

**INFLUENCE OF POSITIONING STRATEGIES ON PERFORMANCE OF  
COMMERCIAL BANKS IN KENYA**

**By**

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**DECLARATION**

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

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**D61/72142/2009**

This is to declare that this project has been submitted for examination with my approval as the university supervisor

Signature: -----

Date: -----

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## **DEDICATION**

This study is dedicated to my Family Members particularly Mrs. Margaret Wanjiku who as my mother is very special and a great supporter of my work.

## **ACKNOWLEDGEMENT**

The completion of this project was not easy. It was not created by the author alone, but relied on the cooperative assistance of many unseen hands. First and foremost I owe special thanks to God Almighty for seeing me through. I sincerely acknowledge my supervisor Dr Munyoki, Lecturer University of Nairobi, School of Business for his enabling support and guidance, his never ending patience, good eye and sharp mind.

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May God bless the work of their hands!

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## **ABSTRACT**

Positioning strategies is vital tool to confront competitive pressures in a market environment and also as a tool of improving the performance of the commercial banks. commercial banks needs to develop a distinctive image by which consumers will be able to identify it, it must be able to provide a combination of features perceived to be desirable by the target market. Therefore this research study sought to investigate the influence of positioning strategy on performance of commercial banks in Kenya.

This research adopted survey design to explore the viable. The study used a descriptive survey approach in collecting data from the 88 marketing officers working in 44 commercial banks in Kenya. A questionnaire which was drop and pick administered was used in gathering of primary and secondary data. Quantitative and qualitative techniques were used to analyze both primary and secondary data. The content analysis was used to analyze the respondents' views.

The study revealed that positioning strategies enhanced grow more rapidly and more profitable relative to its competitors, improve sales of new products, enabled bank to offer financial services that have important attributes in delivering benefits, attain a big market share, enhance customer loyalty and improve customer retention .

From the findings, the study concluded that commercial banks needs to enhance the performance by increasing the level of significance of positioning strategies adopted in order to distinguish itself from its competitors, create an image relative to competitors and be identified in the minds of targeted customers for their product and services. Positions management, market strategies, internal and external infrastructure, use of information technology, ability to innovate and differentiate would be necessary for the bank as it would enable it to increasingly respond to market considerations therefore enhance competition and profitability.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Positioning has long been recognized as a vital tool to confront commercial bank competitive pressures in a market environment and also as a tool of improving the performance of the banks. Ries and Trout (2000) propose that positioning is essentially what the institutions carry its business in mind of the prospect and highlight its use as a base from which to develop marketing communication strategy. Kotler and Andreasen (2000) emphasize the importance of having a distinctive image, defining positioning as: “the act of designing the organization’s image and value offer so that the organization’s customers understand and appreciate what the organization stands for in relation to its competitors (Kotler and Andreasen 1999).

Successful consumer marketing does not begin with a unique product or a great idea. Marketing begins with consumers who want or need the product and have the resources to buy it. However, these consumers do not buy just a product; they buy a total bundle of values known as a market offering. That market offering is composed of a mix of elements such as a product, product services, transaction services, brand, package, price, credit terms, price discounts, advertising, personal sales assistance, store or business location availability, inventory assortment and transportation services. Mixing and matching these various elements of the market offering into an appropriate integrated and unified whole becomes the primary challenge for the marketing executive in developing a successful competitive position in the European consumer marketplace today (Ries and Trout 2000).

Commercial banks face many challenges in today’s dynamic marketplace. In a global economy that has become increasingly competitive, there is need for efficient development of products that can quickly satisfy a more demanding customer base and build long-term customer trust (Porter, 1996). It must enhance risk management and

address a broad range of service breakdowns and regulatory changes that require reporting with greater standardization and transparency. It must optimize both internal and external innovation, while seeking operational excellence at all levels. Meeting these challenges requires commercial banks in Kenya to adopt positioning strategies that boost bank market performance revenues, improve operational efficiency, cut costs, and enhance the overall management of business (Kotler, 2000).

### **1.1.1 Positioning strategies**

Positioning is an attempt to distinguish an organization from its competitors along real dimensions in order to be the most preferred firm for a certain market segment or prospect. It is an attempt to have a clear or unique position in the marketplace. Also, positioning is a competitive marketing tool that goes beyond image-making. The image-making firm seeks to cultivate an image in the customer's eyes and mind (Ahmad and Haron, (2002). Market positioning is a process of establishing and maintaining a distinctive place and image in the market for an organization and/or its individual product offerings so that the target market/prospect understands and appreciates what the organization stands for in relation to its competitors (Ries and Trout, 1986).

Positioning is concerned with the attempt to modify the tangible characteristics and the intangible perceptions of a marketable offering in relation to the competition (Arnott, 1992). The above definition also shows that a positioning strategy may be broken down into three interrelated sub-components: customer targets; competitor targets; and competitive advantage. In addition this process of positioning strategy formulation demands the ability to build-up a picture of the marketplace and thinks creatively about the interrelationships between these three sub-components. The idea is to go for a segment of the market where, by virtue of the company's distinctive strengths, it is able to satisfy customer needs better than its competitors. This necessitates a thorough understanding of the strengths, weaknesses, opportunities, and threats profile (SWOTS)

facing the firm – something which can only be achieved by a dedicated internal (company), competitor, and customer/ market analysis.

Once a positioning plan has been finalized it is translated into action by assembling an appropriate marketing mix. The popular four P's definition of the marketing mix is: Product, Price, Promotion and Place (distribution), with each "P" comprising a set of decision elements which together defines the firm's offer to its target market. The mix should be tailored so that target customers regard it as being superior to those offered by competitors – by reflecting the firm's choice of competitive advantage.

### **1.1.2 Market performance**

In a service context, market performance is measurable using behavioural intentions (Zeithaml et al. 1996) and deemed to be applicable and relevant for banking services (Zeithaml & Batner, 2000). Loyalty is defined as the intended behaviour (Zins, 2001), which entails the consumer's deposition in terms of preferences or intentions that play an important role in determining market performance (Nguyen et al. 1998). It can be an attitude, reflected in the willingness to recommend the service provider to other customers or an actual behaviour (Konstantinos et al. 1998) or observed behaviour (Gronroos et al. 1994) in terms of repeat purchases.

Cognitively it is operationalized as the service brand that first comes to mind when making a purchase decision (Bloemer et al. 1999). Hallowell (1996) notes that customers' behavioral intentions are used as surrogate indicators of the retention and /or loyalty construct to define and measure market performance (Konstantinos et al. 2002; Fisher et al, 1999; Nyer, 2000), whereby high levels of customer retention lead to profitability, provides a competitive advantage and a requirement to attaining a big market share (Fornell, 1992, Dick & Basu, 1994).

In addition, strong positive associations between image and loyalty have been reported extensively in the service marketing area (Kotler, 2000). In that regard, it is reported that

customer intentions to use the service influenced by the benefits they desire and/or expect from the service, which are embedded in the beliefs about the service performance (Dorsch et al. 2000). Wee et al. (1995) also report that consumers are more likely to purchase a product or service if it is perceived to have important attributes that deliver benefits.

In deed, according to Kotler (1999), Vardis et al (2000) the difference established must deliver a highly valued benefit to the target customers; distinctive competitors should not be offering the difference or the company is able to offer it in a more distinctive way; superior the difference is superior to other ways that a customer might obtain the same benefit; communicable the difference is communicable, attractive and visible to buyers; pre-emptive competitors cannot easily copy the difference; Affordable customers can afford to pay for the difference and Profitable the company can introduce the difference profitably. In short the positioning strategy that satisfies this criteria shows how the bank wishes to be seen, what its values are, and its overall image to the target customer (Sheinin, 1998).

To successfully position commercial bank services and other services in Kenya, it requires careful consideration of important, attractive, distinctive and superior service attributes to customers. It is essential to consider communication to customers as equally important as to employees for successful positioning of commercial banking services. Most important is to use customer contact employees to effectively communicate to customers leading to customer loyalty and customer retention ((Zineldin, 2002).

### **1.1.3 Commercial banks in Kenya**

The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK), govern the Banking industry in Kenya. The banking sector in Kenya was liberalised in 1995 and exchange controls lifted. The CBK, which falls under the Ministry for Finance's docket, is responsible for formulating and implementing monetary policy and fostering the

liquidity, solvency and proper functioning of the financial system. The CBK publishes information on Kenya's commercial banks and non-banking financial institutions, interest rates and other publications and guidelines. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting its members (Kenya Bankers Association annual Report, 2008).

There are forty-six (46) bank and non-bank financial institutions, fifteen micro finance institutions and forty-eight foreign exchange bureaus in Kenya (CBK, 2011). The banking industry in Kenya is dominated by a few large banks most of which are foreign-owned, though some are partially locally owned. Six of the major commercial banks are listed on the Nairobi Stock Exchange. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banks' interests and addresses issues affecting member institutions.

The sector witnessed an increase in the branch network from 930 branches in June 2009 to 1017 in June 2010 representing growth of 9.4 percent. The number of automated teller machines (ATMs) in the payment card industry continued to grow, increasing by 21.0 percent from 1,510 ATMs in December 2008 to 1,827 ATMs in December 2009. Growth in ATMs is attributed to commercial business expansion strategies and the need to counter increased competition in the payment card industry. During the period ending June 30, 2010, the banking sector pre-tax profits increased by 41.9 percent from ksh 24.6 billion in June 2009 to ksh 34.9 billion in June 2010. Total income rose by 24.1 percent from ksh 81.8 billion in June 2009 to ksh 101.5 billion in June 2010. Stiff competition and market activity was witnessed in the year 2009 to year 2010. Retail loans and advances for year 2009 to 2010 in (000,000) were as follows for the six leading banks in Kenya: Barclays 393, KCB 375, Equity 331, Standard Chartered Bank 308, Co-operative bank 287 and CFC stanbic 211. Retail customer deposits in the same period was as follows; Barclays 616, KCB 532, Equity 400, Standard Chartered Bank 400, Co-operative bank 332 and CFC stanbic 294. The banking sector growth momentum was

expected to continue as financial institutions spread their presence in the east African region and embracing of ICT-banking (Bank annual report, 2009).

The commercial banks financial institutions offer corporate and retail banking services but a small number, mainly comprising the larger banks, offer other services including investment banking (Kenya Bankers Association annual Report, 2008). The banks have continually adopted various marketing and position practices relevant to the banking industry to help it gain and maintain large size of customers, gain a competitive edge and improve on its performance marketing.

## **1.2 Statement of the Problem**

Positioning is a powerful tool that allows firm to improve market performance (Tse, 2001). Lopez et al. (2000) findings reveal that a firm's profits, gains in market share and new product sales in comparison with competitors for a period of time are benefits of customer loyalty to the firm which is as a result of distinctive positions in the market characterized by resource profiles that are rare, non-substitutable and inimitable.

In Kenya, accessibility to loans is still limited to a few customers and subject to many conditions, high interest rates charged on loans (between 19 to 40 percent); low interest rates paid on deposits of 0.025 per year and the high bank charges (Central bank of Kenya, 2006). Customers have complained of inconvenient hours of operation, slow handling of customers' complaints, and lack of enough seats especially on busy banking days while customers wait for the services, in addition to lack of parking space. As Competition increases in the banking industry; commercial banks have introduced less minimum balances, prestige banking, advantage cards, Fuel cards and Automated teller machines to improve on the accessibility of banks services. Many commercial banks have also increased their service networks by opening many branches including up country districts in Kenya. In spite of all this, customers do not understand the vision of most commercial banks and there has been increase in customer defections through customer complaints, unreliable and untimely service provision.

Most of the local study local studies have focussed more on brand positioning strategies as well as positioning strategies adopted by other business industries such as tourism. For Example. Wanjau (2001) investigated the extent of usage of brand personality in brand positioning in the lubricants market. Muriuki (2003) carried out a survey of effectiveness of positioning strategies of Kenya's tourism industry. Similarly, Ndinda (2005) investigated positioning strategies used by health maintenance organizations in Kenya while Awino (2008) determined market positioning strategies adopted by courier companies in Kenya. There was no study that has focus on determining positioning strategies adopted by commercial bank in Kenya .This is despite the fact that positioning in commercial bank play great role in enhance bank performance This study therefore seek to determining the influence of positioning strategies adopted by commercial banks in Kenya on market performance

This study will be guided by the following questions

- i .What are the positioning strategies adopted by commercial banks in Kenya?
- ii .How does positioning strategy adopted by commercial banks influence performance of commercial banks in Kenya?

### **1.3 Objectives of the Study**

The study will be guided by the following objectives

- i) To determine Positioning strategies adopted by commercial banks in Kenya.
- ii) To assess the influence of positioning strategy on performance of commercial banks in Kenya



#### **1.4 Significance of the Study**

This study is important to the management of commercial banks and other similar organizations in Kenya by acting as a management reference point for application of positioning strategies needed to be put in place, both in the present and future to attract customers, develop attractive corporate images, distinctive and superior differentiation to improve market performance.

The Governments of Kenya will also find this study an invaluable source of information by identifying the factors that play a major role in the practice of application of positioning strategies in the commercial bank in Kenya and develop policies that will enhance uphold of ethics in application of promotion strategies in commercial banks.

The study will be significant to the researchers and scholars as they will benefit from the study as it will add on to the growing body knowledge in marketing practices in Kenya. This will act as a source of reference for studies to be done on positioning strategies in the future.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter presents a review of literature on positioning strategies adopted commercial banks and their influence on market performance. It defines the concept positioning, positioning strategies and market performance.

### 2.2 Concept of Positioning

Positioning strategy is defined as the act of designing the company's offerings and image to occupy a distinct place in the target customers' mind in terms of quality, service, capabilities and price, to influence customers' behaviour (Zineldin et al, 2001). Positioning strategy entails benefits that are important to customers, attractive images, distinctive and superior differentiation, which are solely the perceptions of the customer as a consequence of using the product or service and/or the communications made (Ries and Trout, 1986).

In marketing, positioning has come to mean the process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization. There is general agreement that the concept of marketing positioning has become one of the fundamental components of modern marketing management (Kotler, 2000; Hooley *et al.*, 1998). 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 *et al.*, 1995).

Positioning appears to have evolved from market segmentation, targeting and market structure changes during the 1960s and the early 1970s (Sekhar, 1989). According to Ries and Trout (1999) concluded that, Positioning starts with the product. A piece of merchandise, a service, a company, an institution, or even a person. They go on to argue

that positioning is not what is done to the product/service, but rather what is done to the mind of the prospect, "... positioning shifts the emphasis of marketing from the product to the battle for your mind." The emphasis of their debate (supported almost exclusively by their consultancy and personal experiences) centered on the communications /advertising elements of positioning.

This theme has been adopted by Kotler (2000) who provides the following definition: Positioning is the act of designing the company's offering and image to occupy a distinct place in the target market's mind. At the same time, several terms such as positioning (Kotler, 2000), position, product positioning (Harrison, 1987) and market positioning have been proposed in the literature. However, we believe that Arnott's (1992) statement that the various definitions and terminologies are simply several sides of the same coin illustrates the fact that most of the apparent definitional differences are substantively superficial. He goes on to state that: positioning is the deliberate, proactive, iterative process of defining, modifying and monitoring consumer perceptions of a marketable object (Zineldin, 2002).

Positioning is reported to have evolved from market segmentation, targeting and market structure changes during the 1960s and 1970s (Kalafatis et al. 2000). It is defined as the company's image in the target customers' minds (Kotler, 2000), a collective perception of the organization and/or its products relative to competitors (Zineldin, 2002). Positioning strategy refers to the choice of target customer segment and choice of a differential advantage to be used to compete in the segment (Brooksbank, 1994). It has also been defined as the act of designing the company's offerings and image relative to competitors (Kotler, 2000). Ries and Trout (1986) however conclude that positioning starts with the product, which could be a piece of merchandise, a service, a company, an institution, or even a person. However, they argue that positioning is not what is done to the product or service, but what is done to the mind of the customer.

## 2.2 The Position Mix Process

The major focus of the positioning mix process involves the formulation of the product; the terms of sale; the distribution; and the communication submixes. It is necessary to separate the offering into these four components, each with several elements, for the purpose of making the necessary decisions about each element. A consumer market offering is the result of mixing the four components, and it is through this component mixing that a successful position is achieved in consumers' minds. The large number of elements, and the enormous number of ways in which these elements can be combined, result in influencing the different levels of response that consumers have to the competitive offerings available in the marketplace.

Bank marketing executives must plan the product mix that will result in a combination of elements such as physical product, product services, brand and package desired by the target consumers. The various elements that make up the product component of the market offering are called the product mix. Its breadth is measured by the number of product lines and other product-related elements offered; and its depth by the assortment within each of these elements.

Bank products at the right price will not be positioned successfully in the mind of the consumer if it is not also at the right place at the right time. The distribution mix contributes vitally to the market offering mix by providing time and place values in the mind of the consumer. Therefore, the distribution component mix is that combination of such elements as marketing channel outlets, storage facilities, inventory control procedures and shipping facilities put together by marketing managers to create the desired market offering competitive position in the consumers' minds. The availability of products via Internet technology and direct shipment is also having a major impact on the issue of successful marketing strategies and commensurate positioning (Alba *et al.*, 1997).

To correctly and successfully position the market offering, marketing executives must be concerned with such elements as the basic design of the marketing channel, the types of middlemen, and the extent of market coverage (Aulakh and Kotabe, 1997). To support the distribution mix, decisions must also be made regarding inventory storage facilities, the types and locations of these facilities, and the consumer order-handling procedures to be followed. Decisions regarding the establishment and maintenance of inventory levels, and types of transportation agencies and carriers to be used are also important.

The communication mix is of major importance to successful market positioning and has often been viewed as the primary positioning tool (see Trout and Rivkin, 1996). In reality, however, successful competitive positioning is achieved through strategic planning and implementation of all of the components in the consumer market offering. The purpose of the communication mix is to inform and persuade consumers, both of which will affect the position of the firm's market offering on the "ladder" of recognition and preference in the minds of consumers. The communication component mix combines such elements as advertisements, personal sales presentations, special promotions and public relations activities. These are assembled to successfully position the offering in the minds of the consumers and encourage them to buy to the mutual satisfaction of themselves and the firm. The breadth of the communication mix depends on the number of elements selected from those available. The depth is measured by the variety used within each of the elements. New developments in communication technology, such as Internet advertising and promotion, add tremendously to the complexity of successful positioning in the European marketplace of today and will increasingly do so in the future.

### **2.3 Positioning Strategy**

In the words of Doyle (1983): Positioning strategy refers to the choice of target market segment which describes the customers a business will seek to serve and the choice of differential advantage which defines how it will compete with rivals in the segment. This

definition also shows that a positioning strategy may be broken down into three interrelated sub-components: customer targets; competitor targets; and competitive advantage. In addition this process of positioning strategy formulation demands the ability to build-up a picture of the marketplace and think creatively about the interrelationships between these three sub-components. The idea is to go for a segment of the market where, by virtue of the company's distinctive strengths, it is able to satisfy customer needs better than (or at least as well as) its competitors. This necessitates a thorough understanding of the strengths, weaknesses, opportunities, and threats profile (SWOTS) facing the firm – something which can only be achieved by a dedicated internal (company), competitor, and customer/ market analysis.

Once a positioning plan has been finalized it is translated into action by assembling an appropriate marketing mix. The popular four P's definition of the marketing mix is: Product, Price, Promotion and Place (distribution), with each "P" comprising a set of decision elements which together defines the firm's offer to its target market. The mix should be tailored so that target customers regard it as being superior to those offered by competitors – by reflecting the firm's choice of competitive advantage.

Competitive positioning involves the formulation of the market offering; but positioning is not what a firm does to a market offering. Positioning is what is done in the minds of prospective consumers through the various components of the market offering. That is, a particular firm's offering is competitively positioned relative to all other market offerings in the minds of prospective consumers.

The major challenge to successful positioning is that the minds of consumers are limited, dislike confusion, are insecure, are hard to change, and lose focus (Trout and Rivkin, 1996). Of primary importance in this regard does the "ladder" exist in the mind of each consumer that relates to each category of market offering. For most people, only seven items of information, such as seven brands in a market offering category, are typically held in the mind of a particular consumer (Ries and Trout, 1986). The number eight

brand is out of luck. This is what is meant by the point that the minds of consumers are limited and thereby provides the foundation for the other characteristics of the consumer's mind as noted above.

Developing an effective and successful competitive positioning strategy must begin with research to define the target market. In addition, the key factors that are characteristic of the product component, and that are of primary importance to prospective consumers, must be analyzed (Kim and Chung, 1997). A determination must also be made as to how these consumers position a firm's market offering in their minds, and the position of comparable market offerings considered being of primary value to the targeted consumers.

### **2.3.1 Product Differentiation**

In marketing, product differentiation is the process of distinguishing a product or offering from others, to make it more attractive to a particular target market. This involves differentiating it from competitors' products as well as one's own product offerings (Kotler, Philip and Kevin Lane Keller, 2006). It is a marketing process that showcases the differences between products. Differentiation looks to make a product more attractive by contrasting its unique qualities with other competing products. Successful product differentiation creates a competitive advantage for the seller and thus enhances firm performance as customers view these products as unique or superior. Product differentiation can be achieved in many ways. It may be as simple as packaging the goods in a creative way, or as elaborate as incorporating new functional features. Sometimes differentiation does not involve changing the product at all, but creating a new advertising campaign or other sales promotions instead (Galbraith, 1997).

Marketing or product differentiation is the process of describing the differences between products or services, or the resulting list of differences. This is done in order to demonstrate the unique aspects of your product and create a sense of value which improves the performance of the firm. Marketing textbooks are firm on the point that any

differentiation must be valued by buyers (Kotler, Philip and Kevin Lane Keller, 2006). The term unique selling proposition refers to advertising to communicate a product's differentiation (Sharp, Byron; Dawes, John, 2001). In economics, successful product differentiation leads to monopolistic competition and is inconsistent with the conditions for perfect competition, which include the requirement that the products of competing firms should be perfect substitutes.

Market segmentation involves the identification of segmentation variables followed by segmentation of the market. This leads to market targeting, i.e. an evaluation of the attractiveness of the obtained segments and a selection of the target segment(s). For these target segments, positioning concepts are developed, selected and communicated (Kotler, 1999). The segments that are distinguished must form a sound basis for product, distribution, pricing, and communication strategy. This can only be realized by stable segments of which the buying behaviour can be reliably predicted.

### **2.3.2 Promotion Strategy**

Advertising and promotions is bringing a service to the attention of potential and current customers. Advertising and promotions are best carried out by implementing advertising and promotions plan (Hooley *et al.*, 2001). The goals of the plan should depend very much on the overall goals and strategies of the organization, and the results of the marketing analysis, including the positioning statement. Advertising is a major "phase" of overall product or service development and management. Advertising is specifically part of the "outbound" marketing activities, or activities geared to communicate to the market, eg, advertising, promotions and public relations.

Promotion is one of the key 4Ps in the marketing mix (Dibb *et al.*, 1994) and as such has a key role to play in market success and also in improving the firm's performance. Promotion is concerned with ensuring that customers are aware of the products that the organisation makes available to those customers. More specifically, the objectives of any promotional strategy will be drawn from an appropriate mixture of the following roles of



promotion; to: increase sales; maintain or improve market share; create or improve brand recognition; create a favourable climate for future sales; inform and educate the market; create a competitive advantage, relative to competitor's products or market position; improve promotional efficiency.

The ideal form of promotion is the conversation which takes place between the expert sales professional and his or her customer. It is interactive and conversation is specific to the needs of both. Other forms of promotion, which deal in the "average" needs of groups of people can only hope to approximate to this ideal. Nevertheless, as Kotler and Kevin Keller (2006) acknowledge, much promotion, especially in consumer markets, can appear to be predominantly a one-way process in which the producer decides on a marketing message and selects channels through which to communicate that message. In such contexts, there is feedback on the effectiveness of the promotional strategy, but since this is largely in the form of sales, it can be difficult to differentiate between the role of promotion and of other factors in the marketing mix in respect of the significance of their contribution to market success.

### **2.3.3 Distribution Strategy**

Players in the market will need to maximize productivity from existing customers, particularly given the fact that the cost of acquiring new customers will be increasing. Distribution (or place) is one of the four elements of marketing mix. Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers. Channels are organized structures of buyers and sellers that bridge the gap of time and space between the manufacturer and the customer. An organization or set of organizations (go-betweens) involved in the process of making a product or service available for use or consumption by a consumer or business user. It is no longer appropriate for distribution to be treated as a short-term and tactical issue because it is inextricably linked with the longer-term customer retention policies. The key success factors for distribution can be summarized as follows: control over the sales

teams in terms of time management and customer targeting; turnover, recruitment and retention; customer relations – the development of long term customer relationships based on trust as opposed to short-term relationships based on single product sale; improved productivity (Boyd *et al.* 1994).

For product-focused commercial banks, establishing the most appropriate distribution strategies is a major key to better performance, defined as maximizing sales and profits. Unfortunately, many of these companies often fail to establish or maintain the most effective distribution strategies. Problems that we have identified include: Unwillingness to establish different distribution channels for different products, Fear of utilizing multiple channels, especially including direct or semi-direct sales, due to concerns about erosion of distributor loyalty or inter-channel cannibalization, Failure to periodically revisit and update distribution strategies, Lack of creativity and resistance to change.

To be fair, there can be sound reasons for these perceived weaknesses. More typically, however, they are due to failings such as simple inertia, lack of understanding of the ultimate customers and their preferences, or a failure to acknowledge the importance of a distribution strategy and invest sufficient resources in understanding it and fail to effectively position its product in the market.

#### **2.3.4 Demographic Positioning**

Measuring the impact of customer demographics on bank selection criteria lead to newer marketing strategies for banks. Boyd *et al.* (1994) placed importance on the marital status, married or unmarried, of the customers found that customers are different in putting more emphasis on various bank selection factors such as reputation, cost-benefit, efficiency and many more. However, their report revealed that customer those are ‘single’, have put less prominence on reputation rather the ‘married’ customers (Legg, and Baker ,1996).

Another demographic variable, size of the household in terms of number of family members as dependents, was tested and the Kotler, (2006), found that 'heavy' households emphasis on reputation, cost-benefit and efficiency, whereas the others put more importance on convenience and cost-benefit issues (Keeton, 2001). Occupation of the respondents was another demographic segmentation take into account. The report disclosed that more white-collar households are emphasizing on reputation, modern facilities, and convenience (Lopez, Hart, and Rampersad, (2007). However, the counterparts, blue-color households, put greater emphasis on core banking (availability of basic services), cost-benefit issues. Lastly, Gender of the respondents reveled interesting results. Males are putting importance on faster service, convenience; however, female gave importance to longer-term aspects relating to organizing their finances and becoming more financially secure. Ahmad and Haron, (2002) reported differences in bank selected criteria based on gender, age, education background of bank customer in Turkey. This study reported that male customer put more importance on reputation of the bank, business hours, parking facilities, availability of wide-range of services, and fast and efficient services than the female customers. The convenience (especially bank location) played important role for customer under age 40. According to educational segmentation, customers with more than primary education considered empathy, fast and efficient services, location of the banks more important than the uneducated group (Kotler, 1997)

Bank institutions marketers are increasingly interested in the effect of consumer "lifestyles" on demand. Unfortunately, there are many different lifestyle categorization systems, many of them designed by advertising and marketing agencies as a way of winning new marketing clients and campaign (Keeton, 2001).

## **2.4 Market Positioning and Performance**

In banking industry, performance is measurable using behavioural intentions (Zeithaml et al. 1996) and deemed to be applicable and relevant for banking services (Zeithaml &

Batner, 2000). Loyalty is defined as the intended behaviour (Zins, 2001), which entails the consumer's disposition in terms of preferences or intentions that play an important role in determining performance (Nguyen, 1998). It can be an attitude, reflected in the willingness to recommend the service provider to other customers or an actual behaviour (Konstantinos, 1998) or in terms of repeat purchases.

There has been attempts to link a bank's positioning strategy to its resources and capabilities, and – in particular – is consistent with the notion that competitive positioning strategies, “give equal weight to market demands and capability profiles when selecting targets and implementing positioning strategies” (Hooley et al., 1998). Day and Wensley (1988) established a research agenda and tradition in which they declared, “Businesses seeking advantage are exhorted to develop distinctive competences and manage for lowest delivered cost or differentiation through superior customer value. The promised payoff is market share dominance and profitability above average for the industry. This advice is sound, but usually difficult to follow. Management must first understand the reasons for the current advantages or deficiencies of the business market positioning strategies. Without a proper diagnosis, managers cannot choose the best moves to defend or enhance the current position. For many reasons the prevailing approaches to understanding competitive advantages due to proper market positioning are likely to yield valid and insightful diagnoses” (Day and Wensley, 1988).

In addressing this challenge, several researchers have since empirically examined the relationships between competitive strategy and positioning (Golden et al., 1995), distinctive marketing competency and adaptive tactics. Woodside et al., (1999) reviewed the association between product-market positions and the mode of competitive strategy employed; more particularly, the issue of which product-market position elements are associated with the “prospecting” or “first mover” mode of competitive strategy.

The extent of environmental turbulence and complexity experienced by high technology firms is now without precedent, driven by the increased pace of change in information

and communications technologies, fundamental advances in commercial research and development, increasing integration within the global economy, and growth in demand for products with significant knowledge-based components. Within such environments it can be suggested that incumbent firms should become more cognisant of the need to be prospector-oriented. This can be likened to being more entrepreneurial and strategically innovative or simply attempting to exploit the benefits of being a first-mover, market pioneer, newcomer or first entrant (Green et al., 1995) in the relevant product-market. Previous empirical studies provide evidence that environmental turbulence and environmental complexity are both positively related to innovative, risk-taking and proactive behaviour by firms. These dimensions are considered properties of the corporate entrepreneurship construct (Barringer and Bluedorn, 1999), but also correspond closely with prospector-orientation. The nature of prospecting strategic behaviour is now becoming more of a competitive requirement with little sanctuary from aggressive competitive actions in most product-markets (Doyle and Wong, 1998).

Andreassen and Lindasted, (1998) established that customers are retained when the organization has a relative attractiveness and distinctiveness in its image from other organizations in the same industry, which determines its market share and profitability. Lopez et al. (2000) findings reveal that a firm's profits, gains in market share and new product sales in comparison with competitors for a period of time are benefits of customer loyalty to the firm which is as a result of distinctive positions in the market characterized by resource profiles that are rare, non-substitutable and inimitable.

Nguyen and LeBlanc, (1998) found a positive relationship between perceived image of the company and its market performance. In addition, Gwinner, (1997) findings show that a favorable store image can influence repeat patronage, which is fundamental to high profitability. Piron, 2000 established that for most consumers, well-known brand names and the country- of - origin form automatic associations that elicit positive impressions that influence consumers' purchase intentions. In addition, Nguyen et al. (1998) maintain that to achieve customer loyalty all service encounters must offer distinctive and superior

value, which cannot be obtained anywhere else to distinguish the firm from competitors in the market, which is requirement to attaining a big market share (Fornell, 1992, Dick & Basu, 1994). This is also consist with Morgan et al. (2000) who established that a firm with superior competences and processes in one or more of its value chain functions enhances its capability to exploit its resources to generate sales, grow more rapidly and more profitable relative to its competitors. Research also shows that keeping customers through value added services, costs less when compared to acquiring new ones (Anderson and Fornell, 1994). Further it is the superior difference in marketing communications that accentuate customer perceptions with regard to service quality, which leads to repeat purchases (Parasuraman et al. 1998).

Most studies and their findings suggest that Positioning is significant to customers in that it provides a basis for comparing alternatives in the market place. However, few studies have attempted to specially assess the impact of positioning strategy on performance, more so, of commercial banks and in Kenya's context. Hence the need to investigate commercial banks positioning strategies and how they are perceived by the customers compared to its competitors.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter presented the methodology that was used to conduct the study. It covered the research design, the target population, data collection instruments and procedures and the method of data analysis.

### **3.2 Research Design**

This research adopted survey design where the all population of interest commercial banks in Kenya were selected for the study. The design was deemed appropriate because the main interest is to explore the viable relationship and describe how the factors support matters under investigation in one organisation.

### **3.3 Target Population**

The target population of this study was all commercial banks in Kenya. Currently there are 44 commercial banks and all of them were involved in the study, therefore it was be a census.

### **3.4 Data Collection**

A questionnaire was used as primary data collection instrument. The questionnaire was design to give a brief introduction of positioning strategies. The questionnaire was divided into sections representing the various variables that were adopted for the study. The questionnaire included closed and open ended questions which sought views, opinion, and attitude from the respondents which might not have been captured by the closed ended questions. The questionnaire was administered through drop and pick method to the 88 marketing officers of the commercial banks. The questions were designed to collect qualitative and quantitative data. The open ended questionnaires gave unrestricted freedom of answer to respondents.

### **3.5 Data Analysis and Presentation**

The collected data was examined and checked for completeness and comprehensibility. The data was then summarized, coded and tabulated. Descriptive statistics such as means, standard deviation and frequency distribution was used to analyze the data. SPSS was used to perform the analysis as it aids in organizing and summarizing the data by the use of descriptive statistics such as tables. Data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables. This ensured that the gathered information was clearly understood. The content analysis was used to analyze the respondents' views about the positioning strategies adopted by commercial banks.



## CHAPTER FOUR: DATA ANALYSIS, AND INTERPRETATION

### 4.1 Introduction

This chapter presented the results as analyzed from the data collected. The objectives of this study were to assess the influence of positioning strategy on performance of commercial banks in Kenya. This chapter focused on data analysis, interpretation and presentation and presents the discussion and conclusion of the study. The population of the study comprised of 44 commercial banks where all 44 respondents returned the questionnaires constituting to 100% of the target population. The data was presented in tables. The responses were analyzed using descriptive statistics.

### 4.2 General information

**Table 4. 1: Gender of the Respondents**

	Frequency	Percentage
Male	23	53
Female	21	47
Total	44	100

The study requested the respondents to indicate their gender as indicated in the figure. From the findings, 53% of the respondents were female while 47% were male. This implied that majority of the commercial bank staffs were female and this explains why most of the respondents ended up being from the same gender.

**Table 4. 2: Age of the respondents**

	Frequency	Percentage
30-35	26	60
35-40	8	20
41-45	6	12
50 and above	4	8
Total	44	100

The study requested respondents to indicate the age brackets in which their ages fall. From the findings, majority 60% of the respondents indicated that they were aged between 30-35 years, 20% of the respondents indicated that they were aged between 35-40 years, 12% were aged between 41-50 years while 8% of the respondents were above 50 years of age. This implied that the respondents were of age therefore the data collected from them validated.

**Table 4. 3: Highest level of educational qualification**

	Frequency	Percentage
Graduates	29	67
Post graduates	11	23
Others	4	10
Total	44	100

The study sought to investigate the highest academic qualifications attained by the respondents. From the findings, majority 67% of the respondents indicated that they were graduates, 23% of the respondents were post graduates while most 10% of the respondents indicated to be diploma holders. This implies that the study had the information from literate and competent personnel who had experiences on positioning strategy effects on the performance of the bank.

#### 4.2.1 Local or international

The respondents were requested to indicate whether their banks were locally or internationally owned. From the findings, 35(79.5%) were foreign owned banks while 9(20.5%) of the banks were local banks. This clearly indicated that most banks operating in Kenya are foreign banks.

**Table 4. 4: The period in year the Bank has been in operation**

	Frequency	Percentage
5-10 Years	2	4
11-15 Years	3	8
16-20 years	7	16
Over 20 year	32	72
Total	44	100

On the period in years the bank had been in operations, majority,(72%) of the respondents indicated that their commercial banks had been in operation for more than 20 years,7(16%) of the respondents indicated that their bank had been in operation between 16-20years, 3(8%) of the respondents indicated that their bank had been in operation for 11 to 15 year while 2 (4%) of the respondents indicated that their bank had been in operation for 5 to 10 years. This implied that a large portion of commercial banks had carried out their operations for more than 20 year and had experience of banking institutions market environment.

#### 4.2.2 Size of the Bank

The study sought the size of the bank in terms of the number of employees. From the findings,

**Table 4. 5: Number of employees**

No of Employees	Frequency	Percentage
1000-1500	5	11.0
1501 -2000	9	20.5
2001-2500	6	13.6
Above 2500	24	54

On the size of the bank in terms of number of employees as indicated in Table 4.5 , 24(54%) of the respondents indicated that the bank they worked for had more than 2500 staff,9(20.5%) had their banks with between 2001 to 2500 staff,6(13.6%) had their banks employees between 1501 to 2000 employees while 5(11.0%) indicted that the banks they worked for had between 1000 to 1500 employees. this clearly indicated that most banks had employees a relatively large number of staff.

#### **4.2.3 Positioning Strategies Enhancing the Performance of Commercial Bank**

The study sought the how positioning strategies enhances the performance of commercial bank.

**Table 4. 6: Strategies in Enhancing the Performance of commercial Bank**

	Moderate	Significant	Very significant	Mean	Std dvt
My commercial bank compete for the consumers' attention and secure a recognizable comparative position in their minds in harmony with their cultural base	5	17	21	4.58	0.61
My commercial bank competes for consumers' involvement in its daily operations.	1	13	31	4.65	0.70
My commercial bank competes for the customers' effort and time in the buying process.	2	6	36	4.34	0.54
My commercial bank competes for the customers' willingness to deal with the technical complexity found in the corresponding need for services	12	14	19	4.81	0.74
My commercial bank competes for the funds consumers are willing to spend in acquiring a service	6	24	14	4.52	0.58

As shown in table 4.4 , a larger proportion of the respondents indicated that commercial bank competes for the customers' willingness to deal with the technical complexity found in the corresponding need for services, consumers' involvement in its daily operations and attention and secure a recognizable comparative position in their minds in harmony with their cultural base as well as competing for the funds consumers are willing to spend in acquiring a service as very significant level of strategies for enhancing the performance in the bank as indicated by a mean of 4.81, 4.65, 4.58 and 4.52 . The study further found that most of the respondents indicated that commercial bank competes for the customers' effort and time in the buying process as a significant level of strategy for

enhancing the performance as indicated by a mean of 4.34 . This concurred with Sheinin (1998), who stated that the positioning strategy that satisfies this criteria shows how the bank wishes to be seen, what its values are, and its overall image to the target customer

#### **4.2.4 Purposes of positioning**

The study sought to investigate what were the purposes of positioning at the bank. From the findings, respondents indicated that positioning enabled the commercial banks to distinguish itself from its competitors, create an image relative to competitors and be identified in the minds of targeted customers for their product and services, enhances a positive relationship between company performance in term of profitability and efficiency. This implies that through positioning the commercial banks were increasingly responsive to market considerations in terms of their positions, management and market strategies, internal and external infrastructure, use of information technology, ability to innovate and differentiate therefore enhanced competition and profitability. This concurred with Ries and Trout, (1986) who stated that positioning strategy entails benefits that are important to customers, attractive images, distinctive and superior differentiation, which are solely the perceptions of the customer as a consequence of using the product or service and/or the communications made.

#### **4.3 Product differentiation strategies and performance**

The study sought the extent to which Commercial bank adopt Product differentiation strategies

**Table 4. 7: Commercial Bank Adopt Product differentiation strategies**

	Great extent	Very Great extent	Mean	Std dvt
Packaging the goods in a creative way	10	34	4.71	0.87
Incorporating new functional features	13	31	4.24	0.53
Creating a new advertising campaign or other sales promotions	6	38	4.89	0.75

As shown in Table 4.5 commercial banks adopted the creating of a new advertising campaign or other sales promotions, packaging the goods in creative way product differentiation strategies in a bid to improve its performance to a very great extent as indicated by a mean of 4.89 and 4.71. The study further found that most of the respondents indicated that Commercial bank incorporated new functional features as a product differentiation strategy in a bid to improve its performance to a great extent as indicated by a mean of 4.24. From the findings, commercial banks give equal weight to market demands and capability profiles when selecting targets and implementing positioning strategies. This concurred with Kotler, Philip and Kevin Lane Keller, (2006) who found that successful product differentiation creates a competitive advantage for the seller and thus enhances firm performance as customers view these products as unique or superior.

#### **4.3.1 Product differentiation on performance of Commercial bank**

The study sought the effects of product differentiation on performance of Commercial bank.

**Table 4. 8: Effect of product differentiation on Commercial bank performance.**

	Neutral	Agree	Strongly	Mean	Std dvt
Product differentiation at Commercial bank is done in order to demonstrate the unique aspects of your product and create a sense of value which guarantees better performance	6	6	32	4.90	0.89
Successful product/services differentiation at Commercial bank leads to monopolistic competition and is inconsistent with the conditions for perfect competition,	3	12	29	4.87	0.83
During product differentiation at Commercial bank, the key factors that are characteristic of the product component, and that are of primary importance to prospective consumers, must be analyzed	4	6	34	4.18	0.52
For Commercial bank to have high levels of performance over the long term a firm's products and services must be well "positioned" in the marketplace.	0	10	29	4.78	0.72
For the company to achieve better performance, the marketing executives at must plan the product mix that will result in a combination of elements such as physical product, product services, brand and package desired by the target consumers.	5	5	35	4.03	0.49

As indicated in Table 4.8 respondents strongly agreed that product differentiation at Commercial bank is done in order to demonstrate the unique aspects of the product and create a sense of value which guarantees better performance, successful product/services differentiation at Commercial bank leads to monopolistic competition and is inconsistent



with the conditions for perfect competition and that for Commercial bank to have high levels of performance over the long term a firm's products and services must be well "positioned" in the marketplace as indicated by a mean of 4.90, 4.87 and 4.78 .

The study further found that most of the respondents agreed that during product differentiation at Commercial bank, the key factors that are characteristic of the product component, and that are of primary importance to prospective consumers, must be analyzed and that for the company to achieve better performance, the marketing executives at must plan the product mix that will result in a combination of elements such as physical product, product services, brand and package desired by the target consumers as indicated by a mean of 4.18 and 4.03. This clearly indicated that commercial banks embraced the product differentiation as it enabled it to distinguish their offering from other financial institutions making them more attractive to a particular target market therefore enhancing the performance. These findings concurred with Galbraith, (1997) successful product differentiation creates a competitive advantage for the seller and thus enhances firm performance as customers view these products as unique or superior. T

#### 4.4 Promotion strategies

The study sought the roles of promotion in enhancing the performance.

**Table 4.9: Roles of promotion in enhancing the performance**

Role	Important	Very important	Mean	Std dvt
Increase sales	12	32	4.68	0.86
Maintain or improve market share	13	31	4.60	0.78
Create or improve brand recognition	9	35	4.55	0.95
Create a favourable climate for future sales	10	34	4.91	0.95
Inform and educate the market	5	39	4.89	0.73
Create a competitive advantage, relative to competitor's products or market position	8	36	4.87	0.69

From Table 4.9, a large proportion of respondents indicated that the roles of create a favourable climate for future sales as was very important as indicated by a mean of 4.91, inform and educate the market with a mean of 4.89, create a competitive advantage with mean of 4.87, relative to competitor's products or market position with a mean of 4.68, increase sales, maintain or improve market share and create or improve brand recognition were very important promotion in enhancing the performance of the bank as indicated by a mean of and 4.55. This implies that commercial bank promotes their products through advertising and promotions so as to bring their services to the attention of potential and current customers. This concurred with Dibb *et al.*, (1994) who found that the objectives of any promotional strategy will be drawn from an appropriate mixture of the following roles of promotion; to: increase sales; maintain or improve market share; create or improve brand recognition; create a favourable climate for future sales; inform and educate the market; create a competitive advantage, relative to competitor's products or market position; improve promotional efficiency.

#### **4.4.1 Respondents Favourite Commercial Banks**

The study sought to know the most two favourite Commercial Banks. From the findings, respondents indicated that their most favourite. The study found that 87% of the respondents indicated that Equity bank was most preferred bank due to its aggressive advocacy on agency banking, the only first bank reaching on the rural unbanked population; 78% of the respondents indicated that Kenya Commercial Bank was their most preferred bank with "Mkopo Kwa Wote" was attracting increasing their unsecured loan book.75% of the respondents indicated that Barclays Bank was the most preferred bank due to its relationship banking and convenient E-banking while other respondents indicated that they preferred Standard Chartered ,CFC Stanbic and NIC bank .

From the findings, the respondents indicated that have enjoyed the convenient hours of operation, access to affordable transactional accounts, convenient access to funds and credit facilities, speed in handling of customers' complaints, and enough seats especially on busy banking days while customers wait for the services, in addition to parking space.

This implied that most of the commercial banks had been widely recognized in the country through the ideal forms of promotion is the conversation which takes places between the expert sales professional and their customer. The findings concurred with Kenya Bankers Association annual Report, (2008), which stated that the banks have continually adopted various marketing and position practices relevant to the banking industry to help it gain and maintain large size of customers, gain a competitive edge and improve on its performance marketing.

#### **4.3.2 Reasons for preferring the above commercial banks**

The study sought the reason as to why the respondents preferred the favourite commercial banks.

**Table 4. 9: Reasons for preferring the above commercial banks**

	% of yes		Percent
	Yes	No	
Rapid expansion	35	9	45
Provides loans to customers	36	8	47
Lower charges	38	6	49
Secure	37	7	49
It is the bank i trust	39	5	50
Cheap and easy to open an account	39	5	52
Offers superior services	34	10	45
Convenience	42	2	94
Modern technology	36	6	47
Quality service	30	14	39
Local bank	36	8	35
Low minimum balance	36	8	47
Good customer care	37	7	49
Customer oriented	40	4	52
Efficient and reliable	34	10	44
Strong liquidity base	32	12	43
Good image	32	12	43
Community responsibility	26	18	34
Very distinctive	28	16	37
Innovative	41	3	53
International bank	28	16	36
Offers high interest rates	42	2	93
Children can save	39	5	50
Influence of financial and work mates	35	9	46
Offers more prospects of developing	38	6	50
Students' bank	36	8	47
World class bank	37	7	49

Table 4.10 indicated that a larger proportion of the respondents (94%.) indicated that they preferred the commercial bank because of the convenience, (93%) offers high interest rates innovative,( 92%) customer oriented, (90%) cheap and easy to open an

account, (89% ) children can save,( 87%) offers more prospects of developing, (86% ) not congested, (85%) trusted the bank, (84%) lower charges, (82%) variety of services, world class bank,( 81%) good customer care, secure, low minimum balance, modern technology, provides loans to customers, students' bank and influence of financial and work mates as indicated by, and 80% of the respondents.. The findings were in line with Central bank of Kenya, (2006) which stated that commercial banks have introduced less minimum balances, prestige banking, advantage cards, Fuel cards and Automated teller machines to improve on the accessibility of banks services. Many commercial banks have also increased their service networks by opening many branches including up country districts in Kenya.

**Promotion strategies adopted by bank and their effect on the performance**

**Table 4.10 Promotion strategies adopted by bank and their effect on the performance**

	Neutral	Agree	Strongly	Mean	Std dvt
Promotion strategies at bank are assembled to successfully position the offering in the minds of the consumers and encourage them to buy to the mutual satisfaction of themselves.	6	14	23	4.53	0.55
New developments in communication technology, such as Internet advertising and promotion, have added tremendously to the complexity of successful positioning in your bank.	3	17	24	4.93	0.85
Many advertisements your bank have, as their explicit objective, the establishment, reinforcement or modification of the positioning of an offering in the consumer's mind.	6	11	27	4.31	0.47
Advertising is a major "phase" of overall service development and management at your bank.	6	9	29	4.86	0.74

As indicated in table 4.11 majority of the respondents strongly agreed that new developments in communication technology, such as Internet advertising and promotion, have added tremendously to the complexity of successful positioning in bank that advertising is a major "phase" of overall service development and management at bank and that promotion strategies at bank are assembled to successfully position the offering in the minds of the consumers and encourage them to buy to the mutual satisfaction of themselves as indicated by a mean of 4.93, 4.86 and 4.53 supported by a standard deviation of 0.85, 0.74 and 0.55. Most of the respondents agreed that many advertisements bank have, as their explicit objective, the establishment, reinforcement or modification of the positioning of an offering in the consumer's mind as indicated by a mean of 4.31 supported by standard deviation of 0.47. This implied that banks had strategies of promotion which ensured that the customers were aware of the products they offer and were also well maintained. This concurred with Hooley *et al.*, (2001), who stated that advertising and promotions are best carried out by implementing advertising and promotions plans goals which plan should depend very much on the overall goals and strategies of the organization, and the results of the marketing analysis, including the positioning statement.

#### **4.5 Distribution strategies**

The study requested the respondents to indicate the distribution strategies adopted by your bank. From the findings, respondents indicated that the banks hands over the marketing responsibilities to a selection of the intermediaries, trains the staffs on how to can make the distribution more effective by handling the human resources in the best conduct for quality improvement, evaluate the distributor retention, training and motivation decisions and also the strategy of managing conflict within the firm in the marketing department. This implied that the commercial banks maximizes their performance through managing the existing customers and acquiring more by use of distribution strategies to avail their services to the customers. This concurred with Boyd *et al.* (1994), who stated that an organization or set of organizations (go-between)

involved in the process of making a product or service available for use or consumption by a consumer or business user need to have distribution strategies.

#### 4.5.1 Way in which the distribution strategies affect the performance of bank

The study requested the respondents to indicate how the distribution strategies affected the performance of the bank. From the findings, respondents stated that distribution strategies enabled the bank to cooperate in their activities and generate revenue from the profit making, bring products to potential customers, consider the alternative structural arrangements which entail differing degrees of commitment and risk, sustain the growth of the banks in the marketplace. This implied that the banks enjoy the benefits of focused performance to be achieved through having distribution strategies. This concurred with Boyd *et al.* (1994), who found that the key success factors for distribution are the control over the sales teams in terms of time management and customer targeting; turnover, recruitment and retention; customer relations – the development of long term customer relationships based on trust as opposed to short-term relationships based on single product sale; improved productivity.

#### 4.5.2 Extent to which the given distribution channels employed at bank

**Table 4. 11 Extent to which the given distribution channels employed at bank**

Channel	Moderate extent	Great extent	Very great extent	N	Mean	Std dvt
Direct distribution channels	0	6	38	44	4.67	0.83
Indirect channels	5	6	32	44	4.50	0.52
Service integration	0	5	39	44	4.54	0.78
Increase in retail outlets	6	6	31	44	4.77	0.89

The table 4.12 indicates the extent to which the given distribution channels were employed at bank in a bid to enhance its performance. From the findings, majority of the respondent indicated that the bank employed increase in retail outlets, direct distribution channels, service integration and Indirect channels in a bid to enhance its performance as indicated by a mean of 4.77, 4.67, 4.54 and 4.50 .This implied that commercial banks, establishing the most appropriate distribution strategies for product-focused as a major key to better performance. This concurred with Boyd *et al.* (1994), who stated that for product-focused commercial banks, establishing the most appropriate distribution strategies is a major key to better performance, defined as maximizing sales and profits.

#### **4.6 Customer targets selection strategies**

The study sought the extent to which bank adopt the given criteria to segment the market. The Table 4.8 indicates the response on the extent to which the banks adopt the given criteria in attempting to segment the market.



**Table 4. 12 Bank Segmentation criteria to segment the market**

	Moderate	Great extent	Very great extent	Mean	Std dvt
Rapid expansion	0	5	38	4.43	0.44
Life styles	3	6	32	4.20	0.24
Provides loans to customers	3	2	39	4.33	0.46
Children needs	3	9	31	4.16	0.12
Lower charges	0	6	38	4.50	0.49
Secure	8	3	32	4.30	0.39
Enhance trust to customer	8	4	32	4.66	0.63
Cheap and easy to open an account	5	8	31	4.76	0.68
Offers superior services	6	3	30	4.10	.71
Convenience	5	0	38	4.62	0.58
Modern technology	6	2	36	4.96	0.80
Quality service	3	9	31	4.90	0.79
Low minimum balance	2	5	38	4.50	1.06
Good customer care	6	6	32	4.80	0.77

As indicted in Table 4.13 , banks adopted the modern technology, quality service, good customer care, cheap and easy to open an account, enhance trust to customer, convenience, low minimum balance and having lower charges as criteria to segment the market as indicated by a mean of 4.96, 4.90, 4.80, 4.76, 4.66, 4.62, 4.54 and 4.50 . This implies that Kenya Commercial banks has the criterion to segment the market. These findings were in line with Hooley et al., (1998), who also found that there has been attempts to link a bank ’s positioning strategy to its resources and capabilities, and – in particular – is consistent with the notion that competitive positioning strategies, “give

equal weight to market demands and capability profiles when selecting targets and implementing positioning strategies”

**Effects of customer targets selection strategies on performance of the bank**

**Table 4.13 Effects of customer targets selection strategies on performance of the bank**

Statement	Neutral	Agree	Strongly agree	Mean	Std dvt
Importance in financial service delivery	3	5	35	4.89	0.71
Improve customer loyalty and retention	3	3	38	4.69	0.69
Distinctiveness	6	6	32	4.62	0.59
Offering quality financial service ( Superiority)	2	3	39	4.57	0.53
Increase in number of customers	1	4	39	4.77	0.81
Improve competitiveness of the bank	0	8	36	4.73	0.66

The table 4.14 indicates the responses on the extent to which respondents agreed on the given statements related to customer targets selection strategies and their effect on performance of the bank. From the findings, majority of the respondents strongly agreed that the customer targets selection strategies were important in financial service delivery, increased number of customers, improved competitiveness of the bank, customer loyalty and retention, distinctiveness and enable the firm to offer quality financial service affecting performance of the bank as indicated by a mean of 4.89, 4.77, 4.73, 4.69, 4.62 and 4.57. This implied that customer targets selection strategies are important factors to consider in improving the firm performance. This concurred with Lopez et al. (2000) who reveal that a firm’s profits, gains in market share and new product sales in comparison with competitors for a period of time are benefits of customer loyalty to the firm which is as a result of distinctive positions in the market characterized by resource profiles that are rare, non-substitutable and inimitable.

#### 4.7 Positioning Strategies and Performance

The study sought to find out the extent to which respondents agreed with the given statements concerning influence of positioning strategies influence market performance in the bank.

**Table 4.14 Extent to which influence of positioning strategies influences performance**

Statement	Neutral	Agree	Strongly agree	Mean	Std dvt
Through positioning, commercial deliver a highly valued benefit to the target customers	8	7	30	4.26	0.22
Through positioning strategies my commercial bank offers financial distinctive way from the competitors	2	9	33	4.43	0.39
Positioning enables my bank to isolate and target specific markets.	6	8	31	4.33	0.36
Through positioning, the bank offer financial services in communicable, attractive and visible to customers	3	5	35	4.45	0.50
Customers can afford to pay for the difference and Profitable ways	6	3	35	4.23	0.28
Improve customer retention	2	6	35	4.50	0.49
Enhance customer loyalty	4	10	30	4.53	0.56
Attaining a big market share	5	6	32	4.61	0.60
Through positioning, bank offer financial services that have important attributes in delivering benefits.	5	6	33	4.76	.82
Positioning established improved customer retention	1	9	35	3.76	0.22
Through positioning , the commercial bank improve sales of new products	0	9	30	4.86	0.85
Through positioning strategies, commercial bank with superior competences and processes value chain functions attract more customers.	1	6	37	3.63	0.25
Positioning strategies enhance grow more rapidly and more profitable relative to its competitors	3	9	32	4.89	0.93

As indicated in Table 4.15, a large proportion of the respondents strongly agreed that positioning strategies enhanced grow more rapidly and more profitable relative to its competitors as indicated by a mean of 4.89, improve sales of new products by a mean of 4.86, enabled bank to offer financial services that have important attributes in delivering benefits by a mean of 4.76, attain a big market share with a mean of 4.61, enhance customer loyalty with a mean of 4.53 and improve customer retention thus influencing market performance in the bank by a mean of 4.50 .Most of agreed that Through positioning, the bank offer financial services in communicable, attractive and visible to customers, Through positioning strategies my commercial bank offers financial distinctive way from the competitors, Positioning enables my bank to isolate and target specific markets, Through positioning, commercial deliver a highly valued benefit to the target customers and that Customers can afford to pay for the difference and Profitable ways as indicated by a mean of 4.45, 4.43, 4.33, 4.26 and 4.23 .

From the findings, most of the respondents were neutral on whether positioning established improved customer retention when the commercial bank has a relative attractiveness and distinctiveness in its image from competitions in the same industry, which determines its market share and profitability and whether through positioning strategies, commercial bank with superior competences and processes value chain functions attract more customers as indicated by a mean of 3.76 and 3.63. This implied that positioning strategies influenced market performance of the bank. This was in line with Day and Wensley (1988) who established that businesses seeking advantage are exhorted to develop distinctive competences and manage for lowest delivered cost or differentiation through superior customer value and that management must first understand the reasons for the current advantages or deficiencies of the business market positioning strategies.

#### **4.8 Factor Analysis**

The study carried out factor analysis to establish the extent to which positioning influenced commercial bank performance.

**Table 4. 15: Communalities**

	Initial	Extraction
Through positioning, commercial deliver a highly valued benefit to the target customers	1.000	.945
Through positioning strategies my commercial bank offers financial distinctive way from the competitors	1.000	.916
Positioning enables my bank to isolate and target specific markets.	1.000	.912
Through positioning, the bank offer financial services in communicable, attractive and visible to customers	1.000	.994
Customers can afford to pay for the difference and Profitable ways	1.000	.922
Improve customer retention	1.000	.883
Enhance customer loyalty	1.000	.838
Attaining a big market share	1.000	.804
Through positioning, bank offer financial services that have important attributes in delivering benefits.	1.000	.660
Positioning established improved customer retention	1.000	.878
Through positioning , the commercial bank improve sales of new products	1.000	.939
Positioning strategies enhance grow more rapidly and more profitable relative to its competitors	1.000	.891
Through positioning, commercial deliver a highly valued benefit to the target customers	1.000	.842

Extraction Method: Principal Component Analysis.

The table helps the researcher to estimate the communalities for each variance. This is the proportion of variance that each item has in common with other factors. For example positioning the bank offer financial services in communicable, attractive and visible to customers as indicted by a larger proportion of the respondents (99.4%) communality or

shared relationship with other positioning strategies that influencing performance of the commercial bank in Kenya. This value has the greatest communality with others, while positioning strategies adopted in commercial bank with superior competences and processes value chain functions attract more customers had the least communality or relationship with others of 57.3%. This implied that positioning strategies influence attraction and retention influencing performance of commercial bank

**Table 4. 16: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.478	26.930	26.930	4.578	26.930	26.930	3.111	18.302	36.302
2	3.959	20.525	48.455	3.659	21.525	48.455	2.699	15.877	54.179
3	2.178	12.814	61.270	2.178	12.814	61.270	2.440	14.356	48.535
4	1.567	9.316	70.486	1.567	9.216	70.486	2.179	12.815	51.350
5	1.328	7.809	78.295	1.328	7.809	78.295	2.173	12.783	64.133
6	1.120	6.286	84.881	1.120	6.586	84.881	1.827	10.748	94.780
7	.788	4.636	89.518						
8	.603	4.135	93.652						
9	.372	2.678	96.430						
10	.327	0.921	98.351						
11	.135	.891	99.143						
12	.007	.711	99.653						
13	.006	.369	99.922						
14	.003	.178	100.000						

Extraction Method: Principal Component Analysis.

As indicted in the table, the researcher used Kaiser Normalization Criterion, which allows for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and six factors were extracted. As the table shows, these six factors explain 94.78% of the total variation. Factor 1 contributed the highest variation of 36.302%. The contributions decrease as one move from one factor to the other up to factor 6.

**Table 4. 17: Component Matrix (a)**

	Component					
	1	2	3	4	5	6
Through positioning, commercial deliver a highly valued benefit to the target customers	.842					
Through positioning strategies my commercial bank offers financial distinctive way from the competitors	.711			.495		
Positioning enables my bank to isolate and target specific markets.	.696				.598	
Through positioning, the bank offer financial services in communicable, attractive and visible to customers	.650		.619			
Customers can afford to pay for the difference and Profitable ways	.599	.322			.405	
Improve customer retention	.599				.311	
Enhance customer loyalty	.586	.459	.338		.358	
Attaining a big market share	.582	.553			.336	.471
Through positioning, bank offer financial services that have important attributes in delivering benefits.	.564	.468		.453		
Positioning established improved customer retention	.477	.459				.475
Through positioning , the commercial bank improve sales of new products	.372	.779	.354			
Through positioning strategies, commercial bank with superior competences and processes value chain functions attract more customers.	.337	.736	.472			
Positioning strategies enhance grow more rapidly and more profitable relative to its competitors		.713		.337	.401	
Through positioning, commercial deliver a highly valued benefit to the target customers		.610	.400	.515		.303
Through positioning strategies my commercial bank offers financial distinctive way from the competitors		.593	.668			
Through positioning, commercial deliver a highly valued benefit to the target customers	.306		.566	.503	.389	
Through positioning strategies my commercial bank offers financial distinctive way from the competitors	.354		.346	.512		-.516

Extraction Method: Principal Component Analysis.

6 components extracted.

**Table 4. 18: Rotated Component Matrix (a)**

	Component					
	1	2	3	4	5	6
Through positioning, commercial deliver a highly valued benefit to the target customers	.815					
Through positioning strategies my commercial bank offers financial distinctive way from the competitors		.795				
Positioning enables my bank to isolate and target specific markets.	.740	.407				
Through positioning, the bank offer financial services in communicable, attractive and visible to customers	.668		.417			.412
Customers can afford to pay for the difference and Profitable ways		.857				
Improve customer retention		.822				.489
Enhance customer loyalty		.708		.596		
Attaining a big market share	.329	.481				.435
Through positioning, bank offer financial services that have important attributes in delivering benefits.			.913			
Positioning established improved customer retention			.829			
Through positioning , the commercial bank improve sales of new products	.438		.683			.388
Through positioning strategies, commercial bank with superior competences and processes value chain functions attract more customers.				.880		
Positioning strategies enhance grow more rapidly and more profitable relative to its competitors			.322	.749	.422	
Through positioning, commercial deliver a highly valued benefit to the target customers					.924	
Through positioning strategies my commercial bank offers financial distinctive way from the competitors						.898

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.



A Rotation converged in 14 iterations.

The initial component matrix was rotated using Varimax (Variance Maximization) with Kaiser Normalization. The above results allowed the researcher to identify what variables fall under each of the 6 major extracted factors. Each of the 14 variables was looked at and placed to one of the 6 factors depending on the percentage of variability; it explained the total variability of each factor. A variable is said to belong to a factor to which it explains more variation than any other factor.

From the findings, positioning basing on the factors that loads to try and identify common influencing performance in commercial banks in Kenya .The variables that loads highly on Factor 1 all seems to relates to customer attraction and retention and therefore Factor 1 is therefore label as Market Expansion. The questions that relate highly on factor 2 all relate on expansion of the commercial market and so Factor 2 is therefore labelled Factor Customer base. The positioning strategies influence financial service in commercial banks and therefore label Factor 3 Quality Financial Services. The question relate to profitability of the commercial banks as a results of positioning in the banks therefore Factor 4 is label Bank Profitability .The question related to whether commercial bank improve it competitiveness due to positioning and therefore labelled Factor 5 gaining competitiveness while Factor 6 was on the question on whether bank increase sales therefore Factor 6 is labelled Sale performance

From the above table, the individual variables constituting the six factors extracted are summarized and identified below-

### **Factor 1 Market Expansion**

Through positioning, commercial deliver a highly valued benefit to the target customers  
Positioning enables my bank to isolate and target specific markets.

Improve customer retention

Enhance customer loyalty

Attaining a big market share

**Factor2: Customer Base**

Through positioning, the bank offer financial services in communicable, attractive and visible to customers

Positioning enables my bank to isolate and target specific markets.

**Factor 3: Quality Financial Services**

Bank offer financial services that have important attributes in delivering benefits.

Through positioning strategies my commercial bank offers financial distinctive way from the competitors

**Factor 4: Bank Profitability**

Customers can afford to pay for the difference and Profitable ways

**Factor 5: Competitiveness**

Through positioning strategies my commercial bank to compete effectively

**Factor 6: Sale performance**

Market liberations leads to improvement of the mortgage financing

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

From the analysis and data collected, the following summary, conclusions and recommendations were made. The responses were based on the objectives of the study which was to assess the influence of positioning strategy on performance of commercial banks in Kenya.

### **5.2 Summary**

From the findings the study established that positioning enabled the commercial banks to distinguish itself from its competitors, create an image relative to competitors and be identified in the minds of targeted customers for their product and services, enhances a positive relationship between company performance in term of profitability and efficiency. This concurred with Ries and Trout, (1986) who stated that positioning strategy entails benefits that were important to customers, attractive images, distinctive and superior differentiation, which are solely the perceptions of the customer as a consequence of using the product or service and/or the communications made. From the findings the study revealed that commercial banks adopted the creating of a new advertising campaign or other sales promotions, packaging the goods in a creative way as product differentiation strategies in a bid to improve its performance and incorporated new functional features.

From the findings the study revealed that roles of creating a favourable climate for future sales inform and educate the market, create a competitive advantage, relative to competitor's products or market position, increase sales, maintain or improve market share and create or improve brand recognition were very important promotion in enhancing the performance of the bank.

The study established that customers preferred the commercial bank because of the convenience, offers high interest rates innovative, customer oriented, cheap and easy to open an account, children can save, offers more prospects of developing, not congested, it is the bank they trust, lower charges, variety of services, world class bank, good customer care, secure, low minimum balance, modern technology, provides loans to customers, students' bank and influence of financial and workmates. From the findings, new developments in communication technology, such as Internet advertising and promotion have added tremendously to the complexity of successful positioning in.

From the findings, distribution strategies enabled the bank to cooperate in their activities and generate revenue from the profit making, bring products to potential customers, consider the alternative structural arrangements which entail differing degrees of commitment and risk, sustain the growth of the banks in the marketplace. The study established that bank employed increase in retail outlets, direct distribution channels, service integration and Indirect channels in a bid to enhance its performance. The study established that banks adopted the modern technology, quality service, good customer care, cheap and easy to open an account, enhance trust to customer, convenience, low minimum balance and having lower charges as criteria to segment the market. Commercial banks also adopted rapid expansion, provision of loans to customers, secure, life styles, children needs and offering of superior services to segment the market.

From the findings the study established that positioning strategies enhanced grow more rapidly and more profitable relative to its competitors, improve sales of new products, enabled bank to offer financial services that have important attributes in delivering benefits, attain a big market share, enhance customer loyalty and improve customer retention thus influencing market performance in the bank through positioning, the bank offer financial services in communicable, attractive and visible to customers. Through positioning strategies my commercial bank offers financial distinctive way from the competitors, isolate and target specific markets, deliver a highly valued benefit to the target customers and improved commercial bank profitability.

### 5.3 Conclusions

From the findings, the study concluded that commercial banks needs to enhance the performance by increasing the level of significance of positioning strategies adopted in order to distinguish itself from its competitors through creating an image relative to competitors and be identified in the minds of targeted customers for their product and services.

From the findings, the study concluded that commercial banks enhances a positive relationship and improve performance in term of profitability and efficiency. Positions management, market strategies, internal and external infrastructure, use of information technology, ability to innovate and differentiate would be necessary for the bank as it would enable it to increasingly respond to market considerations therefore enhance competition and profitability.

From the findings, the study concluded that product differentiation in commercial bank enabled the firm to demonstrate the unique aspects of the product, create a sense of value which guarantees better performance and monopolistic competition. Commercial bank needs to analyze the key product component and primary importance to prospective consumers, plan product mix so as to have a physical product, product services, brand and package desired by the target consumers in order to create a competitive advantage for the customers through unique or superior products offered

From the findings, the study concluded that modern technology, quality service, good customer care, cheap and easy to open an account, enhance trust to customer, convenience, low minimum balance, having lower charges, rapid expansion, provision of loans to customers, secure, life styles, children needs and offering of superior services criteria need to be considers to segment the market for successful positioning.

From the findings, the study concluded that banks need to adopt positioning strategies as this would enhance rapid firm growth and more profitable relative to its competitors,

improve sales of new products, enable bank to offer financial services that have important attributes in delivering benefits, attain a big market share, isolate and target specific markets, and deliver a highly valued benefit to the target customers which they can afford to pay for the difference and profitable ways

#### **5.4 Recommendations**

The study recommended that banking institutions should adopt positioning strategies such as product differentiation, promotion, distribution and demographic positioning for the enhanced performance as well as profitability of the firm. This ensures that the banks distinguish itself from its competitors, create an image relative to competitors and is identified in the minds of targeted customers for their product and services.

From the findings, the study recommended that commercial bank should analyze the key product component and primary importance to prospective consumers, plan product mix so as to have a physical product, product services, brand and package desired by the target consumers in order to create a competitive advantage for the customers through unique or superior products offered.

From the findings, the study recommended that commercial bank should hand over the marketing responsibilities to intermediaries, trains the staffs on how to can make the distribution more effective and evaluate the distributor retention, and motivation so as to manage the existing customers and acquire more.

#### **5.5 Recommendation for further study**

The study investigated the influence of positioning strategy on performance of commercial banks in Kenya. A further research should be carried to determine ways through which banks could enhance positioning strategies so as to improve firm performance through customer satisfaction.

## **5.6 Limitations of the Study**

The researcher encountered various limitations that tended to hinder access to information sought by the study. This included:

The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about the bank. The researcher handled the problem by carrying with him an introduction letter from the University and assured them that the information they gave would be treated confidentially and it was to be used purely for academic purposes.

The researcher also encounter problems in eliciting information from the respondents as the information required was subject to areas of feelings, emotions, attitudes and perceptions, which could not be accurately quantified and/or verified objectively. The researcher encouraged the respondents to participate without holding back the information they had as the research instruments did not bear their names.

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## Appendices

### Appendix I: Questionnaire

Dear respondent all information given in this questionnaire will be kept in strict confidence.

#### SECTION A: GENERAL INFORMATION

1. Gender

Male (  )

Female (  )

2. Indicate by ticking your age bracket

i. 30-35 [  ]

ii. 35-40 [  ]

iii. 41-45 [  ]

iv. 50 and above [  ]

3. Indicate your highest level of educational qualification (tick)

Undergraduate [  ]

Post Graduate [  ]

any other.....

4. Indicate whether your bank is local or international (tick)

i. Local [  ]

ii. International [ ]

5. Indicate the period in year the Bank has been in operation (tick)

i. 5 - 10 Years [ ]

ii. 11 – 15 Years [ ]

iii. 16 – 20 Years [ ]

iv. Over 20 Years [ ]

6. Indicate the size of the bank in terms of number of employees (tick)

i. 1000 - 1500 [ ]

ii. 1501 - 2000 [ ]

iii. 2001 - 2500 [ ]

iv. Above 2500 [ ]

7. Indicate your highest level of educational qualification (tick)

8. “In market positioning, a firm competes for every consumer it seeks to attract” What is the level of significance of the following strategies in enhancing the performance of your commercial bank? Use a rating of 1-5 where 1= very significant and 5= not significant.

Statement	1	2	3	4	5
My commercial bank compete for the consumers' attention and secure a recognizable comparative position in their minds in harmony with their cultural base					
My commercial bank competes for consumers' involvement in its daily operations.					
My commercial bank competes for the customers' effort and time in the buying process.					
My commercial bank competes for the customers' willingness to deal with the technical complexity found in the corresponding need for services					
My commercial bank competes for the funds consumers are willing to spend in acquiring a service					

9. What purposes does positioning serve at your bank ?

.....

**PRODUCT DIFFERENTIATION STRATEGIES AND PERFORMANCE**

10. What is the extent to which Commercial bank adopt the following Product differentiation strategies in a bid to improve its performance?

Strategy	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Packaging the goods in a creative way					
Incorporating new functional features					
Creating a new advertising campaign or other sales promotions					
Any other (please specify) .....					

11. To what extent do you agree with the following statements that relate to product differentiation and its effect on performance of Commercial bank? Use a scale of 1-5 where 1= strongly agree and 5= strongly disagree.

Statement	1	2	3	4	5
Product differentiation at Commercial bank is done in order to demonstrate the unique aspects of your product and create a sense of value which guarantees better performance					
Successful product/services differentiation at Commercial bank leads to monopolistic competition and is inconsistent with the conditions for perfect competition,					
During product differentiation at Commercial bank, the key factors that are characteristic of the product component, and that are of primary importance to prospective consumers, must be analyzed					
For Commercial bank to have high levels of performance over the long term a firm's products and services must be well "positioned" in the marketplace.					
For the company to achieve better performance, the marketing executives at must plan the product mix that will result in a combination of elements such as physical product, product services, brand and package desired by the target consumers.					

**PROMOTION STRATEGIES**

12. How would you rate the importance of the following roles of promotion in enhancing the performance of your bank? Use a scale of 1-5 where 1= very important and 5 = not important

Role	1	2	3	4	5
Increase sales					
Maintain or improve market share					
Create or improve brand recognition					
Create a favorable climate for future sales					
Inform and educate the market					
Create a competitive advantage, relative to competitor's products or market position					

12. Kindly indicate the Most two favourite Commercial Banks

i.....

ii.....

13. Which of the following are the reasons why you prefer the above two commercial banks

Why that bank	Yes	No
Rapid expansion		
Provides loans to customers		
Lower charges		

Secure		
It is the bank I trust		
Cheap and easy to open an account		
Offers superior services		
Convenience		
Modern technology		
Quality service		
Local bank		
Low minimum balance		
Good customer care		
Customer oriented		
Efficient and reliable		
Strong liquidity base		
Good image		
Community responsibility		
Very distinctive		
Innovative		
Not congested		
International bank		
A variety of services		
Was my first bank		
Offers high interest rates		
Children can save		
Influence of financial and work mates		
Offers more prospects of developing		
Students' bank		

World class bank		
Total		

13. What is your level of agreement with the following statements that relate to promotion strategies adopted by your bank and their effect on the performance of the bank? Use a scale of 1-5 where 1= very great extent and 5= not at all.

Statement	1	2	3	4	5
Promotion strategies at bank are assembled to successfully position the offering in the minds of the consumers and encourage them to buy to the mutual satisfaction of themselves.					
New developments in communication technology, such as Internet advertising and promotion, have added tremendously to the complexity of successful positioning in your bank .					
Many advertisements your bank have, as their explicit objective, the establishment, reinforcement or modification of the positioning of an offering in the consumer's mind.					
Advertising is a major "phase" of overall service development and management at your bank .					



**DISTRIBUTION STRATEGIES**

14. What are some of the distribution strategies adopted by your bank ?

.....

.....

.....

.....

.....

.....

15. How do the distribution strategies affect the performance of your bank?

.....

.....

.....

.....

16. To what extent are the following distribution channels employed at your bank in a bid to enhance its performance.

Channel	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Direct distribution channels					
Indirect channels					
Service integration					
Increase in retail outlets					

## CUSTOMER TARGETS SELECTION STRATEGIES

17. To what extent does your bank adopt the following criteria in attempting to segment the market?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Rapid expansion					
Life styles					
Provides loans to customers					
Children needs					
Lower charges					
Secure					
Enhance trust to customer					
Cheap and easy to open an account					
Offers superior services					
Convenience					
Modern technology					
Quality service					
Low minimum balance					
Good customer care					

18. To what extent do you agree with the following statements that relate to customer targets selection strategies and their effect on performance of your bank ? Use a scale of 1-5 where 1= strongly agree and 5= strongly disagree.

Statement	1	2	3	4	5
Importance in financial service delivery					
Improve customer loyalty and retention					
Distinctiveness					
Offering quality financial service ( Superiority)					
Increase in number of customers					
Improve competitiveness of the bank					

### **Positioning Strategies and Market Performance**

15. To what extent do you agree with the following statement concerning influence of positioning strategies influence market performance in your bank?

Statement	1	2	3	4	5
Through positioning , commercial deliver a highly valued benefit to the target customers					
Through positioning strategies my commercial bank offers financial distinctive way from the competitors					
Positioning enables my bank to isolate and target specific markets.					
Through positioning, the bank offer financial services in communicable, attractive and visible to customers					
Customers can afford to pay for the difference and Profitable ways					
Improve customer retention					
Enhance customer loyalty					
Attaining a big market share					
Through positioning, bank offer financial services that have important attributes in delivering benefits.					
Positioning established improved customer retentetion when the commercial bank has a relative attractiveness and distinctiveness in its image from competitions in the same industry, which determines its market share and profitability					
Through positioning , the commercial bank improve sales of new products					
Through positioning strategies, commercial bank with superior competences and processes value chain functions attract more customers.					
Positioning strategies enhance grow more rapidly and more profitable relative to its competitors					

## Appendix 2: Commercial banks in Kenya

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. CFC-Stanbic Bank
7. Charterhouse Bank
8. Chase Bank
9. Citibank
10. City Finance Bank
11. Co-operative Bank of Kenya
12. Commercial Bank of Africa
13. Consolidated Bank of Kenya
14. Credit Bank
15. Development Bank of Kenya
16. Diamond Trust Bank
17. Dubai Bank
18. Ecobank
19. Equatorial Commercial Bank
20. Equity Bank
21. Family Bank
22. Fidelity Commercial Bank
23. Fina Bank
24. Giro Commercial Bank
25. Guardian Bank
26. Habib Bank
27. Housing Finance
28. Imperial Bank
29. Investment & Mortgages Bank
30. K-Rep Bank
31. Kenya Commercial Bank
32. Middle East Bank
33. National Bank of Kenya
34. NIC Bank
35. Oriental Commercial Bank
36. Paramount Universal Bank
37. Prime Bank
38. Prime Capital and Credit Finance Bank
39. Savings and Loan Bank
40. Southern Credit Banking Corporation
41. Standard Chartered Bank
42. Transnational Bank
43. United Bank for Africa
44. Victoria Commercial Bank