brand and consistent product innovation an organization can be as competitive as possible. Therefore, there is need to consider ways in which organizations can become more competitive such as by raising their customer base through methods like engaging agents and brokers especially in regions that have not yet been covered by the organization. The company, in this case, will require good strategies that are not only objective but realistic in nature. Therefore effective marketing strategies are crucial for the achievement of company's goals and objectives in terms of competitiveness.

1.1.3 Dairy Industry in Kenya

Kenya's Legislature, in December 18th, 2012 passed the Agriculture, Livestock, Fisheries and Food Authority bill whose objective was to change Kenya's agricultural sector into a commercially-oriented and internally competitive industry. The reform was meant to help Kenya reform agricultural production, improve service delivery and reconcile the regulatory and legal framework of government programs (Global Agricultural Information Network, 2010).

Dairy farming in Kenya is widely practiced in the Rift valley and Central regions, the regions with which bring in the bulk of the milk. The rest of the provinces produce milk but in lesser quantities. The dairy market in Kenya is dominated by four key players

which include Brookside Dairy Limited, new KCC, Githunguri Dairy Co-operative Society and the Sameer Agriculture and Livestock Ltd as the latest entrant (Kenya Dairy Board, 2013). Other average level dairy processors include Kinangop Dairy Ltd, Meru Dairy Cooperative Society and Kabianga Dairy.

Dairy companies in Kenya are increasingly moving towards acquisition of medium level and small dairies. Brookside Dairy, owned by the family of the Kenya's first President, is one such company that has conducted several buy-outs, being Ilara, Delamere, Spinknit (makers of Tuzo brand) and the recently acquired Buzeki (Molo milk brand), in the past few years registering more market growth of up to 44% compared to the other three major players. The dairy is also aggressively moving to capture the East African Counties with latest reports of its interest in the Nigerian market. New KCC on the other hand rides on its strong brand awareness due to its many years of existence in the Kenyan market with its country wide operations since its establishment in 1925 as a creamery co-operative.

Intensive advertisement in print media has also been applied by the other major players as a strategy geared towards increasing sales and the companies' market share. A lot of product research and diversity has also been consistently seen by these companies to increase their market share and overall profitability.

1.1.4 Kinangop Dairy Limited (KDL)

Kinangop Dairy Limited was first established as Mukulima Creameries Limited in the year 1999. It was formed with the aim of buying, processing, packaging and distribution of dairy products acquired from the rich milk region of North and South Kinangop. As its

scope of operations widened, Mukulima Creameries Limited later changed its name to Kinangop Dairy Limited in 2006.

Kinangop Dairy limited kicked off its operations through a fresh milk contract arrangement. It later opened its own milk processing and packaging factory with its original brand name as 'Jamaa Fresh Milk' and thereafter launched 'Kinangop Fresh Milk brand'. The plant processes raw milk to various products which include various brands of yoghurt, pasteurized milk and extended shelf life milk. It has expanded rapidly in the recent times and has some of the newest milk processing technology suited for African industry. It is the only privately owned dairy processor within Nyandarua County.

1.2 Research Problem

Effective strategies are important to any organization that is keen on its performance and market competitiveness. Gregory (2006) warned that if any company is going to compete well in any industry then it must put in place strategies that are able to help the organization perform well. There is need for the organization to develop effective cost leadership, differentiation and market segmentation strategies. For any organization to continuously perform well in the market then it is important that it develops uniqueness and differentiation in terms of product and service. This should also strategically focus on the proper situational analysis of the ever competitive market (Phillips and Peterson, 2011).

Kinangop Dairy Limited is an upcoming medium level dairy which has invested in high – end machinery and has great potential for growth. Kinangop currently distributes its range of products, which include fresh milk, flavored yoghurt and premium gold milk, to Nairobi and its environs but with the introduction of their long life milk, it has widened distribution operations to Eastern, North Eastern, Coastal and Western and Nyanza regions. It however operates in a competitive environment with big players controlling about a third of the market affecting its competitiveness. For the company to be competitive enough, it needs to adopt effective marketing strategies to market its products.

Studies on marketing strategies show the importance of these strategies on the competitiveness of any company. Obrien (2009) did a study on factors to be considered while being a market leader, points out that cost leadership strategy is devised to produce goods and services cheaper than the competitors by emphasizing on effective scales of operation. Stein (2013) did a study on the effectiveness of marketing strategies in manufacturing industry, stated that a good strategy seeks to secure a larger customer base by building brand loyalty, a steady supply chain, and extra distribution channels as tactics to block competitors from entering the market.

Kibet (2012) did a research on the market-focused strategy formulation in the manufacturing companies in Kenya, established that proper strategy formulation influences the company's performances. A study done by Kimeu (2013) on the challenges facing the dairy sector in Kenya highlighted that many dairy companies continue to face challenges from international competitors due to poor processing and packaging methods while Okwiri (2014) did a study on the future of dairy farming in

Kenya, warned that the dairy products in Kenya will continue to suffer unless the local companies adapt the modern processing technology in order to be competitive in the international market. While there have been studies done on the marketing strategies for different fields of operations such as the manufacturing industry in Kenya and beyond, the dairy industry in Kenya continues to face challenges with big players controlling the market. The study will contribute to the knowledge gap on the specific marketing strategies to be used to increase competitiveness in the dairy industry. Therefore, what marketing strategies are to be applied by the dairy industry to improve company competitiveness?

1.3 Research Objective

The objective of the study is to establish the marketing strategies to be adopted by the dairy industry to improve company competitiveness with reference to Kinangop Dairy Limited.

1.4 Significance of the Study

The findings of this study will be of assistance to future researchers as well as academicians who may have an interest in studying the Dairy industry in Kenya and beyond. Being there no specific studies done on the marketing strategies of dairy industries, this study will provide additional knowledge to other researchers on the marketing strategies that can be used to improve on the competitiveness. The study will be beneficial to the dairy farmers and those who endeavor to explore the field, in the future, as a source of living. The marketing strategies captured in the study, when put into

practice by the dairy farmers, will enable them be competitive thereby bringing about increased profits and in the long term contribute in building the country's economy.

The study will also be useful to the government by enabling it come up with policies that will help bridge any existent gaps in regards to the dairy industry. The policies will bring about strategies that in the long run will see to it that the country maintains a constant supply of dairy products all year round and also make the dairy industry a leading income earner for the country both through exports and local sales.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter contains a review of the prior studies and the conceptual framework that provides a schematic relationship between the variables under investigations. The idea behind the review is to explore the available studies from other scholars and researchers who have done studies on the same field under investigation. The literature reviewed will provide a guide to this study and offer detailed analysis of these past studies in order to avoid the duplication of previous work.

2.2 Theoretical Foundation

This study will be anchored on the theory of dynamic capabilities, which focuses on the ability of an organization to purposefully adapt its resource base in order to enable it to, build, integrate and reconfigure internal and external capabilities to address the rapidly changing environments (Tecee, 2011) and Ansoff's product/market growth matrix which implies that an organizations' attempt to expand depends on whether it markets its new or current products in new or existing markets.

2.2.1 Dynamic Capabilities Theory

This theory refers to the capacity of an organization to purposefully create, expand or change its resource base to meet the dynamic business environment (Helfat et al., 2007). The basic idea behind the theory of dynamic capabilities, is that core competencies should be used to transform short-term competitive positions and use them to develop longer-term competitive advantage.

This theory posits that, in order for a firm to thrive and acquire long term success it should be in a position to adapt to and promote change such as investing in research while operating in today's dynamic environment. In reality however, there is no such thing as a generic capacity to adjust to change but for companies that develop specific dynamic capabilities that will enable them to move more aggressively in times where rapid change takes place, the odds are higher that they will succeed (Helfat, 2013).

2.2.2 Ansoff's product/market growth matrix

Ansoff's product/market growth matrix suggests that a business's attempt to grow depends on whether it markets new or current products in new or existing markets. The output from the Ansoff product/market matrix is a series of suggested growth strategies which set the direction for the business' strategy.

Market penetration is a growth strategy formulated by Ansoff where an organization's attempt to focus on selling current products to existing markets. This strategy seeks to accomplish one key objective which is to increase the market share of existing products. A successful outcome of this strategy can be achieved through a blend of aggressive pricing strategies, advertising, sales promotion activities and additional resources directed to personal selling. Securing control of developed markets and reorganizing a stable market by pushing out competitors would require an aggressive promotional campaign, supported by a pricing strategy that is intended to make the market unattractive for competitors and thereby increasing consumption by the current customers.

On the other hand market development is the approach that is based on expanding into new geographical markets with the company's existing products. Such is seen when an organization is seen to export its product to a new geographical location for example a new country. In this case an organization employs tactics like new product dimensions or packaging, new distribution channels such as moving from selling via retail to selling using e-commerce and mail order and different pricing policies to attract different customers and to create new market segments (Husband & Mandal, 2009).

Product development is another strategy under Ansoff's product/market growth matrix where an organization purposes to introduce its new products into the current markets. This strategy requires the development of new skills that will necessitate the business to develop improved products which will be attractive to the existing markets and suitable for a business which its products need to be differentiated in order to compete with other products in the market.

Finally diversification is also a strategy developed by Ansoff, which proposes that an organization markets new products to new markets. This strategy is considered a high risk strategy because the business moves to invest in new markets in which it has little or no experience in (Husband and Mandal, 2009). In order for an organization to implement this strategy, it must have a distinct concept of what it intends to gain from the strategy and an intensive assessment of the risks involved. However, the strategy is considered highly rewarding if the right balance between risk and reward is attained.

2.3 Marketing Strategies and Company Competitiveness

Marketing strategies can be defined as long term goals which an organization puts in place to help it achieve competitive advantage over its rivals. Porter, (1985) purports that a firm's profitability, whether above or below average, depends on how it positions itself in its business environment. Porter's three competitive strategies help an organization understand its current competitive strength in the business environment it operates in. The strategies include cost leadership, differentiation and focus.

2.3.1 Cost leadership and Company Competitiveness

The cost leadership strategy implies that, cost of goods experienced by an organization ultimately determines the final price of the product which will eventually determine whether the customers will purchase the product or not. This strategy focuses on attaining competitive advantage by being the lowest cost producer in the industry (Porter, 1987). In order for an organization to achieve a low-cost advantage, it must acquire a low-cost leadership strategy, low-cost manufacturing, and a workforce devoted to the low-cost strategy (Malburg, 2012). This strategy mostly applies when an organization wants to appeal to price-conscious customers and such organizations end up enjoying economies of scale leading to a larger market share than their competitors. For company to achieve an effective cost leadership strategy, the firm must have acquired a large market share (Hyatt, 2011).

O'Brien (2009) while evaluating factors to be considered while being a market leader, pointed out that the actual basis of cost leadership competitive advantage is having an overall lower cost than competitors on the same goods and services. This requires the

organization to be better than competitors on efficiency in production, cost control and constantly searching for creative and innovative ways of cutting costs. Successful low cost organizations achieve cost advantages by thoroughly pursuing cost savings throughout the activity cost chain. A cost leadership strategy is intended to produce goods or services cheaper than competitors by emphasizing on efficient scales of operation. When a firm designs, produces, and sells a similar product more efficiently than its competitors as well as having a market scope that is industry-wide, it means that the firm is carrying out the cost leadership strategy successfully (Brooks, 2013).

2.3.2 Differentiation and Company Competitiveness

Differentiation is a strategy whereby marketing techniques are applied by a firm to establish strong identity in a specific market. By implementing this strategy, an organization will create different varieties of the same basic product under the same name into a particular product category and thus cover the range of products available in that category. Differentiation strategy can also be referred to as a technique of brand positioning such that products are differentiated from their competition and a unique image is established, (Davidow & Uttal, 2009).

Proper understanding of this strategy is important, for its success and application in real market operation. Differentiation is a strategic approach under which an organization seeks to design, develop and market unique products for different consumer segments. Baum and Oliver, (2013) advises that differentiation strategy is usually applied where an organization has a distinct competitive advantage in the market and can as well maintain an expensive advertising campaign. Differentiation appeals for the design and

development of a product that offers unique features that are perceived and valued to be different from the products of the competitors. These unique product characteristics, gives an organization a competitive niche from its competitors. This strategy brings out the ability of the firm to sell its differentiated product at a price that exceeds what was incurred to create it thereby allowing the firm to outperform its rivals and earn above-average returns (Davis & Dess, 2014).

As pointed out by Jefferson (2012) on understanding market drivers in commodity industry in Malaysia stated that, differentiation strategy seeks to create a competitive advantage by offering the market unique products which are distinguished by valuable features, such as quality, style, innovation, and customer service. Albert (2012) on types and application of market segregation methods advices that geographic segmentation is essential and can be considered as the first step to achieving international marketing, followed by demographic and psychographic segmentation.

Once an organization's focus increases, their competitiveness in that market segment will increase. If the company is focusing on the youths, their brand recall and equity with youths will automatically be very high. This will make the chances of a new competitor entering the market low thereby increasing the company's market share and eventually increasing brand loyalty of the product. As admitted by Riley (2012) market segmentation also increases competitiveness of a firm from a holistic view.

2.3.3 Focus and Company Competitiveness

Focus strategy can also be referred to as segmentation strategy which involves dividing a wide target market into subsets of consumers, businesses, or countries that have, or are

perceived to have, common needs, interests, and priorities, and then designing and implementing strategies to target them. As pointed out by Mogeni (2010) on the effective marketing strategy for highly consumable goods in Kenya that effective market focus provide companies carrying out this activity with an interesting marketing avenue to reach their customers in a wider area.

This strategy is mostly practiced by small business owners whose main focus is not competing for market share but satisfying the needs of its niche market. According to Porter (1985) the focus strategy is divided into two variants one being cost focus where a firm exploits the different cost behaviors in a segment the other being differentiation focus where the unusual needs of the buyers is focused on through the product. If a company has better focus, obviously the company will have better returns

In order for a firm to achieve competitiveness, it should identify segments of similar demand, target the segments of demand and develop specific marketing mixes for each targeted segment. Focus strategy is an effective technique used to increase the attention of a firm on specific market segments that it chooses to focus on. If a company has better focus, eventually the company will yield better returns. Barney (2001) notices that lately many automobile companies have started focusing on the segment of small car buyers. This is simply seen as a company choosing to change its focus for better returns. Companies therefore base their strategy completely on a new segment increasing its focus which brings about and profitability. Small business owners should therefore make use of this strategy as it increases competitiveness, brand recall, brand equity and customer retention.

Helms (2011) did a study on market segmentation and targeting in a competitive market, pointed out that an organization cannot devise a market strategy without segmenting the market first. On the other hand Husband and Mandal (2009) advises that if a company does not segment its market, then it does not know whom they have to sell and what they have to sell. This therefore brings out the importance of focus strategy in creating competitive advantage for an organization.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design whereby the researcher defines the general approach that was applied in conducting the research project. It describes the data collection processes and the tools that were used in obtaining data in this research; the process of data analysis, the study design, the target population and size, together with the sampling technique to be used in the research.

3.2 Research Design

Research design is the plan, scheme or outline that is used to generate answers to the research problem, it basically entails the plan and structure of study. The research design used for the study was descriptive research which generally seeks to determine factors associated with certain outcomes, conditions, occurrences or types of behavior in regards to the study. Descriptive research can be defined as a scientific approach of investigation in which data is collected and analyzed in order to describe the current conditions, terms or relationships concerning a problem (Mugenda and Mugenda, 2003).

According to Cooper & Schindler (2001), a descriptive study answers the questions of who, what, when, where and how of an occurrence and it is connected to topic of the study. The study was formulated with the intention of determining the marketing strategies to be adopted by dairy industry to improve company competitiveness with reference to Kinangop Dairy Limited. With regards to the study, it can be seen that there are some variables that cannot be quantified and only these can be expressed with the help of descriptive statistics.

3.3 Data Collection

The study mostly relied on primary data which was collected through the use of an interview guide which was the main tool for data collection. The researcher, as the interviewer and the target population as the interviewee, conducted the interviews at Kinangop Dairy Limited Head Offices in Nairobi and focused on the General Manager sales, General Manager Operations and the Marketing Manager. The guide included a set of few questions asked in a logic sequence to help in the collection of the required data. A face-to-face interview approach was used which enabled the capturing of verbal and non-verbal ques.

Primary data is the data that is collected for the first time by a study and was collected from the respondents through well designed questions to guide the whole process. Primary data this case was the main data that was gathered for the purpose of the research and provided much of the actual facts from the field. The data collected is also referred to as raw data since it had not been interfered with in any way and was only made available by the research study.

3.4 Data Analysis

The data was collected through interview guides, was sorted, edited and cleaned. According to Harper and Westfall (1989), coding is the step where by researchers assign respondent's answers to pertinent responses categories, thereby expediting the tabulation. The researcher used content analysis which is a technique that helps to make valid and replicable inferences by deducing and coding textual content and thereby systematically

analyzing texts such as oral communication and graphics thereby allowing qualitative data to be converted to quantitative data.

Content analysis method enables the researcher analyze large amounts of textual information by systematically identifying their properties, such as the frequencies of most used keywords and then locating the more important structures of its communication content. Such amounts of written material must be categorized to provide a meaningful reading of the content under scrutiny (Cooper & Schindler (2001)).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents results and discussions of the topic of study from the gathered data through the interviews conducted through frequency tables and percentages with clear interpretation of each finding on the marketing strategies to be adopted by the dairy industry to improve company competitiveness with reference to Kinangop Dairy Limited.

4.2 Results of Findings

4.2.1 Bio Data

The analysis of the study shows that all the respondents were male with none of the respondents covered by the study being female. The findings of the study show that the top management, concerned with the development and the implementation of marketing strategies in the organization is dominated by men. The study shows that the management staff all had Masters Degrees which were business related and therefore had the ability in the development and the implementation of marketing strategies in the organization.

The study covered the top three department managers in the organization that are involved in the development and the implementation of marketing strategies in the organization. They included the general manager sales, the operations manager and the marketing manager. The findings of the study show that the respondents covered by the study were crucial departments in the organization that are related to the development and the implementation of marketing strategies. The ability and presence of able personnel is a crucial resource that can be directed in achieving the organization goals and objective. The basic assumption of the dynamic capabilities framework that

comprises of personnel abilities among other core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantage.

4.2.2 Cost Leadership

Effective cost leadership can be achieved through a proper implementation of the marketing strategies that include a good market growth matrix that as stated by Grant (2012) is a blend of unique marketing activities such as aggressive advertising, competitive pricing strategies, sales promotional activities and additional resources directed to personal selling. For an organization to succeed in securing control of developed markets and restructuring a developed market by pushing out competitors, it would require aggressive promotional campaigns, supported by a competitive pricing strategy aimed to render the market unappealing for the competition and thereby increasing consumption by the current buyers.

Table 4.1: Distribution on cost leadership

Distribution on the representation on the feeling of whether cost leadership affects the competitiveness of Kinangop dairy limited in frequency of responses.				
Response Coding	Cost Leadership	Agree	Don't Agree	Total
1	cost leadership affects the competitiveness of Kinangop dairy limited	3	0	3
2	the company always reviews it prices to stay competitive in the market	3	0	3
3	the company makes more profit when the prices are reduced	2	1	3
4	the company is in the process of reducing the cost of production in order to make the company products more competitive	1	2	3
5	the company prices are competitive in the market compared to the other products	2	1	3

Source: Researcher, 2016

The study found out that all of the respondents covered by the study were in agreement that cost leadership affects the competitiveness of Kinangop dairy limited with all agreeing that either being the best in the market in terms of prices and overall production would help improve the company's competitiveness. All the respondents were also in agreement that the company always reviews it prices to stay competitive in the market though only one of the respondents who is in operations was aware that the company is in the process of reducing its cost of production in order to make the company products more competitive while the others were not aware of whether the company is in the

process of the cost cutting its production expenditure in order to make the company products more competitive.

The findings of the study show that only two of the managers covered by the study believed that the company makes more profit when the prices are reduced. The operations manager was of a different opinion that the company does not necessarily make more profit when the prices are reduced. All the managers covered by the study were of the opinion that the company prices are competitive in the market compared to the other products.

The company can make more profit if they are able to review their prices in the market and compare with what the other companies are offering for the same type of products so that the products are priced effectively according to the market. The company is able to make more profit when the prices are reduced and when the company makes the cost of production as low as possible in order to reduce the prices of various products, makes the company's products more competitive in the market.

4.2.3 Market Segmentation

While all the respondents agree in the implementation of market segmentation as a strategy towards achieving the company's competitiveness, more needs to be done in this area. All the respondents agree with Mogeni (2010) that dividing an expansive target market into smaller groups of buyers, businesses that have, or are thought to hold, common interests, needs, and priorities, and there after formulate and implement strategies to target them is crucial in achieving the company's competitiveness.

Table 4.2: Distribution on Market Segmentation

Distribution on the representation on the feeling on whether market segmentation affects the competitiveness of Kinangop dairy limited in frequency of responses.				
Response Coding	Market Segmentation	Agree	Don't Agree	Total
1	market segmentation affects the competitiveness of Kinangop Dairy Limited	3	0	3
2	company has segmented its market to address the customers' needs in various locations	0	3	3
3	the company is able to focus on the customers' needs more effectively	0	3	3
4	market segmentation is a strategy that Kinangop Dairy Limited should always pursue to remain competitive	3	0	3

Source: Researcher, 2016

The study found out that all of the respondents covered by the study were in agreement that market segmentation affects the competitiveness of Kinangop dairy limited with all agreeing, though all also agreed that company has not segmented its market to address the customers' needs in various locations and therefore the company is not able to focus on the customers' needs more effectively. They agreed that market segmentation is a strategy that Kinangop Dairy Limited should always pursue to remain competitive though the company has not properly explored market segmentation as a strategy that can be used to increase the company's competitiveness in the ever increasing competitive market.

The results of the research also indicate that all the study respondents, including the general manager sales, the operations manager and the marketing manager were in agreement that market segmentation is a strategy that Kinangop Dairy Limited should always pursue to remain competitive.

In conclusion the findings of the study show that the company has not segmented its market to address the customers' needs in various locations though it has not properly explored market segmentation as a strategy that can be used to increase the company's competitiveness in the ever increasing competitive market and therefore more market segmentation should be done to make the company more competitive.

4.2.4 Differentiation

The respondents agree with Davidow and Utta (2009) that by utilizing the strategy of differentiation, an organization can create different varieties of the similar basic product under the same name into a particular product group and thereby covering the variety of products available in that category so as to boost the company's competitiveness in the market.

Table 4.3: Distribution on Differentiation

Distribution on the representation on the feeling on whether differentiations affect the competitiveness of Kinangop dairy limited in frequency of responses.				
Response Coding	Differentiation	Agree	Don't Agree	Total
1	Differentiation affects the competitiveness of Kinangop dairy Limited	3	0	3
2	Differentiation enables the company to increase its product range thereby making it more competitive	3	0	3
3	the company is doing more to ensure that its products are as competitive as possible	0	3	3

Source: Researcher, 2016

The findings of the study illustrate that all the participants of the study were in agreement that differentiation affects the competitiveness of Kinangop dairy Limited and that differentiation enables the company to increase its product range thereby making it more competitive. On the other hand all the respondents who include the general sales manager, the operations manager and the marketing managers were of the opinion that the company is not doing more to ensure that its products are as competitive as possible. On the differentiation technique to be used by the company to improve company competitiveness, two of the respondents thought that frequent branding and product improvement can be applied to make the products stand out in the market.

As much as differentiation affects the competitiveness of Kinangop dairy Limited, the company is not doing more to ensure that its products are as competitive as possible. Differentiation of the market is a good approach in aligning the company's products in the market as explained in Ansoff's product/market growth matrix which suggested that a business' efforts to expand depends on circumstance of it marketing its new or current products in new or existing markets. It is therefore necessary that the company puts in place effective strategies that will ensure that its products are as competitive as possible.

Table 4.4: Distribution on the Company competitiveness

Distribution on the how the strategies can make the company competitive.				
Response Coding	Differentiation	Agree	Don't Agree	Total
1	The firm becomes more competitive by adopting various marketing strategies	3	0	3
2	the company has invested enough in marketing to make it as competitive as possible	0	3	3
3	the company considers different strategies for different markets	0	3	3
4	various marketing strategies that have been adopted by the company are competitive enough	1	2	3
5	effective marketing strategies guarantees company competitiveness	3	0	3

Source: Researcher, 2016

The findings of the study shows that all the managers covered by the study were in agreement that the firm will become more competitive by adopting various marketing strategies though all of them were of the opinion that the company has not invested enough in marketing to make it as competitive as possible as the company does not consider different strategies for different markets. As much as all the respondents covered by the study, two of the respondents were of the opinion that various marketing strategies that have been adopted by the company were not competitive enough though all of them believed that effective marketing strategies guarantees company competitiveness.

The firm becomes more competitive by adopting various marketing strategies and therefore the company has to invest enough in marketing to make it as competitive as possible. For the company to be competitive enough the company should consider different strategies for different markets which the company has not done. The company has not properly evaluated its marketing strategies to make it more competitive in the market.

4.3 Discussions

This study through the dynamic capabilities theory, offers a coherent approach for firms to bring out a prompt and quick responsiveness as well as adaptable product innovation along with the organization's capacity to efficiently manage and redeploy internal and external skills (Tecee, 2011). This has been practiced by the organization where its top management are masters of business degree holders. It emphasizes on the shifting nature of the environment and how organization's management restructures its operations, skills and resources to adopt to the changing environment so as to remain competitive.

The study as well, through the Ansoff's growth matrix, shows identifiable processes such as product development, market development and market penetration as tactics which can be achieved through aggressive promotional campaigns and competitive pricing leading a company to being more competitive. These strategies when applied will bring about growth to the organization and thereafter make the company competitive. Product development as strategy is used to introduce new products to existing markets; Kinangop Dairy Limited can use this strategy to create growth and competitiveness by expanding their product line. This strategy has been applied by Kinangop dairy limited through the introduction of Kinangop long life which has helped them widen their geographical reach to Eastern, North Eastern, Coastal and Western and Nyanza. Market development has been practiced by Kinangop Dairy Limited by its widened geographical reach through the help of the product Kinangop Long life.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section contains the summary of findings obtained from the respondents, conclusions made and recommendations containing the topic of the study. The researcher evaluates the findings and gives recommendations necessary. In conclusion, the study contains the findings recommendations and suggestions for future studies on marketing strategies to be adopted by dairy industry to improve company competitiveness with reference to Kinangop Dairy Limited.

5.2 Summary of findings

The study had suggested that the marketing strategies to be adopted by dairy industry would improve company competitiveness of Kinangop Dairy Limited. Therefore the Dependent Variable (DV) is the « the competitiveness of Kinangop Dairy Limited. ». The measurement of the DV is: the level of agreement of the application of different marketing strategies to be applied by the organization that would improve the company's competitiveness. The study tested factors that might influence the company's competitiveness. The first Independent Variable (IV) is cost leadership which measured how the cost of goods determines the final product which eventually impacts the competitiveness of the product in the market. The second IV is market segmentation which looked into how the market is subdivided and organized. The third IV is differentiation which measured how the company introduces different varieties of the same basic product and its impact on company competitiveness.

The study found out that all of the respondents covered by the study were in agreement that cost leadership affects the competitiveness of Kinangop dairy limited with all agreeing that either being the best in the market in terms of prices and overall production would help improve the company's competitiveness or for the company to always review its prices to stay competitive in the market. Though only one of the respondents who is in operations was aware that the organization is in the process of reducing the cost of production in order to make the company's products more competitive, while the others were not aware of whether that the organization is in the process of cost cutting in the production sector.

Only two of the managers covered by the study believed that the company makes more profit when the prices are reduced. The operations manager was of a different opinion that the company does not make more profit when the prices are reduced. All the managers covered by the study were of the opinion that the company's prices are competitive in the market compared to the other products.

Market Segmentation affects the competitiveness of Kinangop dairy limited with all in agreement, though all also agreed that the company has not segmented its market to address the customers' needs in various locations and therefore the company is not able to focus on the customers' needs more effectively. Market segmentation is a strategy that Kinangop Dairy Limited should always pursue to remain competitive though the company has not properly explored market segmentation as a strategy that can be ventured into to increase the company's competitiveness in the ever increasing competitive market.

The outcomes of the research deduce that all the participants were in agreement that differentiation affects the competitiveness of Kinangop dairy Limited and that differentiation enables the company to increase its product range thereby making it more competitive. On the other hand all the respondents who included the general manager sales, the operations manager and the marketing manager were in agreement of the opinion that the company has not differentiated its products enough to ensure that its products compete effectively with similar products in the market. Two of the respondents thought that frequent branding and product improvement can be applied to make the products stand out in the market.

5.3 Conclusion

A good cost leadership strategy can help the company be effective and competitive in the market. The company can make more profit if they are able to review their prices in the market and compare with what the other companies are offering for the same type of products so that the products are priced effectively according to the market. The company is able to make more profit when the prices are reduced and make the cost of production as low as possible in order to reduce the prices of various products thereby making the company's products more competitive in the market.

Market segmentation is another marketing strategy that can make dairy firms as competitive as possible and therefore for the competitiveness of Kinangop dairy limited market segmentation should be explored as a strategy. In conclusion the findings of the study show that the company has segmented its market to address the customers' needs in various locations though the has not properly explored market segmentation as a strategy

that can be explored to increase the company's competitiveness in the ever increasing competitive market and therefore more market segmentation should be done to make the company more competitive in the market.

The findings of the study show that differentiation affects the competitiveness of Kinangop dairy Limited. As much differentiation affects the competitiveness of Kinangop dairy, the company has not done enough differentiation to ensure that its products compete effectively with other products in the market. Therefore it is necessary that the company puts in place effective strategies that will ensure that its products remain competitive. Dairy companies need to apply these marketing strategies in order to remain competitive. A firm becomes more competitive by adopting various marketing strategies and investing in marketing research in order to study the market and to keep up with the dynamic market trends.

5.4 Recommendations

The company needs to make more profit by considering a price reduction and by making the cost of production as low as possible in order to reduce the prices of various products making the company products more competitive. There is always need to compare the company prices with what is available in the market. The company must always compare what other companies are offering in the market and establish ways that they can match the prices or slightly be lower than them. It is also important that even as this is done the company should not go below the cost price as this may bring losses.

Proper use of cost leadership strategy is crucial in achieving the company's competitiveness as advised by (Hyatt, 2011) that the strategy mostly applies when an

organization wants to appeal to price-conscious customers and such organizations end up enjoying economies of scale leading to a larger market share than their competitors.

There is need for the company to properly segment its market to address the customers' needs in various locations given that this has not been properly explored by the organization as a strategy that increase the company's competitiveness in the ever increasing competitive market. A proper evaluation should be done to identify the various markets needs and products and ensure that these needs are properly addressed. The review must consider the various customers uniqueness and characteristics and develop products and strategies that will ensure that the unique needs of each market segment is properly addressed.

Given that differentiation affects the competitiveness of Kinangop dairy the company should do more to ensure that its products are as competitive as possible and that the organization is able to make different products and marketing approaches to address the varying needs of each market. It is necessary that the company puts in place effective strategies that will ensure that its products are as competitive as possible. Proper understanding of this strategy is important, for its success and application in real market operation given that differentiation strategy is the method under which an organization purposes to develop and sell unique goods or services for different consumer segments. Therefore as stated by Davis and Dess (2014) differentiation calls for the creation of a product or service that presents unique qualities that are valued and deemed different from the products of the competitors. The company could expand its product line by introducing products such as cheese and milk such as low fat milk which will serve a target group that has special needs.

5.5 Limitations of the study

Some of the respondents were not willing to share some information as there was a general concern that they would be revealing company secrets which they were not comfortable bringing about fear of being reprimanded by the organization top management. This fear was overcome by assuring the respondents of top most confidentiality of whatever information they share. They were also given the assurance that the information was to be used only for academic purposes and would not be used elsewhere except the one given for the study.

The target respondents were not accessible at the right time and the researcher had to be patient and make frequent visits. The respondents were also quite busy and always in long meetings making them unavailable. The researcher prevailed upon this limitation by approaching the participants and explaining the importance of the research being carried out.

5.6 Suggestion for Further Studies

There is need for an in-depth study on the long term benefits of marketing strategy implementation in the dairy sector to ensure that the strategies that are proposed by the organization are implemented in the right manner in order to get the required performance. Kenya's economy being largely dependent on agriculture, there is also need for the study of marketing strategies to be adopted in other fields of the agriculture sector such as poultry farming, the food industry and livestock farming in order to support the growing population.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

University of Nairobi,
P. O. Box 30197 - 00100,
Nairobi, Kenya.

Dear Sir/ Madam,

RE: INTRODUCTION LETTER

I am a Master of Business Administration student at the University of Nairobi, specializing in Marketing. I am doing a survey on “MARKETING STRATEGIES TO BE ADOPTED BY THE DAIRY INDUSTRY TO IMPROVE COMPANY COMPETITIVENESS. As a requirement for the completion of my course work, I am required to do a research project and I would like your organization to be part of my study.

The information provided will be confidential and the results of the report will be used solely for academic purposes. I therefore request you to allow me to collect data required for the study.

Thanks in advance.

Yours faithfully,

Catherine Somba

APPENDIX II: INTERVIEW GUIDE

The participants selected for this research should be the staff of Kinangop Dairy Limited Head Offices in Nairobi.

PURPOSE: To understand the marketing strategies to be adopted by dairy industry to improve company competitiveness with reference to Kinangop Dairy Limited.

SECTION A: GENERAL INFORMATION

Confidentiality

This study seeks to get information on the marketing strategies applied by Kinangop Dairy Limited to improve on the company’s competitiveness. Your response will be highly appreciated.

Information obtained from this interview guide will be treated with **utmost confidentiality**.

- Gender**.....
- Age**.....
- Department**.....
- Position**
- Highest Education level**.....

COST LEADERSHIP

- 1 Does cost leadership affect the competitiveness of Kinangop dairy limited?
.....
- 2 Does the company always review it prices to stay competitive in the market?
.....
3. Does the company make more profit when the prices are reduced?
.....

4. Can you say that the company is in the process of making the cost of production lower in order to make the company products more competitive?

.....

5. In your opinion would you say that the company prices are competitive in the market compared to the other products?

.....

FOCUS STRATEGY

1. Has KDL implemented focus strategy and does focus strategy affect the competitiveness of Kinangop Dairy Limited?

.....

2. The company's strategy is meant to meet unique needs in various markets. Can you say that the company has segmented its market to address its customers' needs?

.....

3. Can you say when the market is segmented the company is able to focus on the customers' needs more effectively thereby making it competitive?

.....

4. In your opinion do you think that focus strategy is a technique that Kinangop Dairy Limited should pursue to remain competitive?

.....

DIFFERENTIATION

1. Does differentiation affect the competitiveness of Kinangop dairy Limited?

.....

2. Differentiation enables the company to increase its product range thereby making it more competitive. In your opinion has the company done enough in terms to differentiation?

.....

3. Considering the present situation, is the company doing more to ensure that its products are as competitive as possible?

.....

4. In your line of operation what differentiation technique do you think can be applied to make the products stand out in the market?

.....

COMPANY COMPETITIVENESS

1. Does the firm become more competitive by adapting the various marketing strategies?

.....

2. In your opinion do you think that the company has invested enough in marketing to make it as competitive as possible?

.....

3. Would you advice that the company to considers different strategies for different markets?

.....

4. Do you think that the various marketing strategies that have been adapted by the company are competitive enough?

.....

5. In your opinion do you think that effective marketing strategies guarantees company competitiveness?

.....

THANK YOU FOR YOUR PARTICIPATION