BRAND POSITIONING STRATEGIES AND COMPETITIVE ADVANTAGE OF THE FIVE STAR HOTELS IN NAIROBI

BY

STELLA NYAMBURA KILONZO

A Research Project Submitted in Partial Fulfillment of the Requirement for the Award of degree of Master of Business Administration, School of Business

University of Nairobi

October, 2012

DECLARATION

I hereby declare that this research is my original work and has not been presented for a degree in any other University.

Signed_______________________________ Date _______________________________

STELLA NYAMBURA KILONZO

D61/66967/2011

This research project has been submitted for examination with my approval as the University Supervisor.

Signed_______________________________ Date _______________________________

DR. AWINO, Z. B, PhD

Senior lecturer,

Department of Business Administration, School of Business

University of Nairobi

ACKNOWLEDGEMENTS

I am indebted to God for having enabled me complete this MBA program. His abundant love, care and grace throughout this period and having cultivated in me a profound hope and faith that my prayers have been answered. Thank you Lord!

I owe my supervisor DR. Awino Z B special gratitude for his immense support and guidance. His positive criticism greatly enhanced and enriched this study. Thank you for your patience and for being so willing and available during the research project. I must say that I was blessed to have you as my supervisor.

My heartfelt gratitude and appreciation goes to my friends and colleagues. Special thanks to all my friends for your continuous support and encouragement and having been helpful in proposing useful amendments to this research project.

DEDICATION

This project is dedicated first and foremost to the almighty God whose providence, grace and care I cherish.

My Mother Alice Kilonzo – Thank you and I love you.

My loving friends Caroline Anunda, Mary Nderitu, Christine thanks for not only for your support, but for always being there for me.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

Five star hotels are placing a focus on the brand positioning strategy, it is necessary for the hotels to strategically find a way to get a competitive advantage over the others as a market strategy, as there exists several competitors. This study focused on the brand positioning strategies adopted by five star hotels in Nairobi and the relationship between brand positioning strategies and competitive advantage achieved by five star hotels in Nairobi. Among the findings, it was observed that application of various brand positioning strategies was above average with quality positioning and problem/solution positioning being the most applied strategies. On the other hand, the hotel industry is viewed not to prioritize rivalry-based positioning and benefit-driven positioning types of brand positioning. Competitive advantage of various brand positioning strategies was above average, where the respondents agreed with the fact that increased clientele loyalty was the greatest competitive advantage from brand positioning strategies. On the other hand, the hotel industry did not gain a big competitive advantage of more inelastic customer response to price increase these was as a result of price insensitivity in the industry. .

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In a stable environment, firms can exploit their historical strength. However a firm surviving in a dynamic and highly competitive environment is very difficult unless it engages in different strategies, Dierdonck (1988) Analyzing sources of competitive advantage the special emphasis should be given to the capabilities. Ulrich and Lake (1991) contend that three traditional means of gaining competitive advantage (financial, strategic and technological capabilities) describe only a portion of what managers need to do. They stress organizational capability as a critical source of competitive advantage, which is based on the premise that organizations do not think, make decisions, or allocate resources, but people do. They argue that people issues should be managed simultaneously with other strategies. Managers who are able to understand and integrate all four sources are more likely to build competitive organizations.

According to Porter (2001), sustained profitability is the only measure of economic value. He defines two fundamental factors that determine profitability: industry structure, which determines the profitability of the average competitor; and sustainable competitive advantage, which allows a company to outperform the average competitor. Porter emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not necessary for a good economy.

Comparative advantage, can lead countries to specialize in exporting primary goods and raw materials that trap countries in low-wage economies due to terms of trade. Competitive advantage attempts to correct for this issue by stressing maximizing scale economies in goods and services that garner premium prices (Stutz and Warf 2009).

Sommerville (2007) the hospitality industry covers a wide range of organizations offering food service and accommodation. The industry is divided into sectors according to the skill-sets required for the work involved. Sectors include accommodation, food and beverage, meeting and events, gaming, entertainment and recreation, tourism services, and visitor information. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources

Harsha (1997), one of the most effective tools in hospitality industry branding is the brand position strategies as it evokes an image of a hotel in the customer's mind that differentiates it from the competition. Okutoyi (1992) states that brand positioning strategies have an important role in helping businesses position themselves in an industry. Effective brand positioning may enable a business to influence the environment in its favor and even defend itself against completion. Aaker (1992) also adds that given the current focus in business, there is need to understand competitor strengths in the market and the position of one's offerings to take advantage of weakness and avoid clashes against strengths. Brand Image to a five star hotel is very important as it is the one that creates that differentiation and enables the guests to make a choice of preferring this five star hotel to the other.

1.1.1 Brand Positioning Strategies

Brand positioning strategies seeks to create unique identity and position for its products, services and ensures that both product and organization create value beyond that of their competitors (Ind, 1997). Brand positioning strategy can create added value for the corporation and implement its vision and create unique position in the marketplace. Also it can enable the corporation to bring further leverage to its tangible and non-tangible assets. It is a degree of endorsement by the parent brand that has two extremes: First, the uniformity model where both the corporate level and the business units are all positioned and profiled. Second, the variety model where business units are different from the corporate level (Van Riel and Bruggen, 2002).

Van Riel and Bruggen (2002), defined the brand positioning strategy as a systematically planned and implemented process of creating and maintaining a favorable reputation. They also said its constituent elements by sending signals to stakeholders used the brand positioning. Some factors impact the crafting strategy of the brand positioning. Corporate strategy, business model, organizational culture, pace of innovation, added-value lever, resources and brand vision are factors that should be taken into account when choosing a branding strategy (Kapferer, 2008). Strategic branding is critical to an organization because it takes into consideration fundamental changes in the environment thus making firms proactive rather than reactive, a consumer should easily identify that for a given need or want this is the brand. So for successful brand positioning, following points are of utmost importance for companies; target consumer, main competitors, point of similarity with competitors and point of difference with competitors. (Bett, 1995).

As already mentioned, there are some factors which affect successful brand positioning strategy when the strategists of the organization select brand positioning strategy as a source of competitive advantage for parent and for obtaining the other goals of the organization. Although brand positioning strategy can be beneficial, if it is not managed accurately and thoroughly it can backfire on an organization, consequently, a holistic approach is necessary to appraise the effectiveness of the brand positioning strategy (Kapferer, 2008).

1.1.2 Competitive Advantage

Competitive advantage denotes a firm's ability to achieve market superiority (Evans and Lindsay, 2011). This concept is the core for strategic management as every organization searches for a vantage point that could deliver competitive edge against the rivals. Porter provided a framework that models an industry as being influenced by five forces, (Porter, 1985). His advice was that the strategic business manager seeking to develop a competitive advantage over rival firms can use this model to better understand the context in which the firm operates. One way of gaining competitive advantage over rivals is achieving a better cost advantage; another way to competitive advantage is product differentiation (Porter, 1985). Product differentiation by itself will be of little value unless the difference so achieved attracts and captures the imagination of customers. The needs and wants of the customer must be entrenched in the business process from customer surveys, to design, to production, to delivery, and use, if the customer is to be truly satisfied (Evans and Lindsay, 2011).

Peteraf (1993) defines competitive advantage as sustained above normal returns. Barney (2002) indicates that a firm experiences competitive advantages when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. Barney goes on to tie competitive advantage to branding, arguing that firms get competitive advantage when it repositions its Branding strategy. Cool (2003) echoed Barney (2002) in arguing that competitive advantage is not obtained from freely tradable assets. From the foregoing discussions from different authors, it is evident that competitive advantage implies a firm having better returns than competing firms or offering a better product and/ or services to the market.

1.1.3 Hospitality industry in Kenya

The hotel industry in Nairobi is a mature industry marked by intense competition. Market share increases typically comes at a competitor's expense. Industry-wide, most growth occurs in the international, rather than the domestic, arena (Kamau, 2010). In Nairobi, Hotel industry is regarded as an 'economic boon' and a valuable asset to the national economy (Ondicho, 2000; Government of Kenya (GoK), 2007).

This is because it is the second largest contributor to the country's foreign exchange earnings after agriculture. It contributes about 12.5 percent to the country's GDP after agriculture which generates about 25 percent (GoK, 2002). In addition, it generated export income of about 48.9 billion Kenya shillings for the country in 2005 (GoK, 2006). Apart from foreign exchange it is a source of employment contributing to 8.7 percent of Kenya's total employment (WTTC, 2008). Following this, Hotel industry is one of the key pillars for growth under Kenya's vision 2030. Hence, this sector may be a primary means of realizing the goal of economic development of undeveloped regions by linking Hotel industry operations to local suppliers.

1.1.4 Five Star Hotels in Nairobi

Mwaura (2003) Rating of different hotels is done by the ministry of Tourism through a rating body that follows a very detailed and prescribed system where the terms and condition to be met are well tabulated and circulated way in advance to the Hotel Operators to be assessed. Currently there are One, Two, Three, Four and Five Star rated hotels in Kenya. Any hotel that feels their rating was not properly done have recourse of applying for the second rating through the strong association of Hotel Keepers. This survey will only dwell on the five stars Hotels in Kenya. Rating is done on a regular basis and at least once in a year. The rating committee has the right to upgrade or downgrade a Hotel depending on the condition and points scored during the assessment. There are well laid down conditions and facilities the Hotel has to meet for rating among them being Rooms-size of the rooms, Beds, Wash rooms, Fitness Facilities, Kitchen Equipment, unsuited or not and the condition like air conditioning, floor status and the location of the hotels.

Kariuki (2006) Food and Beverage is the second most important aspect in Hotel industry apart from rooms, issues like Menu available, Restaurants that are currently in operation and their conditions, Choice of Food and Beverages available, different cuisines in the Restaurant, the Décor of the Restaurants and general appearance are taken into consideration. Staffing is key for the Five Star Hotels, the quality of staff is important especially the Front Office staff who will welcome, check in and communicate with the guests. They are mostly required to have to more than one international language in addition to English i.e. French, German, Swiss, Chinese, and Spanish as an additional language spoken and written.

Health Club Facilities- availability of facilities that will help the guest relax and enjoy their stay is important. In the Five Star rated Hotels other facilities like Swimming Pool whether heated or not, size and shape comes in. Gym facilities- where the issue of type and number of machines and their reliability counts, the training of the Health Club instructors, Saunas and Jacuzzis. Other Facilities- these will be additional facilities that are available in the Hotel that will make the Guest stay more memorable like Business Center- where they can have internet and other communication facilities, Curio Shops where they can buy souvenirs, Mini Bars in their Rooms-where they can entertain themselves in their rooms, Entertainment- resident bands, music facilities, theme nights, guest transport- pick and drop facilities available. Some Hotels that were previously rated as Five Star may have been dropped to Three Star, they have appealed for reclassification and hence they will also be treated as Five Star for the purpose of this survey, Nairobi Safari club being a good example (Kariuki, 2006).

It has been noted with the globalization of the world's market, the normal travel has very wide choice of preference and with the internet facilities; one can easily get access into information so as to make judgment as to where to stay. This is more so with international travelers who in most cases will be Tourist or a Company executive attending a meeting in a different country. With this trend of informed travelers it is apparent that the Hotel, which will be chosen, must have the particular competitive advantage over the others that is why two Hotels in the Five Star category, within close proximity to each other will have different room occupancy at any particular time (Mwaura , 2003: Kariuki, 2006).

1.2 Research Problem

There is general agreement that the concept of positioning has been one of the fundamental components of modern marketing management (Hooley et al., 2001). Its importance is further supported by evidence that indicates a positive relationship between company performance (in terms of profitability and/or efficiency) and well-formulated and clearly-defined positioning activities Porter (1996), Dovel (1990) contended that positioning shouldn't be just a part of the strategy, but should be the backbone of any business plan. In recent years the concept of competitive advantage has taken center stage in discussions of business strategy. Statements about competitive advantage abound, but a precise definition is elusive. In reviewing the use of the term competitive advantage in the strategy literature, the common theme is value creation.

The stiff competition among the Hotels in Nairobi, entry of other players competing for the same service, especially the lower rated Hotels plus the many Guest Houses have led to the hotels in Nairobi to institute competitive strategies to guarantee their performance. The competition has increased with the current government directives of public related organizations. Currently there is a cut throat competition which has seen some Hotels in Nairobi being placed under receivership and it is only with competitive strategies being put in place that will guarantee the acceptable performance of the Hotels Nairobi.

Five star hotels are placing a focus on the brand positioning strategy, it is necessary for the hotels to strategically find a way to get a competitive advantage over the others as a market strategy, as there exists several competitors. Mittra (2001), states that the successful positioning can only be achieved by adopting a customer's perspective and by understanding how customers perceive products in the class, and how they attach importance to particular attributes that can be grouped under a construct (Kakunu, 2010). Branding also represents an investment which creates an incentive to maintain quality and customer satisfaction (Sure, 2005), this may give the potential customer some assurance when selecting a product. Furthermore, Kibanga and Kimotho (2006) specified that brand image is the different perceptions and beliefs consumers held, as reflected in the associations consumers' memory may grasp, The brand identity and positioning is central to developing strong customer base and brand equity. The target market and the perceived differentiation from competitors are core concepts of positioning Kinuthia (2002).

Many of the research studies on brand positioning strategy have not specifically been concerned with the relationship and the interplay of specific factors and their association to competitive advantage success and failure. In order to determine factors to be considered by five star hotels in their brand positioning strategy, and the factors contributing to competitive advantage additional research is required. Thus, there is a compelling need to establish the brand positioning strategy used by five star hotels to gain competitive advantage Based on the above information there is need for the investigation of brand positioning strategies and competitive advantage by five star hotels in Kenya, hence we have the following questions, what are the brand positioning strategies adopted by Five star hotels in Nairobi? What is the relationship between brand positioning strategies and competitive advantage achieved by five star hotels in Nairobi?

1.3 Research Objectives

This research was carried out in order:-

(i) To establish the brand positioning strategies adopted by five star hotels in Nairobi.

(ii) To determine the relationship between brand positioning strategies and competitive advantage achieved by five star hotels in Nairobi.

1.4 Value of the study

Policy makers will enrich their knowledge and this will enable them to make more informed decisions and choices pertaining to Brand positioning strategies and competitive advantage. This is good for both companies in aligning their Brand position strategy and also for competitive advantage.

The research will be beneficial to the ministry of tourism as it observes how different Brand positioning strategies are formed and the reasons behind their formation. This research will add to the theory of Brand positioning strategies and competitive advantage literature as these is new concept in the hotel industry especially in Africa. In practice this research will inform and guide hotel industry and precisely the managers of five star hotels and new entrants in the hotels industry to gain competitive advantage through Brand positioning strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with the theories behind competitive advantage and also reviews literature related to the study on Brand positioning. It specifically looks at the Concept of brand positioning, brand positioning strategy, competitive advantage, brand positioning and competitive advantage.

2.2 Concept of Brand Positioning

One of the most important aspects of a brand positioning in the product category is how different or similar the brand is perceived to be in comparison to other brands in the product category (Sujan and Bettman, 1989). Therefore, brand positioning influences the purchasing decisions in a way that consumer sees the brand as unique, true and the one which meets his/her needs.

Brand knowledge comprises of brand awareness and brand image contribute to establishing of customer based brand equity. The process is gradual and requires in-depth understanding of consumer mind. Connection between brand and consumer leads to long term partnership and loyalty. And, continued support to marketing efforts of the company. So when a company is trying to build up brand knowledge, Brand Positioning becomes very much relevant. For example, Apple and Windows both are well known brand. Consumers are aware that they both are computer brands dealing in entertainment, but Apple stands for style, cool quotient, iPod, whereas Windows stands for world class operating system, quality. Consumer can easily identify point of similarities and points of difference between the two brands. This process of creating point of similarities and points of difference in consumer’s mind is called Brand Positioning, to identify target consumer we must narrow down target market. A market comprises of cluster of individual with similar behavior, referred to as segments. These segments can be defined on basis of personal consumption profile, which includes marital status, consumption of product, usage rate of product and expectation from product. Another is demographic which includes age, sex, income level, race and family. Further segmentation can be done on location, if consumer, that is whether they are local or global. Other segmentation can be done on basis of emotional profile, which includes personal belief and values, chosen lifestyle and religious affiliation.

The idea of positioning, although it relates to the modern branding strategies, dates to Plato’s assertion that memories evoke related memories, thus colouring interpretations (Marsden, 2002). The main point is that the meaning of one idea depends of the positioning of the association in the network of memory. “With respect to the link between the brand and its positioning in the mind of the customers, this study suggests that marketers should repeat the auditing process, and adjust brands accordingly,” (Marsden, 2002, p. 307).

The focus of the brand positioning is the perception of brand features. These features can be perceived as positive, neutral or negative. The brand is well positioned in the mind of the customer, only if the brand is “appealing” (Sujan and Bettman, 1989). Marsden (2002) Brand knowledge comprises of brand awareness and brand image contribute to establishing of customer based brand equity. Connection between brand and consumer leads to long term partnership and loyalty. And, continued support to marketing efforts of the company. So when a company is trying to build up brand knowledge, Brand Positioning becomes very much relevant.

2.3 Brand Positioning Strategy

Brand positioning creates a specific place in the market for the brand and product Offerings. It reaches certain type of consumers and delivers benefits that meet the needs of several key target groups and users. The actual approach of a company or brand's positioning in the marketplace depends on how it communicates the benefits and product attributes to consumers and users. As a result, the brand positioning of a company or Product seeks to further distance itself from competitors based on a host of items, but most notably on five key issues: Price, Quality, Product Attributes, Distribution, and Usage Occasions. (Marsden, 2002).

Brand repositioning has received little attention in the marketing literature and has mostly been treated as a variation of brand positioning, Biel (2006) defined brand positioning as "building (or rebuilding) an image for a brand". The goal of positioning strategies relates to the management of consumers' perceptions. However, positioning focuses on the creation of brand associations - consumers' perceptions of the attributes that differentiate the brand from competitive offers. The unique challenge of a positioning strategy, thus, lies in rejuvenating the brand image to make it relevant in an evolving environment, while honoring the brand equity heritage.

One of the most important aspects of a brand positioning in the product category is how different or similar the brand is perceived to be in comparison to other brands in the product category (Sujan and Bettman, 1989). Brand Positioning influences the purchasing decisions in a way that consumer sees the brand as unique, true and the one which meets his/her needs. The idea of positioning, although it relates to the modern branding strategies, dates to Plato's assertion that memories evoke related memories, thus colouring interpretations (Marsden, 2002). The idea of positioning can be represented through the "mind map" Memes or genes of meaning are relevant to marketers since they are able to audit how the brands are positioned in the minds of customers (Marsden, 2002). With respect to the link between the brand and its positioning in the mind of the customers, this study suggests that marketers should repeat the auditing process, and adjust brands accordingly.

The focus of the brand positioning is the perception of brand features. These features can be perceived as positive, neutral or negative. The brand is well positioned in the mind of the customer, only if the brand is "appealing" (Sujan and Bettman, 1989), and, if it is differentiated from the other brands. An especially important facet of the brand is its functionality. Nevertheless, this facet is important in the case of some goods, since this feature relates to the marketers can accomplish the "perfect fit, between the brand and the customers' needs.

Positioning is considered by both academics (Aaker & Shansby, 1982; Park, Jaworski, & MacInnis, 1986; Arnott, 1993, 1994; Arnott & Easingwood, 1994; Myers in Blankson & Kalafatis, 2004; Porter, 1996; Kotler, 1997; Hooley, Greenley, Fahy & Cadogan, 2001; McKenna, 1986; Bainsfair in Blankson & Kalafatis, 2004; Dovel, 1990; Trout & Rivkin, 1996) to be one of the key elements of modern marketing management. Despite this acknowledged central role, it is surprising to uncover a general paucity of documented, empirically based and consumer/customer-derived studies positioning strategies. The key assumption supporting this discussion is that effective positioning is a mutually beneficial process to both the marketer and the consumer. This is because positioning is underpinned by the philosophy of understanding and meeting unique consumer needs. Effective positioning offers the customer benefits tailored to solve a problem related to their needs in a way that is different to competitors (Chacko, 1997).

The value of positioning lies in the link it provides between the analyses of the internal corporate and external competitive environments. This is fundamental to the definitions of strategic marketing which point to the matching of internal resources with environmental opportunities (Pike & Ryan 2004). There is general agreement that the concept of positioning has been one of the fundamental components of modern marketing management (Hooley et al., 2001). Its importance is further supported by evidence that indicates a positive relationship between company performance (in terms of profitability and/or efficiency) and well-formulated and clearly-defined positioning activities (Brooksbank, 1994; Devlin, Ennew & Mirza, 1995; Porter, 1996).

Dovel (1990) contended that positioning shouldn't be just a part of the strategy, but should be the backbone of any business plan. This was echoed by F. E. Webster, Jr. (1991) who declared that positioning was a relevant strategic concept, a development in consumer marketing, but with equal applicability for industrial products and services. Webster referred to it as the positioning of the company's value, which he defined as the unique way the firm delivered value to its customers. Positioning theory is based on three propositions (Ries & Trout, 1986).

First, we live in an over communicated society, bombarded with information on a daily basis. Second, the mind has developed a defense system against the clutter. Third, the only way to cut through the clutter to reach the mind is through simplified and focused messages.

Marketing battles are not fought in the customer's office or in supermarkets. These are only distribution points for the merchandise whose brand selection is decided elsewhere. Marketing battles are fought in a mean and ugly place, a place that is dark and dump with much unexplored territory and deep pitfalls to trap the unwary. Marketing battles are fought inside the mind (Ries & Trout, 1986). The Brand Positioning Strategies element is considered to be important for the operationalization of the concept. Fill (1999) states that the successful positioning can only be achieved by adopting a customer's perspective and by understanding how customers perceive products in the class, and how they attach importance to particular attributes that can be grouped under a construct (Sweeney & Soutar, 2001).

In modern marketing, in order not to succumb to «marketing myopia» (Levitt, 1986), and to benefit from long-term survival, there is a growing need for firms to assess their offerings (Park et al., 1986; Bernstein, 1992) and manage their organizations in relation to their competitors (McKenna, 1986; Ries & Trout, 1986; Wright, 1997). The domain of the concept of positioning is concerned with attempt to modify the tangible characteristics and intangible perceptions of a marketable object in relation to competition (Arnott, 1993). More recently, Alden, Steenkamp, & Batra (1999) have confirmed the importance of positioning in international marketing and conclude that there is the emergence of a global consumer culture positioning (GCCP).

Soundararaj & Rengamani (2002) have studied the inevitability of positioning in the present marketing scenario, with special reference to Indian marketing conditions. According to them, positioning is not what you do to a product, but what you do to the minds of the prospect customers; that is, you position the product in the mind of the intended client. It is understood that a product's position is the way in which the product is defined by consumers on important attributes and the place the product occupies in the minds of the consumers relative to competing products.

Urban & Hauser (1993) state: Positioning is critical for new product. Not only must a new product deliver the benefits the customer needs, but it must do so better than competition» (p. 202). In developing a positioning, the marketer must consider four things: The target market; how the product is different or better than competitors; The value of this difference to the target market; The ability to demonstrate or communicate this difference to the target market

These elements roughly relate to the components of a brand's position as described by Aaker (1996); they are target audience, subset of identity/value proposition, create advantage, and actively communicate. Brand also represents an investment which creates an incentive to maintain quality and customer satisfaction (Grant, 2005). This may give the potential customer some assurance when selecting a product. Furthermore, Kotler and Keller (2006) specified that brand image is the different perceptions and beliefs consumers held, as reflected in the associations consumers' memory may grasp.

The brand identity and positioning is central to developing strong customer base and brand equity. The target market and the perceived differentiation from competitors are core concepts of positioning. Rao & Steckel (1998) define a brand's positioning as the relative perception of it within a significant group of customers. At the same time, both authors argue that segmentation and positioning are often treated as independent concepts, in practice and in the literature. Nonetheless, they claim, positioning is valueless if it is done outside of its target segment. As suggested by Kapferer (2004), brand positioning task is to give the answers to the four questions: a) "a brand for what"; b) "a brand for whom"; c) "a brand for when"; and, d) "a brand against whom". According to Kumar (2007), brand positioning is the fundamental concept in brand's strategy that helps in finding a niche in the minds of the target segment.

In the last few years, research conducted between higher and lower performing United Kingdom (UK) companies in terms of their marketing practices, has revealed that to be successful over the long term a firm's offering must be well positioned in the market place (Brooksbank 1994). This is supported by authors including Clement & Werner-Grotemeyer (1990) and Devlin et al. (1995) who assert that, just as marketing has become an increasingly important element of strategic management process, so has become fundamental to the success of firm's the adoption of the positioning concept, and its profitability has also been evidenced in a paper written by Fisher (1991) who contended that: «…a differentiated position generates high return on profits…» (pp. 19-20). The above is supported by empirical research, conducted by McAlexander, Becker, & Kaldenberg (1993) in the United States, who declare that the selection of a positioning strategy correlates significantly with financial performance.

A major objective of any brand positioning strategy is to reinforce positive image already held by the target audience, correct negative images, or create a new image.

Fishbein, (1967) and Fishbein & Ajzen, (1975) argued the importance of distinguishing between an individual's beliefs and attitudes. While beliefs represent information held about an object, attitude is a favorable or unfavorable evaluation of the object. Fishbein (1967) proposed attitude comprised cognitive and conative components. Cognition is the sum of what is known about a brand, which may be organic or induced this, is awareness, knowledge, or beliefs, which may or not have been derived from a previous use of the brand.

The conative image is analogous to behaviour since it is the intent or action component. Intent refers to the likelihood of brand purchase (Howard & Sheth, 1969). Conation may be considered as the likelihood of buying a brand within a certain period of time. Positioning analysis requires more than an understanding of a product's image in the mind of the consumer. What is also required is a frame of reference with the competition, since a position is a product's perceived performance, relative to competitors, on specific attributes (Lovelock, 1991).

Positioning can be required as the market changes and new opportunities occur. Through positioning the company can reach customers they not intended to reach in the first place. If a brand has been established at the market for some time and wish to change their image they can consider positioning, although one of the hardest actions in marketing is to position a familiar brand. According to Solomon (2000), position strategy is an essential part in the marketing efforts because companies have to use the elements in the marketing mix to influence the customers understanding of the position. During the movement from something less attractive and relevant towards a more attractive and relevant position several of strategic choices has to be made. The ones responsible for the positioning have to evaluate why a brand position is necessary, and if the offer is the one who will change or just the brand name.

2.4 Competitive Advantage

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources. Information technology has become such a prominent part of the modern business world that it can also contribute to competitive advantage by outperforming competitors with regard to internet presence. From the very beginning, i.e. Adam Smith's Wealth of Nations, the central problem of information transmittal, leading to the rise of middle-men in the marketplace, has been a significant impediment in gaining competitive advantage. By using the internet as the middle-man, the purveyor of information to the final consumer, businesses can gain a competitive advantage through creation of an effective website, which in the past required extensive effort finding the right middle-man and cultivating the relationship. (Stutz and Warf 2009). The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Christensen and Fahey 1984, Kay 1994, Porter 1980 cited by Chacarbaghi and Lynch, 1999).

The study of such advantage has attracted profound research interest due to contemporary issues regarding superior performance levels of firms in the present competitive market conditions. "A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player" (Barney 1991 cited by Clulow et al.2003, p. 221). Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Passemard and Calantone 2000). To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Reed and Fillippi (1990) cited by Rijamampianina 2003). Superior performance outcomes and superiority in production resources reflects competitive advantage (Day and Wesley, 1988 cited by Lau 2002).

“The first fundamental determinant of a firm’s profitability is industry attractiveness. In any industry, whether it is domestic or international or produces a product or a service, the rules of competition are embodied in five competitive forces: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors.”(Porter, 2008) The collective strength of these five competitive forces determines industry

Bargaining power of suppliers**,** the bargaining power of suppliers is also described as the market of inputs. The suppliers influence the profitability and product competitiveness by increasing the price of inputs elements and reducing the unit quality value. The bargaining power of suppliers is depend on the inputs elements. When the inputs elements is big part of total cost, the inputs elements is very important in the product process or influence the quality of buyer product, the suppliers have strong bargaining power. (Porter, 2008)

Bargaining power of customers**,** the bargaining power of customers is also described as the market of outputs: the ability of customers put the firm under pressure, which also affects the customer's sensitivity to price changes. The customers influence the profitability by asking for low price, good quality and service. (Porter, 2008)

Threat of new entrants**,** when the balance of supply and demand is imbalance, the new entrants will be attracted by high returns of the profitable market. New entrants not only bring new technology and resource, but also reduce the profitability of all companies in this industry. (Porter, 2008)

Threat of substitute products**,** two companies which are in same industry or in different industries may compete with each other. Firstly, the profitability could be reduced by the substitute products. Secondly, because of the substitute products, companies have to improve the quality, reduce the cost and price, or make product more features. (Porter, 2008)

Competitive rivalries within an Industry, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. Competitive rivalry is likely to be based on dimensions such as price, quality, and innovation. Technological advances protect companies from competition. This applies to products and services. Companies that are successful with introducing new technology are able to charge higher prices and achieve higher profits, until competitors imitate them. (Porter, 2008)

Generic Competitive Strategies

“Though a firm can have a myriad of strengths and weaknesses compared with its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. “(Porter, 1985). The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them lead to three generic strategies for achieving above-average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus. “(Porter, 1985) Each of the generic strategies involves different route and target to competitive advantage, “The cost leadership and differentiation strategies seek competitive advantage in a broad range of industry segments, while focus strategies aim at cost advantage (cost focus) or differentiation (differentiation focus) in a narrow segment.” (Porter, 1985)

Cost leadership is the clearest of the three generic strategies. In this strategy, firm should try their best to reduce the cost. “If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry provided it can command prices at or near the industry average. At equivalent or lower prices than its rivals, a cost leader’ low-cost position translates in to higher returns. A cost leader, however, cannot ignore the bases of differentiation. If its product is not perceived as comparable or acceptable by buyers, a cost leader will be forced to discount prices well below competitors’ to gain sales this may nullify the benefits of its favorable cost position.

Porter (1985) if customers think the product is not good as the product of competitor; the firm has to reduce the price. The firm can get high profitability until a cost leader gets the cost leadership parity in the bases of differentiation. The second generic strategy is differentiation. “In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. The means for differentiation is peculiar to each industry. Differentiation is based on the product itself, the delivery system by which it is sold, the marketing approach, and a broad range of other factors.” (Porter, 1985)

If the extra cost for differentiation is less than the premium price, the firm which has the competitive advantage of differentiation can get better profitability than other firms in the industry. Because the extra cost for differentiation is the disadvantage of the differentiation, the firm cannot ignore the cost position. So, only based on the price is almost the same as competitor, the differentiator could get the high profitability.

The third generic strategy is focus. “This strategy is quite different from the others because it rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segment in the industry and tailors its strategy to serving them to the exclusion of others. By optimizing its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall. The focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment. “(Porter, 1985)

The firm can focus the time, the resource and the money on the segment to get the competitive advantage. If the firm can get the competitive advantage of cost leadership or differentiation in its target segment, the firm could provide customer the better service and meet the special requirement. Because of the different requirements of customer, there are always many segments in one industry.

Each generic strategy is different in the way to create and sustain competitive advantage. Usually a firm has to make a choice of one of them or it will become stuck in the middle. “The benefits of optimizing the firm’s strategy for a particular target segment (focus) cannot be gained if a firm is simultaneously serving a broad range of segments (cost leadership or differentiation). Achieving cost leadership and differentiation are also usually inconsistent, because differentiation is usually costly. Conversely, cost leadership often requires a firm to forego some differentiation by standardizing its product, reducing marketing overhead, and the like.” (Porter, 1985)

Competitive advantage is the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Also it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Powell (2001) views business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage.

Competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market. Superior performance being the ultimate desired goal of a firm, competitive advantage becomes the foundation highlighting the significant importance to develop same.

2.5 Brand Positioning and Competitive Advantage

Branding is a market strategy for creating, nurturing and fostering the continual development of relevant and appropriate brand value propositions. It consists of the development and maintenance of sets of product attributes and values which are coherent, appropriate, distinctive and appealing to customers. Brand strategy emphasizes the entrenched continuity and connectedness of the firm with its external environment. It enables firms to build reputation among its customers and other stakeholders and create, nurture and innovate on their market-based assets. In turn, market-based assets enable firms to nurture customer perceived brand value, brand equity and enhances its reputation. In this context, brand may serve as a platform for innovative practices for enhancing firms‘market-based assets such as reputation, enhancing and commanding trust from potential and existing customers (Abimbola & Kocak, 2007).

In organizations brand managers plan long-term brand strategy and watch over their brand‘s profits. By working closely with advertising agencies and considering the demands and different important aspects of their target markets as well as consumers they create national branding campaigns to build market share and long term consumer brand loyalty which in result enable to get an edge over their competitor which is a vital phenomenon in today‘s world of competition (Boyle, 2007). Organizations always indulge in the process of making branding strategies that could enable them to establish their brands strong. There are two different branding strategies: Building and Buying as per Doyle, 1990 adopting building strategy is a long term process to create strength of company‘s brand besides this it involves much cost and having much risk on the other hand buying brand strategy is a relatively faster than building brand strategy and involves less cost and have less risk but sometime this strategy fails to get the long term value of brand which is a vital object and quite hard to ignore.

The decision of building or buying strategy is highly dependent on the company‘s main objectives, for example if a company‘s main objects are related to finances like return on investment then it will lead to adopt the buying or acquisitioning strategy but if the company‘s main objectives relates to the marketing area like capturing more market share, reputation building then it will go for building brand strategy.

Urde (2004) all business entities in general are not able to avoid the eventuality of competition. Seen in this light, a branding strategy seems to be the most effective way in differentiating one’s product, yet keeping one’s marginal advantage. To achieve the full power of competitive edge, companies should focus their strategy on brands, which can be described as brand positioning. In order to achieve brand objectives, organizations need to manage their internal and external activities to maximize value-adding capabilities beyond the functional aspects, for example, a delivery of service and quality among customers and other key stakeholders. The brand is the key to building customer loyalty in the marketplace, and all communications associated to the brand should be related to appropriate competitive positioning and value.

The brand and building brand equity are recognized as being significant factors in achieving positional advantage in the market and, thus, financial benefits. Brand positioning strategy is game plan that creates a match between a firms capabilities and the environment. It is an action plan that a firm takes in order to achieve a set of goals aimed at responding to changes in the environment. Brand positioning guides firms to superior performance through establishing competitive advantage in this process companies consider alternative courses of action and choose a set of Brand positioning strategies for their business units.

Firms employ strategy in a dynamic environment in order to adapt to new realities such as increased competition. All organizations are faced with the challenge of managing strategy. Strategic issues are by nature future oriented, affecting the firm's long term prospects and therefore having enduring effects (Migude 2002). In a turbulent environment, a firm will succeed only if it takes a proactive anticipatory Brand positioning strategic approach.

It is worth noting that Brand positioning strategic issues need to be considered within the context of the organization. Different organizations are likely to emphasize on different aspects of Brand positioning strategy because their contexts and environments differ. For some, according to Johnson and Scholes (2002) it is competitive strategy, for others, it is understanding their competencies while others stress on creating strategic fit, Others talk of innovation. Brand positioning Strategic responses grow out of a firm's assessment of its current situation, Pearce and Robinson (2002) intimate that such decisions have broad implications and need power to authorize the necessary resource allocations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data. Here the researcher explains the methods, tools and to present data analyzed in getting proper and maximum information related to the subject under study.

3.2 Research Design

This is a cross sectional survey study aimed at establishing the branding strategies that the management of different five star hotels uses to create competitive advantage. According to Donald (1998), a survey design is concerned with finding out the what, where and how of a phenomenon.

According to Orotho, (2003), a cross-sectional survey guides the researcher in collecting, analyzing and interpreting observed facts and making inferences about the population of interest. Research design can be divided into fixed and flexible research designs (Robson, 1993).

3.3 Target Population

According to hotels and restaurant authority there were 14 five star hotels in Nairobi at the time of this study. The population of interest consisted of all the fourteen Five star Hotels in Nairobi that had been inspected, assessed and classified as five star hotels by the Ministry of Tourism and Wildlife Development and published as five star hotels in the Kenya Gazette.

The researcher did a census study since the population is small; all the hotels that were classified as Five star (see appendix II) were approached through a semi structured questionnaire which was used to collect the required data.

3.4 Data Collection

The main instrument for Data collection was a semi structured questionnaire (see appendix 1). The questionnaire was divided into three sections: section A contains questions on general information. Section B contains questions on brand positioning strategies and section C on competitive advantages. Data was collected from 14 Five star hotels targeting senior managers which include either; one General Manager, one Marketing Manager or one Front Office Manager of the Five star hotel.

3.5 Data Analysis

Data was analyzed by use of descriptive statistics and was presented in form of percentages, means, standard deviations and frequencies. According to Mugenda and Mugenda (2003) descriptive statistics enable meaningful description of a distribution of scores or measurements using a few indices or statistics. Measures of central tendency yield the expected score or measure from a group of score in a study. The information was displayed by use of bar charts, graphs and pie charts.

The data of the two were established by Pearson correlation statistics. The most familiar measure of dependence between two quantities is the Pearson product-moment correlation coefficient. It is obtained by dividing the covariance of the two variables by the product of their standard deviations. A regression analysis was carried out to test the relationship between brand positioning and competitive advantage.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Qualitative and quantitative data was collected by use of a questionnaire. The number of respondents who participated in this survey totaled to 14 with a response rate of 100%. The first part involved descriptive analysis on participants' profile. The second part involved descriptive statistics to identify the brand positioning strategies adopted by five star hotels in Nairobi and the relationship between brand positioning strategies and competitive advantage achieved by five star hotels in Nairobi.

4.2 Profile

On average the respondents had been working for their respective hotels for 4 years with ten years being the maximum and half a year being the minimum number of years worked. This finding is not a surprise since some Hotels find it difficult to attract and retain good staffs to support and complete designed strategies.

Table 1: Respondents years with the Hotel

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How many years have you worked for this hotel	14	.5	10.0	3.92	2.4386

Half of the respondents interviewed were Marketing Managers while almost a third (28.57%) were: General Managers while 21.42% Front office Managers.

Table 2: Respondent's title

Position/Title of Respondents	Frequency	Percentage
General Manager	4	28.57%
Marketing Manager	7	50.00%
Front Office Manager	3	21.42%

Respondents were presented with five regions of the world and asked to rate in percentage the frequency of their customers from each. Europeans were the most regular customers to most hotels with an average rank of 29.91% followed by Asians at 25.82%. It was also observed that Kenyan customers were ranked least with an average of 12.59%.

Table 3: Source region of most guests in percentage

Source Region of Guests	Minimum (%)	Maximum (%)	Mean (%)	Std. Deviation (%)
Europeans	10	50	29.91	13.69
Americans	2.5	40.0	18.50	11.96
Asians	5	50	25.82	17.37
Kenyans	2.0	47.0	12.59	14.37
Rest of Africa	2.5	50.0	14.09	13.14

Most of the hotels (7) were reported to have been operating for more than 21 years while 4 of them had been in operation for less than 5 years. In general 6 hotels had only been operational for less than 15 years as compared to 8 that had operated for more than 15 years.

Table 4: Hotels Years in Operation

How many years has this Hotel been in operation			
1 to 5 years	**6 to 10 years**	**16 to 20 years**	**Over 21 years**
1. Ole Sereni Hotel	1. Panari Hotel	Windsor Golf Hotel	1. Norfolk Fairmont
2. Sankara Nairobi	2. Laico Regency		2. Nairobi Safari Club
3. Tribe Hotel			3. Safari Park Hotel
4. Crown Plaza Nairobi			4. Serena Hotel
			5. Intercontinental Nairobi
			6. Hilton
			7. Sarova Stanley

Respondents were also asked to rate factors that most of their guests preferred in scale of 1 to 5 where, (1=Not at all Important, 2=Not Important, 3=Somewhat not Important,4=Important, 5=Very Important). Among the findings: Superior rooms, overall hotel brand image and good quality food are the most important factors that guests preferred as about seventy eight percent of the respondents showed agreement by rating the factors a 4 or 5 (on a 1-5 scale where 5 is "very important"). However, location of the hotel seemed not to be a very important factor as it was rated lowly by the respondents with about 21% rating the factor a 2 or 3.

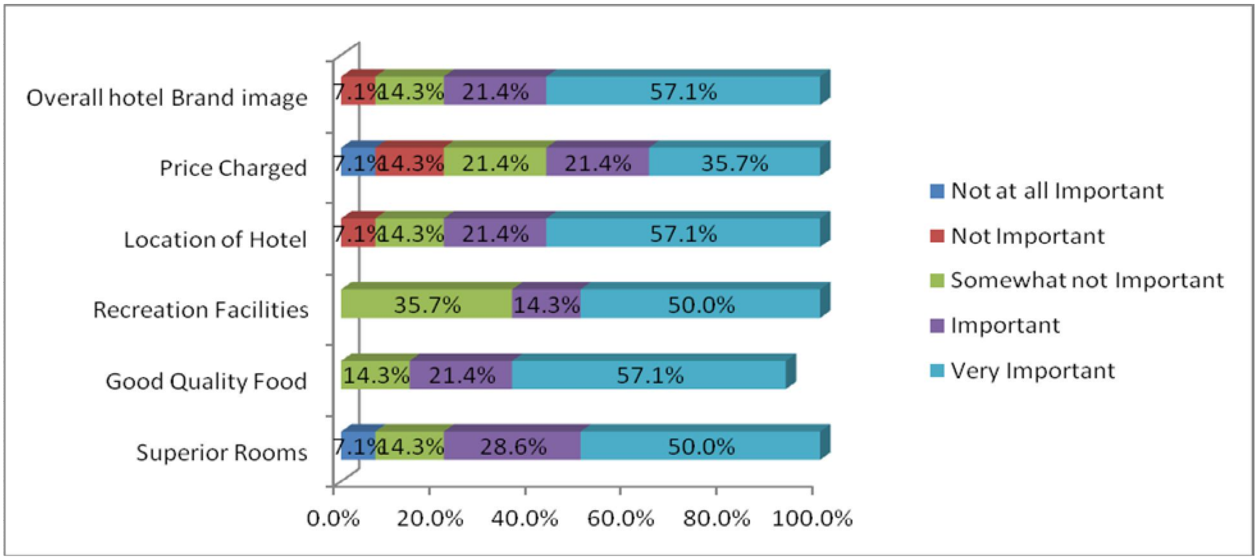

Figure 1: Factors preferred by guests

The findings section of this report presents responses to the questions, indicating the frequency and means of the responses. Additionally, in an effort to provide a sense of comparisons, analyses have been made across the number of years the hotel has been in operation. This approach to reporting the findings is designed to provide the reader the essence of the findings in a handy and comprehensible format.

4.3 Overall Importance of Brand positioning

The measure of overall brand positioning was based on a roll-up question that assessed brand positioning strategy in customer attraction. The data shows that most of the respondents rated their brand positioning strategy as "very important" (62 percent). Among those who showed some importance to brand positioning strategy, 18% percent showed partial importance, and another 13% percent were neutral to the importance somewhat not important). However, 7% of the respondents felt that brand positioning strategy was not important.

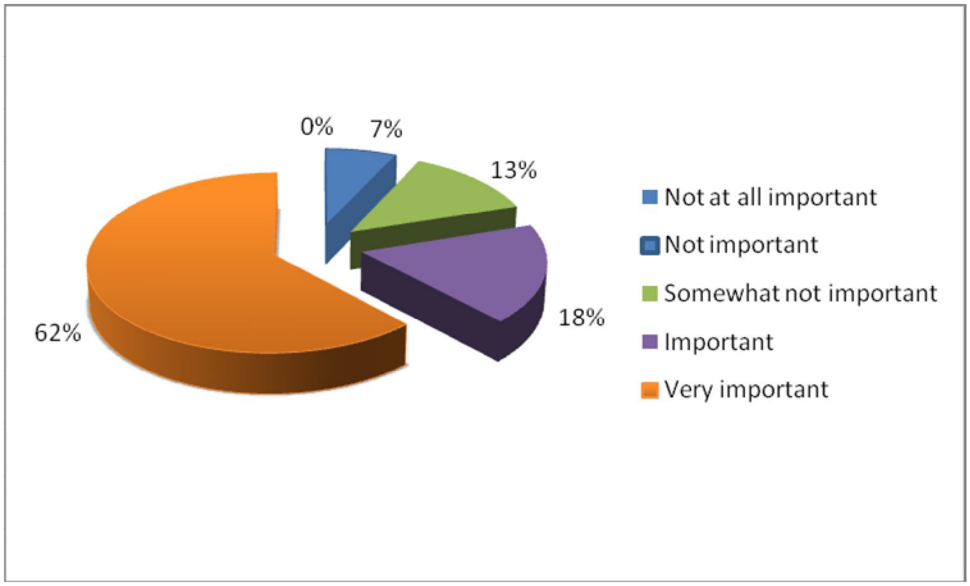

Figure 2: Overall importance of brand positioning strategy

4.4 Brand Positioning Strategies

Types of brand positioning strategies applied by various hotels were assessed using nine survey statements in which respondents were asked to rate the extent to which they applied the strategies in managing brand competition at their organization. A likert scale with five options ranging from “1-not at all important’ through a neutral option “3-moderate extent” to “5-very great extent” was used.

Among the findings: it was observed that application of various brand positioning strategies was above average at 80%, where the respondents agreed with the fact that quality positioning and problem/solution positioning were top priority types of brand positioning both with the highest score of 91.6%. On the other hand, the hotel industry is viewed not to prioritize rivalry-based positioning and benefit-driven positioning types of brand positioning with lowest scores of 63.4% and 65% respectively.

Most of the hotels were also observed to prioritize value positioning and future-driven positioning as types of brand positioning strategies as depicted by high rating by the respondents at average score of 90% each. Warm and fuzzy positioning and aspiration positioning were not very common types of brand positioning strategies with scores of 73% and 75%.

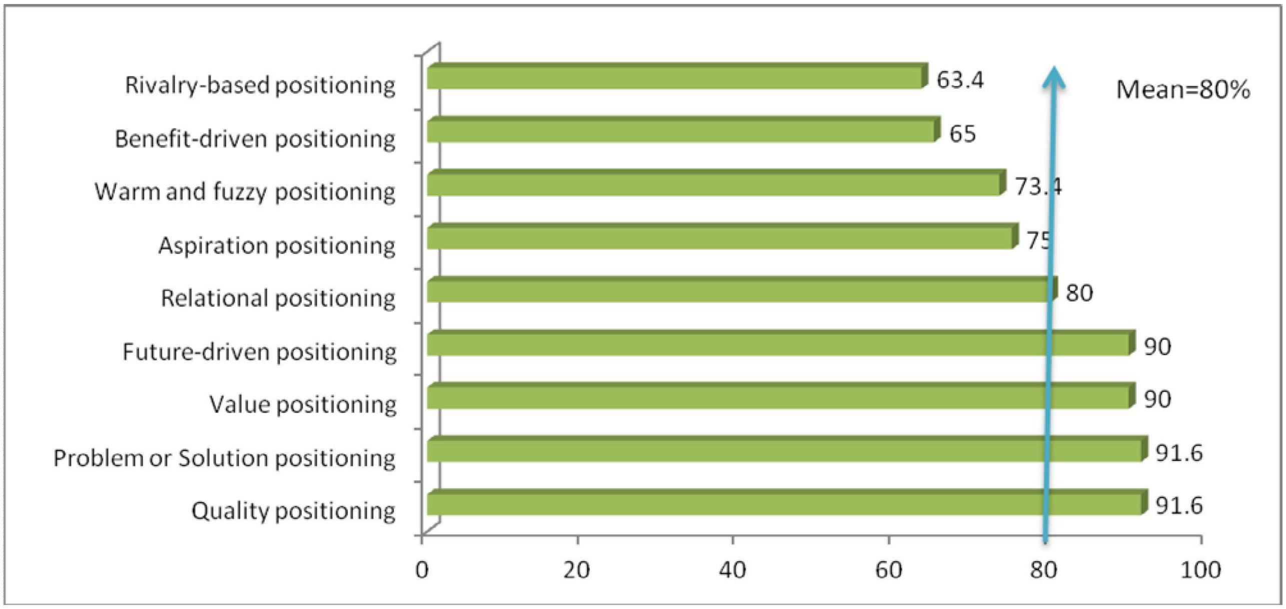

Figure 3: Brand positioning strategies

Disaggregated by the number of years the hotel has been operating, application of various types of brand positioning strategies is slightly higher for hotels with 15 and less years of operation as indicated by the mean score in table 5. Hotels with 15 and less years of operation were observed to prefer more quality positioning, value positioning and future-driven types of brand positioning strategies as compared to those with above 15 years of operation.

Benefit-driven positioning strategy was more common among the hotels with above 15 years of operation as compared to younger hotels. However, the younger hotels were observed to prefer rivalry-based positioning more than the older ones as depicted by their high rating of the same.

Table 5: Brand positioning strategies (By Number of years in operation)

Variables	Number of years in operation	
	15 and less	Above 15
Benefit-driven positioning	2.80	3.57
Rivalry-based positioning	3.60	2.86
Quality positioning	4.80	4.43
Problem or Solution positioning	4.40	4.71
Aspiration positioning	3.60	3.86
Relational positioning	4.40	3.71
Warm and fuzzy positioning	3.80	3.57
Value positioning	4.60	4.43
Future-driven positioning	4.60	4.43
Mean score	**4.06**	**3.95**

4.5 Competitive Advantage

Competitive advantage obtained by the various hotels from brand positioning strategies was assessed using fourteen survey statements. The respondents were asked to rate the extent of advantage their brand gets in using the various brand positioning strategies. A likert scale with five options ranging from “1-not at all important’ through a neutral option “3-moderate extent” to “5-very great extent” was used.

Results revealed that Competitive advantage of various brand positioning strategies was above average at score of 83.4%, where the respondents agreed with the fact that increased clientele loyalty was the greatest competitive advantage from brand positioning with the highest score of 93.4%. On the other hand, the hotel industry did not gain a big competitive advantage of more inelastic customer response to price increase with lowest score of 66.6%.

High level of level of customer loyalty, effective marketing communication and overall positive brand image were among the most important competitive advantages from brand positioning as they scored ninety percent and above from respondents rating. Application of Brand positioning strategies was not rated as very important in creating a more inelastic customer response to price increase and providing opportunities in process of brand extension as depicted by low score of 73.4%.

Figure 4: Competitive advantage gained

Disaggregated by the number of years the hotels have been operating, competitive advantage in application of brand positioning is slightly higher for hotels with above 15 years of operation as shown by the average score. High level of customer loyalty, increased level of effective brand management and good profit margin were observed to be the most important competitive advantages for the younger hotels as compared to the older ones. On the other hand, overall positive hotel brand image, improved perception of product performance and Greater communication of the brand were observed as the most important competitive advantages from brand positioning strategies for the older hotels as opposed to the younger ones.

Table 6: Competitive advantage gained (By Number of years in operation)

Variables	**Number of years in operation**	
	15 and less	**15 and less**
Overall positive hotel brand image	4.20	4.86
Increased clientele loyalty	4.60	4.71
Greater communication of the brand	3.60	4.71
Increased level of effective brand management	4.40	4.00
Increased fulfillment of business objectives	4.20	4.29
Good profit margin	4.60	3.86
Improved perception of product performance	4.00	4.57
Effective marketing communication	4.60	4.43
High level of customer loyalty	4.80	4.29
Help to develop good marketing actions	4.20	4.29
Provide opportunities while process of brand extension	3.40	3.86
More inelastic in customer response to price increase	3.60	3.71
More inelastic in customer response to price decrease	2.80	3.71
Provide help at the time of marketing crises	3.80	4.29
Mean score	**4.05**	**4.25**

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The results show that hotel industry has indeed been applying various brand positioning strategies to increase their competitive advantage. According to C. W. L. Hill and G.R. Jones (2001), the hotel industry is a mature industry and shows zero or little growth. The possibility for continued growth is diversification, utilizing existing capabilities and competencies to allow hotel gain competitive advantage over substitutions, and thus attract new customers coming into the market.

Few dispute the value that a brand brings to a hotel property, but questions remain regarding exactly how the brand creates guest loyalty and how it creates value. Over the past twenty-five years, a brand flag has become an essential element of arranging a hotel development deal. Because of this, researchers have examined how brands influence top- and bottom-line revenues and overall asset value. Moreover, the effect of the brand on customer satisfaction seems to be affected by the brand's positioning strategies. In the past twenty-five years, the hotel industry has firmly embraced and accepted the value of brand positioning strategies as an essential component of its marketing strategy, Dev et al. (2009), especially given extensive hotel brand segmentation.

This segmentation strategy is based on the idea that a brand name is part of the process of giving tangibility to what is essentially intangible, providing a "shorthand" method of establishing a particular property's quality by giving the customer important information about its product and service, Brucks, Zeithaml, and Naylor (2000). In this regard, the brand’s value is based on potential guests’ awareness of the brand, their perception of its quality, and overall customer satisfaction O’Neill and Mattila (2004).The remarkable growth of hotel branding rests on the concept that brands provide added value to both guests and hotel companies, in large part because they foster brand loyalty. O’Neill and Xiao (2006) From a corporate strategy viewpoint, well-managed hotel brands tend to gain increasing market share, O’Neill and Mattila (2006), even though different parent companies take diverse approaches to managing their individual brand identity.

By establishing a set of promises to consumers, a brand creates a differentiated identity in hotels where functional characteristics of the products are not substantially differentiated. Consequently, brand personality may be a salient reason for selecting one brand over another, Siguaw, Mattila, and Austin (1999). A vivid brand personality, such as Hilton, is likely to make the brand more concrete in the minds of the consumers and, hence, reduce the degree of intangibility associated with a hotel brand.

With the philosophy of creating the life style, hotels have been observed to be continuously buying distinctive services for their customers. The levels of innovation are emerging from the grand innovative ideas such as theater playhouse, museum, culinary academy, a number of luxurious brand name shops. All of these innovations allow Hotels to distinguish themselves from their rivals which directly support differentiation strategy. Therefore, Innovations and brand positioning strategies are both the new sources of income and the sources of competitive advantage.

Given the idea that it creates a personality for an intangible entity, a brand relates to consumer emotions Kim and Kim (2004). Gobé (2001) has posited that the biggest misconception in branding strategies is that people focus on branding in the context of market share, when a brand really involves the mind and emotion “share.” This does not negate the superficial aspects of branding that we have already touched on, including brand loyalty, value positioning, future-driven positioning, but the brand’s major significance is to establish in a consumer’s mind an emotional connection. This emotional connection to a brand arises in part from the promise that we mentioned above.

Hotels have succeeded in formulating the strategies which fit them the most; however, several problems arise in implementing these strategies. Firstly, strategies are all about people. But some Hotels find it difficult to attract and retain good staffs to support and complete designed strategies. This could be the greatest problem in strategies implementation of five star hotels in Kenya as proved by the low average number of years the respondents had been with their respective hotels.

Hotel guests rely on brand names to reduce the risks associated with staying at an otherwise unknown property O’Neill and Xiao (2006). Beyond that, brands are supposed to be intense and vibrant, to connect on multiple levels of the senses, and to be a reminder of a pleasant experience. Brands consistently interact with consumers and should not disappoint them, since that constitutes a broken promise. Thus, a brand is something for consumers to feel good about, Vaid (2003), and successful brand organizations promote themselves as such. In sum, a hotel brand represents a relationship with guests.

This relationship is built as consumers get to know a brand (even if they initially choose their accommodation at random), use its facilities, evaluate their experience, and begin the relationship; and it becomes cemented as guests continue using its services.

Ultimately, the brand represents the consumer's experience with its organization. The Hotel industry has been dramatically driven by tourism industry during the past few decades. Facing an intensive global competition, hotels are required to offer not just a place to live, but a kind of customer satisfaction through standardized services and brand positioning strategies. This can explain why most of the hotels were observed to adopt the various brand positioning strategies.

Accordingly, Strategy may fail because of failures in strategy implementation. H. Mintzberg & J.A. Waters (1985). Further, the failure to implement strategy is often a result of failure in developing a strategy-supportive culture, creating an effective organizational structure, flexible leadership and linking employee to the implementation process, F. David (2001). The effectiveness of strategies cannot be fully realized if the strategic implementation is not properly done. According to, J. Higgins and J. Vincze (1989), the success of implementation depends on the following factors: the organization structure must be appropriate, management system must be sufficient to the task, management style must be suitable to the circumstances and values must be shared and well managed.

Knowing which brands contribute to a hotel's value might cause a hotel owner to consider changing brands. Such a change is not always expeditious or simple. For one thing, a desired brand may not be available in a given market. Moreover, dropping a brand usually invokes penalties, such as liquidated damages. Still, hotel owners remain free to change brands if it is to their advantage. Well-informed owners should be aware of the relative market values of the various brand options before them, and brand-management teams should be similarly aware. Previous research has discovered strong links between a hotel brand's quality level and its performance, which in turn has strong links with hotel competitive advantage. As a result, hotel brand management teams that wish to maximize hotel market value should seek to maximize brand quality not only through addressing brand image but through quality management.

As a brand represents the company itself, its presentation generally should be consistent. Though there are cases where companies have changed their positioning or strategies, their corporate colors, and even their logos, few have abandoned an established brand name for a new one, Vaid (2003). Indeed, long-established brand names continue in operation after being reinvented and reinvigorated.

5.2 Conclusion

Our study is the first to examine the relationship between specific hotel brands positioning strategies and competitive advantage gained. As expected, we found that brands positioning strategies collectively have a significant effect on hotel competitive advantage. The consistency of strategies has accounted for the past success of hotels.

The differentiation and niche market strategies have worked well throughout the time, however in the beginning of 2000s, the management envisaged the changing in future trends such as the change in customer needs and the more consciousness on price. Even though Hotels are quite successful in formulating and implementing strategies in the past, there are some key areas that have to improve as discussed in implementation issues which include staff's attitude and organizational structure. The findings of this study are expected to assist both hotel owners and corporate brand-management teams to better understand the value of effective brand management. For hotel owners, whose goal is to maximize the market value of their asset, recognizing the role of brand name in hotel market value is beneficial for positioning and flagging decisions. Specifically, owners of midscale and upscale hotels should be cognizant of the value their chosen hotel brands bring to their properties. Some recommendation has been made in this paper to aid the management to improve the effectiveness and efficiency in doing business.

In the future, as Hotels operate in highly turbulent market, the management has to concentrate on envisage the change in any relevant trends and, at the same time, must continuously improve internal capabilities in order to respond to those changes quickly and effectively to ensure the successfulness of the hotel. In addition, effective strategies rely on the organization learning by doing. If it is to sustain performance in the even turbulent future environment, Hotels will have to become learning organization capable of continuous adaptation. “Managing today from tomorrow”, therefore, is the key.

For hotel companies’ brand-management teams, effectively assessing brands’ effects on hotel market values can strengthen the overall value of the brands and possibly improve the brands’ franchise sales. Such rational analysis can signal weaknesses and assist with the development of retrenchment, or remedial brand strategies, when necessary. Such analysis can assist corporate brand managers in evaluating whether their intended brand strategies are being achieved.

In addition to the above, certain limitations should be considered in the interpretation of our findings, limitations that suggest directions for future research. First, as we mentioned, the data-selection criteria included five star hotels in Nairobi only. In particular, the limited number of five star hotels may affect the statistical results.

5.3 Recommendations

As internet become part of peoples' life, online internet channel is, therefore, an indispensable tool in marketing and cost saving program for hotel business. Hotels should extend their distribution channel to include internet channel. They should develop their own websites to communicate and to provide information to their customers and at the same time form partners with many online travel agencies such as yahoo travel to market their hotels.

Hotels' human resource management teams should put in place measures to attract and retain good staffs to support and complete designed brand positioning strategies that will lead to competitive advantage. Hotels should incorporate research in their brand positioning strategies so as to gain, monitor and evaluate competitive advantage acquired from various strategies. Future research incorporating a database with an even more complete portfolio of brands may shed more light on this topic.

5.4 Suggestions for Further Research

While we have learned much about hotel branding over the past twenty-five years, interesting research questions remain. For example, with the growth of boutique hotels over the past several years, a fascinating research question would be:

How small can a brand be in terms of the number of hotel units and still be a brand? Knowing the variables that drive successful smaller brands would be valuable to researchers and practitioners alike. Until recently, we have seen only limited research relating to guest loyalty programs, even though they are essentially universal.

Research in the Cornell Hospitality Quarterly has suggested that loyalty programs appear to increase hotel unit revenues and profit, we do not really know whether they help to create brand loyalty. Now that virtually every major Western hotel chain has a loyalty program, one could argue that such programs have ceased to be significant competitive advantages for hotel brands. It would be worthwhile, therefore, to test this proposition and to determine the extent to which brand loyalty would remain in the absence of such programs. In other words, what truly bonds the customer to a brand?

Finally, although the value of hotel brands is widely accepted, one frequently sees the complaint that brands are often being mismanaged. Simon and Sullivan (1993) argued, for instance, that too much emphasis is being placed on short-term performance rather than the long-term value of brand equity. Future research should strive to measure and analyze not only short-term but also long-term brand equity.

5.5 Limitations of the Study

The study had several limitations that suggest directions for future research. First, the data-selection criteria included five star hotels in Nairobi only. The limited number of five star hotels may affect the statistical results. Future research incorporating a database with an even more complete portfolio of brands may shed more light on this topic.

The measures used, while providing good reliability and validity, have their limitations, especially in the case of the brand positioning strategies applied and competitive advantage obtained from the strategies. The measures obtained were fully dependent on the response of the respondents which could lead to wrong conclusion incase of exaggerated responses.

Future research should concentrate on the further development of the constructs used in the study, particularly that of the brand positioning strategies applied and competitive advantage obtained from the strategies and replicate the study under “real-life” conditions within different product categories and with a good representative sample.

5.6 Implication on Theory, Policy and Practice

This research will add to the theory of Brand positioning strategies and competitive advantage literature as this is a new concept in the hotel industry especially in Africa. It will guide the managers of the five star hotels and new entrants in the hotel industry to gain competitive advantage through Brand positioning strategies.

Policy makers will enrich their knowledge and this will enable them to make more informed decisions and choices pertaining to Brand positioning strategies and competitive advantage since a well implemented brand positioning strategy can lead to a more favorable perception of the brand.

In Practice this study supports significant application of various brand positioning strategies that have been shown to contribute to competitive advantage that is so much needed by hotels. Thus, brand managers should deliver real benefits through the brand, at the same time making sure that target groups perceive real benefits for the value of their money. Companies with successful brands benefit in the financial market place by improving shareholders’ value, giving support to the competitive advantage in general.

.

REFERENCES

Aaker, David (1992). The Value of Brand Equity. Journal of Business Strategy 1992:4, 27–32.

Abimbola, Temi and Kocak, Akin (2007) Brand, organization identity and reputation: SMEs as expressive organizations, A resources-based perspective‘ vol.10, no.4, pp.416-430.

Arnott, D. C., & Easingwood, C. J. (1994). Positioning in services: A hypothetical typology of competitive bases. In 23rd EMAC Conference Proceedings (pp.1-3). Maastricht, The Netherlands: University of Limburg.

Barney, Jay B. (2002). Gaining and Sustaining Competitive Advantage, 2nd ed. Reading, Mass.: Addison-Wesley.

Belk, R. W. (1975). Situational variables and consumer behaviour. Journal of Consumer research, 2, 157–164.

Bett S.K (1995). Competitive advantage of Dairy production in Kenya, unpublished MBA project, school of Business, University of Nairobi

Blankson, C., & Kalafatis, S. P. (2004). The development and validation of a scale measuring consumer/customer-derived generic typology of positioning strategies. Journal of Marketing Management, 20, 5-43.

Boyle, Emily, 2007, ‗A process model of brand co creation: brand management and research implications‘ vol.16, no.2, pp.122-131.

Brand Equity. (2001). India’s most trusted brands – rankings overall, by population strata, by demographics and by regions. The Economic Times, (July), 1-4.

Brewery Cooper, (2011) Success in a concentrated market Source, Strategic Direction, Vol. 26 p:11 – 12 ,Emerald Group Publishing Limited

Brooksbank, R. (1994). The anatomy of marketing positioning strategy. Marketing Intelligence & Planning, 12(4), 10-14.

C. W. L. Hill and G.R. Jones (2001), Strategic Management: An Integrated Approach, pp.103.

Chacarbaghi; Lynch (1999), Competitive Advantage: Creating and Sustaining Superior Performance by Michael E. Porter 1980, pp. 45

Chacko, H. E. (1997). Positioning a tourism destination to gain a competitive edge. Asia Pacific Journal of Tourism Research, 1(2), 69-75.

Chesiyna, S (2010). Competitive strategies applied by flower firms in Nairobi. Unpublished MBA project, school of Business, University of Nairobi

Clement, M., & Werner-Grotemeyer, H. (1990). The iterative positioning process: An international approach from the pharmaceutical industry. Marketing and Research Today, 85-96.

Clulow, Val; Gerstman, Julie; Barry, Carol (2003). "The resource-based view and sustainable competitive advantage: the case of a financial services firm". Journal of European Industrial Training 27 (5): 220–232.

Cool, Britian (2003), "Country as brand, product, and beyond: a place marketing and brand management perspective", *Journal of Brand Management*, 9:4-5, 249-261

Devlin, J., Ennew, C., & Mirza, M., (1995). Organizational positioning in retail financial services. Journal of Marketing Management, 14, 117-25.

Dovel, G. P. (1990). Stake it out; positioning success, step by step. Business Marketing, (July), 43-51.

Duncan, T.(2002). IMC Using Advertising & Promotion to Build Brands. New York:

Evans JR, Lindsay WM (2011). The management and control of quality, 8th Edition. South-Western, Cengage Learning.

F. David (2001). Strategic Management. Macmillan Publishing Co., New York.

Gobé, M. (2001). Emotional branding: The new paradigm for connecting brands to people. New York: Allworth.

Gwin, C. F., & Gwin, C. R., (2003). Product Attributes Model: A Tool for Evaluating Brand Positioning. Journal of Marketing, 30-42.

H. Mintzberg & J.A. Waters (1985). Of Strategies, deliberate and emergent. Strategic Management Journal, 6, 257-272

Harsha, 1997.Positioning a tourism destination to gain competitive edge.

Hauser, R, J., & Koppelman, F. S. (1979). Alternative perceptual mapping techniques: relative accuracy and usefulness. Journal of Marketing Research, 1, 495-506.

Hooley, G., Greenley, G., Fahy, J., & Cadogan, J. (2001). Market-focused resources, competitive positioning and firm performance. Journal of Marketing Management, 17(5-6), 503-20.

J. Higgins and J. Vincze (1989), Strategic Management, Dryden press: New York.

Kakunu, J. (2010). Determination of customer preference in the choice of fuel station in Nairobi. Unpublished MBA Project, school of business, University of Nairobi.

Kapferer, J. N. (2004). The strategic brand management – creating and sustaining brand equity long term. London: Kogan Page.

Kapferer, J.N. (2008). The New Strategic Brand Management, Kogan Page, London and Philadelphia.

Kariuki,, D. N(2006) survey of competitive strategies and performance of the five stars hotels in Kenya. Unpublished MBA Project, school of business, University of Nairobi

John Wiley & Sons Kibanga and Kimotho (2006). The brand image on export of manufactured products from Kenya. Unpublished MBA Research Project, school of business, University of Nairobi.

Kim, W. G., and H. B. Kim. (2004). Measuring customer- based restaurant brand equity: Investigating the relationship between brand equity and firms’ performance. Cornell Hotel and Restaurant Administration Quarterly 45 (2): 115-31.

Kinuthia, E.O. (2002). An investigation into factors influencing brand choice. The case of local manufacturing firms in the pharmaceutical industry. Unpublished MBA Project, school of business, University Of Nairobi.

Kosom, P (2011). Competitive strategies Employed by National Oil Corporation of Kenya. Unpublished MBA project, school of Business, University of Nairobi

Kotler, P., & Keller, K. L. (2006). Marketing management. (12th ed.). New Jersey, NJ: Pearson Prentice Hall.

Kracklauer, A.H., Quinn Mills, D., Seifert, D. (2004), Collaborative Customer Relationship Management – Taking CRM to the Next Level, Springer-Verlag, Germany Marketing, 11(3), 18-32.

Kumar, S. R. (2007). Marketing and branding – The Indian scenario. Patparganj, Delhi, India: Dorling Kindersley Pvt. Ltd.

Lau, Ronald S (2002). "Competitive factors and their relative importance in the US electronics and computer industries". International Journal of Operations & Production Management 22 (1): 125–135.

Markoff, John (1990). "Technology Official Quits at Pentagon". The New York Times.

McAlexander, J. B., Becker, D., & Kaldenberg, D. (1993). Positioning health care services: Yellow Pages advertising and dental practice performance. Journal of Health Care Marketing, 13, 54-57.

McKenna, R. (1986). The Regis Touch: New marketing strategies for uncertain times. Reading, MA: Addison-Wesley Publishing Company.

Mittra, S. (2001). Strategic Planning Practices within Hotels and Restaurants in Nairobi. Unpublished MBA Project, school of business, University of Nairobi.

Moriarty, S. (1997). Driving Brand Value. New York: McGraw-Hill

Morton, J. (1994). Predicting brand preference. Marketing Management, 2(4), 32-44.

Mwaura, Catherine M, (2003)Marketing strategies in the hotel industry in Kenya at the age of terrorism : five star hotels in Nairobi. Unpublished MBA Project, school of business, University of Nairobi

Nykamp, M. (2001), The Customer Differential: The Complete Guide to Implementing Customer Relationship Management, Amacom, New York

O'Neill, J. W., and A. S. Mattila. (2006). Strategic hotel development and positioning: The effect of revenue drivers on profitability. Cornell Hotel and Restaurant Administration Quarterly 47 (2): 146-54.

Passemard; Calantone (2000), Competitive Advantage: Creating and Sustaining Superior Performance by Michael E. Porter 1980, pp. 18

Peteraf, Margaret A. 1993. "The cornerstones of competitive advantage: A resource-based view." Strategic Management Journal. 14 (March): 179-191.

Pike, S., & Ryan, C. (2004). Destination positioning analysis through a comparison of cognitive, affective, and conative perceptions. Journal of Travel Research, 42, 333-42.

Porter ME (1985). Competitive advantage: creating and sustaining superior performance, New York: Free Press.

Porter ME (1986). Competitive strategy: techniques for analyzing industries and competitors, New York: Free Press.

Porter, M. E. (1979). How competitive forces shape strategy. Harvard Business Review, (March - April), 137-145.

Porter, M. E. (1996). What is strategy? Harvard Business Review, (Nov/Dec), 61-78.

Powell, Thomas C. (2001). Competitive advantage: logical and philosophical considerations. Strategic Management Journal 22 (9): 173.

Ries, A., & Trout, J. (1986). Positioning, the battle for your mind. (Rev. ed.). New York: McGraw-Hill.

Rijamampianina; Rasoava, Abratt, Russell, February, Yumiko (2003). "A framework for concentric diversification through sustainable competitive advantage". Management Decision 41 (4): 362.

Siguaw, J. A., A. S. Mattila, and J. Austin. (1999). The Brand Personality Scale: An application for restaurants. Cornell Hotel and Restaurant Administration Quarterly 40 (June): 48-55.

Simon, C., and M. Sullivan. (1993). The measurement and determinants of brand equity: A financial approach. Marketing Science 12:28-52.

Smith, Esther (1988). "DoD Unveils Competitive Tool: Project Socrates Offers Valuable Analysis". Washington Technology.

Soundararaj, J. J., & Rengamani, J. (2002). The inevitability of 'Positioning' in the present marketing scenario. Indian Journal of Marketing, 32, 3-5.

Ulrich, D., & Lake, D. (1991). Organizational Capability: Creating Competitive Advantage. The Executive, 5 (1), 77-92.

Vaid, H. (2003). Branding: Brand strategy, design, and implementation of corporate and product identity. New York: Watson-Guptill.

Van Riel, C.B.M & Van Bruggen, G.H. (2002). Incorporating Business Unit Managers' perspectives in corporate-branding strategy decision making. Corporate Reputation Review 5(2-3)241-251.

Warf, Frederick P. Stutz, Barney (2007). The world economy : resources, location, trade and development (5th ed. ed.). Upper Saddle River: Pearson. ISBN 0132436892.

APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 9/8/2012

TO WHOM IT MAY CONCERN

The bearer of this letter STELLA NYAMBURA KILONZO

Registration No. D61/66967/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
09 AUG 2012
MBA OFFICE
P.O. Box 30197 – 00100, NAIROBI

IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE

APPENDIX 2: QUESTIONNAIRE

1. Name of your Hotel____
2. Title/Position ____
3. How Many Years have you worked for this Hotel________________________________
4. Please indicate your most frequent visitors on a scale of 1 to 5 (1=Not at all Important, 2=Not Important,3=Somewhat not Important,4=Important, 5=Very Important)

Types of Visitors who frequent your Hotel	1	2	3	4	5
Tourists					
Airline Crew and Lay Over					
Conference and other Corporate					
Domestic (Resident) Clients					
Walk In Guest					

5. How Many years has this Hotel been in operation?

   I to 5 Years ( )

   6 to 10 Years ( )

   11 to 15 Years ( )

   16 to 20 Years ( )

   Over 21 Years ( )

6. Please indicate the source region of most of your guests in percentage terms totaling to 100%

Source Market of Your Guests	
Europeans	
Americans	
Asians	
Kenyans	
Rest of Africa	

7. What factors do most of your guests prefer in scale of 1 to 5where, (1=Not at all Important, 2=Not Important,3=Somewhat not Important,4=Important, 5=Very Important)

Preference of Your Guests	1	2	3	4	5
Superior Rooms					
Good Quality Food					

Recreation Facilities					
Location of Hotel					
Price Charged					
Overall hotel Brand image					

Part B: Brand Positioning Strategies

1. Rate brand positioning strategy in customer attraction in a scale 1 to 5 (1=Not at all Important, 2=Not Important, 3=Somewhat not Important,4=Important, 5=Very Important)

Brand positioning 1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

2. Please specify types of brand positioning strategies in the appropriate box that indicates to what extent you apply the following strategies, in managing brand competition at your organization. Where, not at all= (1), little extent = (2) moderate extent= (3), greater extent= (4), very great extent (5)

	1	2	3	4	5
Benefit-driven positioning					
Rivalry-based positioning					
Quality positioning					

Problem/solution positioning					
Aspiration positioning					
Relational positioning					
Warm and fuzzy positioning					
Value positioning					
Feature-driven positioning					

Please provide any other brand positioning strategy you apply

____

____

SECTION C. Competitive Advantage

Please mark the appropriate box that indicates to what extent of advantage your brand gets in using the following brand positioning strategies, Where, not at all= (1), little extent = (2) moderate extent= (3), greater extent= (4), very great extent (5)

Competitive advantage gained	**1**	**2**	**3**	**4**	**5**
Overall positive hotel brand image					
Increased clientele loyalty					
Greater communication of the brand					

Increased level of effective brand Management					
Increased fulfillment of business objectives					
Good profit margin					
Improved perception of product performance					
Effective marketing communication					
High level of customer loyalty					
Help to develop good marketing actions					
Provide opportunities while process of brand extension					
More inelastic in customer response to price increase					
More elastic in customer response to price decrease					
Provide help at the time of marketing crises					

Please state any competitive advantage your hotel has gained.

____

____

____

Do you have any other issues that you feel may be important for this survey please indicate?

…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
…………………………………………………………………………………………………
……………………………………………………………………………………………….

APPENDIX 3: LIST OF FIVE STAR HOTELS IN NAIROBI

1. CROWN PLAZA
2. HILTON
3. INTERCONTINENTAL
4. LAICO REGENCY
5. NAIROBI SAFARI CLUB
6. NORFOLK FAIRMONT
7. OLE SERENI HOTEL
8. PANARI SKY CENTER
9. SAFARI PARK
10. SANKARA
11. SAROVA STANLEY
12. SERENA NAIROBI
13. TRIBE
14. WINDSOR

Source: Hotels and Restaurant Authority (HRA), APRIL, 2012