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**THE EFFECTS OF POSITIONING STRATEGIES USED BY MITCHELL COTTS
FREIGHT KENYA LIMITED ON ITS CORPORATE CLIENTS**

**BY
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OCTOBER 2010

DECLARATION

This research is my original work and has not been presented for examination in any university

Signed..........

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D61/P/7088/04

This research is her original work and has not been presented for examination in any university

Signed..........

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DEDICATION

This work is dedicated to my husband Patrick for being the solid rock in our family, my father and my late mother for inspiring me to be all that I am today.

ACKNOWLEDGEMENT

I wish to acknowledge the immense contribution of the following without whom this research proposal would not have been possible; God, my heavenly Father for renewing my strength day by day. My husband Patrick for standing by me in all my pursuits. My supervisor Dr. Musyoka for the great guidance in putting this research paper together. All the respondents for their invaluable feedback.

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ABSTRACT

The aim of this study was to find out the effects of the positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients. The objectives of the study are to determine the extent to which positioning strategies that are used by Mitchell Cotts Freight Kenya Limited affect customer loyalty as well as to find out the challenges the clients face as a result of positioning strategies used by the firm.

The research adopted the case study research design approach. Segmentation and choice of sample of the population was based on clients of Mitchell Cotts Freight Kenya Limited who are categorized as manufacturers. These were 18 in number and represent 8% of the entire client base of the company. A structured questionnaire was used to collect data. The method of data collection was personal visits and telephone interviews. Questionnaires were coded and edited for completeness using the Statistical Package for Social Services (SPSS). The data collected in section A was analyzed using frequencies and percentages. The data collected in section B was analyzed using frequencies and mean to determine the effects of the positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients. All quantitative data was descriptively analyzed using a statistical package, the Statistical Package for Social Services (SPSS). Quantitative analysis was only carried out on those aspects of the data that are quantifiable. The findings are presented in form of tables and percentages or means obtained quantitatively.

The research was able to determine that reliability and high responsiveness which are expanded variables of benefits and attributes positioning strategies had the greatest effect on customer loyalty with a frequency of 4.6 (92%). Service quality, the firm's personnel and image ranked second at a frequency of 4.4 (88%). The price offered was ranked third at a frequency of 4.0 (80%). Based on research findings, price was the only challenge faced by customers as a result of the positioning strategies used by Mitchell Cotts. In conclusion, these findings support the arguments put forth in Batra, Myers and Aaker (1996) who see the most used positioning as the one of the association of an object with the product characteristics and customer benefits.

CHAPTER ONE: INTRODUCTION

1.1 Background Information

The global economy is in a severe recession caused by a massive financial crisis and an acute loss of confidence according to the International Monetary Fund website. Whereas wide ranges of policy responses have made some progress in stabilizing financial markets, they have not yet restored confidence nor arrested negative feedback between weakening activity and intense financial strains. Africa has also been adversely affected by the global economic downturn. Following half a decade of above 5 per cent economic growth, the continent can expect only 2.8 per cent in 2009, less than half of the 5.7 per cent expected before the crisis (Africa Economic Outlook, 2009).

Kenya's economy is expected to grow by just over 4 percent in 2009 as it continues its recovery from post-election violence early last year that stalled activity. Growth in east Africa's biggest economy is forecast to come in at 4 percent in 2008 after 7 percent in 2007. The risks in 2009 are that prolonged dry weather and a global slowdown may hurt key agricultural export sectors and tourism, Daily Nation January 15th 2009.

Most organizations in Kenya have adopted various strategies in dealing with the challenges brought about by globalization and liberalization (Kibera and Waruingi, 1998). Such strategies are exporting, joint ventures and foreign direct investment (Pearce and Robison, 1991). Others include mergers, acquisitions, specialization, diversification, product development, pricing policy promotion and distribution for competitive advantage.

According to the Kenya Ports Authority website, despite the global recession and the other challenges we faced as a nation in 2008, the port of Mombasa experienced an increased growth of 2.8% in the number of containers handled from 2007 to 2008. This translates to an increase from 15.96 million tons in 2007 to 16.41 million tons in 2008, and is greatly attributed to efficiency gains arising from the modernization of equipment and business process re-engineering. The clearing and forwarding industry in Kenya has experienced growth in their revenues as a direct result of this.

The Clearing and Forwarding Industry in Kenya has been characterized by mergers and acquisitions. Notco and AMI joined together with Transitra in 1968 to form Transami. And in 2006, DHL acquired Exel Logistics. According to the Kenya Revenue Authority website, the clearing and forwarding industry in Kenya is regulated by the Kenya Revenue Authority, under the Customs Services Department. The Customs Services Department was established by an Act of Parliament in 1978. Its primary function is to collect and account for import duty and Value Added Tax and other taxes on imports. It is also responsible for facilitation of legitimate trade and protection of society from illegal entry and exit of prohibited goods.

According to the Kenya Revenue Authority website, the clearing and forwarding industry is regulated by the following laws; The East African Community Customs Management Act, 2004 and the Value Added Tax Act (CAP 476). The Kenya Revenue Authority website further indicates that there are 962 clearing and forwarding agents in Kenya currently. The Kenya International Freight and Warehousing Association, KIFWA is the umbrella organisation in Kenya for clearing and forwarding companies.

Strategic alliances are formed through which organizations are able to exploit the strengths and competences of each other in order to develop competitive advantage. Mitchell Cotts Freight Kenya Limited is a member of the Logistics International Network (LINK). This is a global umbrella body made up of members who are clearing and forwarding firms from countries from all parts of the world. The firms have partnered together to offer seamless logistics solutions to their clients globally.

Mitchell Cotts Freight Kenya Limited and its United Kingdom partner Uniserve have a strategic alliance through which the former utilizes the latter's network within the United Kingdom and Uniserve is able to utilize the facilities of Mitchell Cotts Freight in Kenya. In the United States the LINK member is American Express Cargo. In the same way, Mitchell Cotts Freight Kenya Limited is able to utilize the services of American Express Cargo in the United States of America; American Cargo Express is also able to use the services of Mitchell Cotts Freight Kenya Limited in Kenya.

Acquisition is increasingly becoming a competitive strategy where firms acquire a competitor and create larger market share and cost reduction through synergy. Mitchell Cotts Freight Kenya Limited has recently acquired a Clearing and Forwarding Company in Uganda. The move is aimed at strengthening our competitive advantage in the region. This is especially so with Uganda being a landlocked country and Mombasa Port in Kenya being the gateway to the region. The goal is to position Mitchell Cotts Freight Kenya Limited as a leader in provision of logistics solutions in the region.

1.1.1 Concept of Positioning

Marketers can rarely satisfy everyone in a market. This is because consumers' tastes and preferences vary widely and not everyone will like the same cereal or the same restaurant (Kotler 2006). Marketers start by dividing the market up into segments whereby they identify and profile distinct groups of buyers who might prefer or require varying products and services mixes by examining demographic, psychographic and behavioral differences amongst buyers. The marketer then decides which markets present the greatest opportunity, and these are the target markets. For each chosen target market, the firm develops a market offering.

The offering is positioned in the minds of the target buyers as delivering some central benefit(s). If a company does an excellent job of positioning then it can work out the rest of its marketing planning and differentiation from its positioning strategy.

Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market (Kotler 2003). The goal is to locate the brand in the minds of consumers to maximize the potential benefit to the consumer. A good branding position helps guide marketing strategy by clarifying the brand's essence, what goals it helps the consumer achieve and how it does so in a unique way. The end result of positioning is the successful creation of a customer-focused value proposition, a cogent reason why the target market should buy the product.

The word positioning was popularized by two advertising executives, Al Ries and Jack Trout, Kotler (2006). They see positioning as a creative exercise done with an existing product. Positioning starts with a product, a piece of merchandise, a service, a company, an institution or even a person. But positioning is not what you do to a product. It is what you do to the mind of the prospect. That is you position the product in the mind of the prospect.

1.1.2 The Clearing and Forwarding Industry in Kenya

According to Kenya Ports Authority statistics, the clearing and forwarding agents handle about 13 million tonnes of cargo each year including 3 million tonnes for transit cargo. The Clearing and Forwarding Industry in Kenya has been characterized by mergers and acquisitions. Notco and AMI joined together with Transitra in 1968 to form Transami. And in 2006, DHL acquired Exel Logistics.

The Clearing and Forwarding Industry in Kenya can be analyzed using Michael Porter's 5 forces model. Porter (1999) describes these as bargaining power of suppliers, bargaining power of buyers, threat of new entrants, rivalry amongst existing firms and the threat of substitutes. A producing industry requires raw materials that is labour, components and other supplies. This requirement leads to buyer – supplier relationships between the industry and the firms that provide it the raw materials used to create products. If suppliers are powerful they can exert an influence on the producing industry such as selling raw materials at a high price to capture some of the industry's profits.

In the clearing and forwarding industry other than labor, other suppliers are the Kenya Port Authority, the various shipping lines, airlines, Kenya Railways, road transporters, the container freight station operators and the transit shed operators. There is strong power of suppliers in the clearing and forwarding industry in Kenya. This can be illustrated in the case of Kenya Ports Authority. It solely determines the port charges and the clearing and forwarding agents have minimal influence in this. The private container freight stations will set their prices in line with what the Kenya Port Authority

The bargaining power of buyers refers to the impact that customers have on a producing industry, Porter (1999). When buyer power is strong, the buyer sets the price. Here there is a monopsony, a market where there are many suppliers and one buyer. In reality very few monopsonies exist but there are frequently some asymmetry between a producing industry and buyers. The bargaining power of buyers in the clearing and forwarding industry in Kenya is not strong as there are many buyers as well as many suppliers of the service. Indeed the market however is very sensitive towards price and over the years, clearing and forwarding firms have been forced to reduce their prices as far as the clearing services are concerned. But this has been more as a result of intense rivalry as opposed to strong bargaining power of buyers.

Recently, the threat of new entrants has reduced significantly. For a very long time the Clearing and Forwarding Industry had minimal controls as far as new entrants were concerned. The Industry was therefore characterized by numerous briefcase agents. The situation has since changed especially with the Kenya Revenue Authority stepping in to further regulate the industry. Stringent measures have been put in place by the Government to this effect. These include, increasing the security bond fees for new firms to get registered in the Clearing and Forwarding Industry to Kenya shillings one million (1,000,000.00) from Kenya shillings two hundred and fifty thousand (250,000.00). This has automatically reduced the number of firms that can afford to enter the industry. Firms venturing into the industry require vetting by the Kenya Revenue Authority, whereby firms are required to have personnel that are trained in the use of the SIMBA system. This is an electronic system used in the clearing of goods into Kenya. This has also reduced the number of new entrants into the industry.

Porter (1999) says that in the traditional economic model, competition among rival firms drives profits to zero. However, competition is not perfect and firms are not unsophisticated passive price takers. Rather, firms strive for a competitive advantage over their rivals. The intensity of rivalry amongst firms varies from industry to industry, and strategic analysts are interested in these differences. Economists measure rivalry by

indicators of industry concentration. The concentration ratio is one such measure and refers to the percentage of market share held by the four largest firms in the industry.

A high concentration ratio indicates that a high concentration of market share is held by the largest firms – the industry is concentrated. With only a few firms holding a large market share the competitive landscape is less competitive and closer to a monopoly. A low concentration ratio means the industry is characterized by many rivals, none of which has a significant market share. These fragmented markets are said to be competitive. The concentration ratio is not the only available measure; the trend is to define the industries terms that convey more information than distribution of market share.

If rivalry amongst firms in an industry is low, the industry is considered to be disciplined. The discipline may arise due to the industry's history of competition, the role of a leading firm, or informal compliance with a generally understood code of conduct. Explicit collusion generally is illegal and not an option; in low rivalry industries, competitive moves must be constrained informally. When a rival acts in a way that elicits a counter-response by other firms, rivalry intensifies. The intensity of rivalry can be cutthroat, intense, moderate, or weak based on the firm's aggressiveness in attempting to gain an advantage. In pursuit of an advantage over its rivals a firm can deploy the following strategies, changing prices, improving product differentiation, or exploiting relationships with suppliers.

Rivalry amongst existing clearing and forwarding firms currently is very intense. The market is very sensitive towards the price of clearing as this will automatically impact on their margins in the selling price. Some clearing and forwarding firms compete on price and others focus on quality and value added services. Mitchell Cotts Freight Kenya Limited follows a strategy of quality and value added services.

Porter (1999) states that substitute products refer to products in other industries. To the economist a threat of substitutes exists where a products demand is affected by the price change of a substitute product. A close substitute product constrains the firms in an

industry from raising prices. The competition engendered by a threat of substitutes comes from products outside the industry. The price of aluminum cans is constrained by the price of glass bottles and plastic containers. These containers are substitutes and yet they are not rivals in the aluminum can industry. In the disposable diaper industry for instance, cloth diapers are a substitute for diapers. In the clearing and forwarding industry, the threat of substitute services is non-existent. Because of the very nature of the industry, there are no substitute services.

1.1.3 Mitchell Cotts Freight Kenya Limited

Mitchell Cotts Freight Kenya Limited is one of the most recognized and respected names in the clearing and forwarding industry in Kenya. Mitchell Cotts Freight Kenya Limited came to Kenya in 1926 when the company was set up to undertake supply of coal bunkers to ships. At the time steamships used coal as fuel. The operations of the company were later expanded to include ships agency, freight forwarding and trading activities.

Mitchell Cotts in East Africa therefore has a heritage spanning over 80 years. Whereas for a long time Mitchell Cotts Freight Kenya Limited was a wholly owned subsidiary of Mitchell Cotts PLC U.K. comprising of a group of companies operating in countries all over the world such as Kenya, Ethiopia, Djibouti, Zambia, Zimbabwe, South Africa, Hong Kong amongst others, recent changes have seen the United Kingdom parent company being bought out by other companies and some parts of the group becoming localized.

Mitchell Cotts Freight Kenya Limited is now a fully owned local company. The head office is in Shimanzi, Mombasa. There is a branch office in Industrial Area and an airfreight office at Jomo Kenyatta International Airport. There is also a border office at Malaba. There has been increased international trade over the years and this has seen the formation of partnerships amongst clearing and forwarding firms around the globe. Mitchell Cotts Freight Kenya Limited appreciates the fact that the world has become a global village. In line with this the company is a member of the Logistics International Network. This is a group of clearing and forwarding companies worldwide that have come together to work in offering global services to clients. Mitchell Cotts Freight Kenya

Limited has experienced significant growth over the years. This has led to leasing of warehouses in Mombasa to accommodate the increased business.

Mitchell Cotts Freight Kenya Limited serves a diverse base of clientele. These can be classified as corporate clients, individual clients and institutional clients. The corporate clients can be further classified on the basis of the different services the firm offers. These are importers, exporters, warehousing clients, packing and removals clients and container freight station clients. Importers are clients who bring goods into Kenya from various places in the world via sea, air and road. Mitchell Cotts Freight Kenya Limited offers clearing and forwarding services to them. Exporters are clients who take goods out of Kenya to various places worldwide via sea, air and road. Mitchell Cotts Freight Kenya Limited offers export services to them. Warehousing clients are those who require storage services. Mitchell Cotts Freight Kenya Limited therefore offers them storage space at a fee.

Packing and Removals clients are clients moving house or offices and are offered this service by Mitchell Cotts Freight Kenya Limited. The move can be local or international. The Container Freight Station is a dry port. Clients can opt to have their goods cleared at the Mitchell Cotts Container Freight Station as opposed to at the Kenya Ports Authority facility. The clients of Mitchell Cotts Freight Kenya Limited can further be classified on industry basis as manufacturers, the government, the non-governmental organizations, individual clients, the shipping lines, the motor vehicle importers, and the diplomatic missions.

Mitchell Cotts Freight contributes greatly to the socio-economic environment of Kenya. Employing over 100 staff in its offices in Mombasa, Nairobi and Malaba, Mitchell Cotts Freight is an employer of choice. The firm believes in giving back to the society it operates in and therefore actively engages in corporate social responsibility. Examples of contributions towards her corporate social responsibility include, the firm participating in raising funds for Operation Smile annually, making donations to the Kenya Red Cross and UNICEF amongst others. Mitchell Cotts Freight Kenya Limited upholds its integrity

and strictly meets its obligations to pay taxes. As a result the firm has been recognized by Kenya Revenue Authority as a distinguished taxpayer, three years in a row now.

1.2 Statement of the Problem

Sengupta (2001), states that Roser Reeves would have it that 'position' is but another name for 'unique selling proposition'. But positioning is much broader and more versatile. It gives the brand manager, the advertising planner and the creative person a whole battery of strategies to choose from, to differentiate their brand in a manner that is both persuasive and sustainable, even when there is no unique selling proposition. Why sustainable? Because a position is the way you lock your brand inside a consumer's mind.

Whereas a technological feature can be duplicated, a competing brand cannot enter the perceptual territory that you have occupied if you defend it well. For instance dettol is the antiseptic a housewife will use for every day nicks and cuts. Savlon claims to be a better germicide but it could not breach the position held by dettol in the consumers mind. It is true that you can copy the features of a competitor but you cannot dislodge him from the consumers mind without a differentiating positioning strategy. Positioning is the fountainhead decision in marketing and advertising. Indeed it is from this decision that flows all other decisions of the marketing mix. Product concepts should emerge from a market positioning analysis. Aaker (1984) sees positioning as very central to a company's survival. Product positioning is so central and critical that it should be considered at the level of a mission statement.

There has been increased competition amongst the clearing and forwarding industry players in light of the shrinking traditional markets. Clearing and forwarding firms must therefore position themselves so as to ensure they have a competitive advantage in the market. The positioning strategies need to give them a clear identity and enable them appeal to clients and other stakeholders positively. This will ensure that what they stand to offer in the market is clear and distinct. The image therefore created will remove

doubts in the minds of stakeholders and distinguish one clearing and forwarding agent from another.

Several studies have been conducted on positioning by the University of Nairobi postgraduate students. These include, Mulei A (2005) Evaluation of the effectiveness of positioning strategies on consumer choice the case of laundry detergents in Kenya. Also by Muriuki M (2001) An empirical investigation of the aspects of culture and their influence on marketing strategies in the beverage industry in Kenya. Also by Ndinda P (2005) Positioning Strategies used by Health Maintenance Operators in Kenya. No studies have been conducted on the effects of positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients.

The study intends to close the knowledge gap by seeking responses to the following research questions:

- a. What is the extent to which positioning strategies used by Mitchell Cotts Freight Kenya Limited affecting customer loyalty?
- b. What challenges are the clients of Mitchell Cotts Freight Kenya Limited facing as a result of the positioning strategies used?

1.3 Objectives of the Study

The objectives of the study will be to:

- (i) Determine the extent to which positioning strategies that are used by Mitchell Cotts Freight Kenya Limited affects customer loyalty
- (ii) Find out the challenges clients face as a result of positioning strategies used by Mitchell Cotts Freight Kenya Limited

1.4 Importance of the Study

The parties who will benefit from the research findings will include existing Clearing & Forwarding Companies in Kenya, Foreign Investors, Government agencies and policy makers.

i. Existing Clearing and Forwarding Companies like Mitchell Cotts Freight Kenya Limited will establish whether its positioning strategies are contributing towards its competitive advantage. Other clearing and forwarding companies will be encouraged to conduct similar researches on their respective firms to determine whether their positioning strategies are contributing towards competitive advantage.

ii. Foreign Investors who are interested in investing in the local clearing and forwarding firms will find the information useful in their decision making processes.

iii. Government agencies and policy makers may use the results to formulate positive National policies based on a framework that is relevant and sensitive to the forces influencing the clearing and forwarding industry in Kenya. Academicians and researchers can use the findings of the study as a reference for their ongoing researches. It will be useful also for further development and research.

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CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

Strategy can be defined as the matching of the activities of an organisation to the environment in which it operates (Johnson and Scholes, 2003). Strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and fulfill stakeholder expectations. Since strategic decisions influence the way organizations respond to their environment, strategy is a fundamental planning process. It can also be seen as building on or stretching an organizations resources and competences so it can create opportunities and capitalize on them.

Porter (1985) defines strategy as positioning a business to maximize the value of the capabilities that distinguishes it from competitors. According to Mintzberg (1999), strategy is presented as a plan, ploy, pattern, position and perspective and some of their interrelationships are then considered. Strategy selects the businesses the organization is to be in or is in, determines and reveals the organizational purpose in terms of long-term objectives, action programs and resource allocation priorities, attempts to achieve long term sustainable advantage in each of its businesses by responding properly to the opportunities and threats in the firm's environment and the strength and weaknesses of the organization, is a coherent, unifying and integrative pattern of decisions, engages all the hierarchical levels of the firm (corporate, business, functional), and defines the nature of the economic contributions it intends to make to its stakeholders.

Dessler (1999) defines strategy as the course of actions that explain how the organisation will move from the business it is in now to the business it wants to be in given its opportunities, threats, strengths and weaknesses. Strategy is also described as the determination of the basic long-term objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to achieve these goals, Wehrich H etal, (2008).

Hax A and Majluf N (1991) say because strategy embraces the overall purpose of an organisation, it has several dimensions which can all be used to define it. These include strategy being a coherent, unifying, and integrative pattern of decisions. It also selects the business the firm should be in as well as engaging all the hierarchical levels of the firm. Strategy defines the nature of the economic and non-economic contributions it intends to contribute to the stakeholders of a firm. It determines and reveals the organisational purpose in terms of long term objectives, action programs and resource allocation priorities. And finally strategy attempts to attain a long term sustainable advantage in all of its business by responding appropriately to the firm's opportunities, threats, strengths and weaknesses.

2.2 The Nature of Services

Kotler (2006) defines a service as any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may be or may not be tied to a physical product. This is exemplified by the Clearing and Forwarding Industry in Kenya which is largely service driven. Services have four main characteristics; these are intangibility, inseparability, variability and perishability.

Because services are intangible, unlike products they can not be seen, tasted, felt, heard or smelt before they are bought. To reduce uncertainty, buyers will look for signs or evidence of service quality. They will draw inferences about quality from the place, people, equipment, communication material, symbols and price that they see. Service marketers should be able to transform intangible services into concrete benefits. Under inseparability, services are typically produced and consumed simultaneously. If a person renders the service, then the provider is part of the service because the client is also present as the service is produced, provider, client interaction is a special feature of services marketing. Because they depend on who provides them and when and where they are provided, services are highly variable. Services cannot be stored and hence they are perishable.

Companies also demonstrate their service quality through physical evidence and presentation. For example, a Clearing and Forwarding firm will develop a look and observable proposition of a stable financial base through presentation of their physical facilities. Service firms can also choose among different processes to deliver their service. Service companies face three tasks, increasing differentiation, service quality and productivity. The alternative to price competition is to develop a differentiated service offering. The offer can include innovative features, what the customer expects is referred to as “primary service package” and to this can be added secondary service features. In the airline industry for instance, various carriers, have introduced such secondary service features as movies, merchandise for sale, air to ground telephone service and frequent flyer award programs.

Many companies are using the internet to offer secondary features. Services are generally high in experience and credence qualities there is more risk in purchase which has several consequences. First the service consumers generally rely on word of mouth rather than advertising. Second they rely heavily on price, personnel and physical cues to judge quality. Third they are highly loyal to service providers who satisfy them (Johnson and Scholes, 2002).

According to Kotler (2006), various studies have shown that excellently managed service companies share the following common practices; a strategic concept, a history of top management, commitment to quality, high standards, systems for monitoring service performance, customer complaints and an emphasis on employee satisfaction. The service outcome and whether or not customers will remain loyal to a particular service provider is influenced by a host of variables. In view of this complexity service marketing requires not only external marketing but also internal and interactive marketing. External marketing describes the normal work to prepare price, distribute and promote the service to customers and internal marketing refers to the work of training and motivating employees to serve customers well. Kotler (2006) has argued that the most important contribution the marketing department can make is to be exceptionally clever in getting everyone else in the organization to practice marketing.

2.3 Positioning Strategy

Hutchings (1995) asserts that a service marketer has to distinguish the service by making it stand out from its main competitors. This means that a service has to be differentiated clearly for effective positioning. For products to be differentiated successfully, four factors have to be attained. These are clarity, consistency, credibility and competitiveness, Jobber (2007). Clarity means the positioning idea must be clear in terms of both target market and differential advantage. Hence Mitchell Cotts Freight Kenya Limited simple message of 'Quality all the way' is clear and memorable. Consistency is important because people are bombarded with noise everyday, a consistent message is required. If this year we position our product on 'quality of service' then next year we change it to 'superior product performance', confusion will arise in the minds of consumers.

Mitchell Cotts Freight Kenya Limited has consistently used the simple message of 'quality all the way' to position itself in the mind of consumers. The simple message receives high recall when consumers are researched because of the consistent use over many years. Credibility is crucial because the differential advantage chosen must be credible in the minds of the target customer. Mitchell Cotts has to deliver on the quality of the services it renders for it to claim to have credibility on its message of 'quality all the way'. Competitiveness is important because, the differential advantage should have a competitive edge. It should offer something of value that the competition is failing to offer. Mitchell Cotts Freight Kenya Limited offers, 'quality all the way', and this gives the firm competitive advantage.

Positioning is a process of formulating a marketing mix that locates a service in the mind of the customer more favorably than in relation to alternative services offered by competitors with the aim of achieving competitive advantage (Stanton, 1984). It is the process whereby the firm attempts to cope with a larger, more established competitor's position in the mind of the consumer. Mitchell Cotts Freight Kenya Limited has positioned itself as the clearing and forwarding firm of choice, which strives to offer

quality services to its consumers. By consistently delivering on high quality services, the firm has gained competitive advantage.

Positioning is attained through the differentiation of services, which could otherwise appear similar in the market (Kotler, 2003; Monash, 2004). The augmented service is about an innovative service delivery system that satisfies the customer. Service features like provider behavior, physical surrounding, provider appearance, brand image, quality, price, warranty, and the general benefits have to be designed to meet the ever- changing customer needs. Mitchell Cotts Freight Kenya Limited strives to deliver services in line with customers' specific requirements. The firm differentiates its services through provision of value added services.

Michael Treacy and Fred Wiersema (Kotler, 2003) proposed a positioning framework called value disciplines. Within its industry, a firm could aspire to be the product leader, operationally excellent firm or the customer intimate firm. This is based on the notion that in every market there is a mix of three types of customers. Some customers favour the firm that is advancing on the technological frontier (product leadership), other customers want highly reliable performance (operational excellence) and still others want high responsiveness in meeting their individual needs (customer intimacy).

Treacy and Wiersema observed that a firm ordinarily cannot be best in all three ways or even two ways. It lacks sufficient funds, and each value discipline requires different managerial mindsets and investments that often conflict. Mitchell Cotts Freight Kenya Limited aspires to be a highly operational firm. Mitchell Cotts Freight Kenya Limited understands that its customers value operational excellence as this impact directly on the costs of the goods. The firm delivers satisfactorily on product leadership and customer intimacy without striving to be the leader in these two categories.

Treacy and Wiersema therefore propose that a firm follows four rules for success. These are to firstly, become best at one of the three value disciplines. Secondly, achieve an adequate performance level in the other two disciplines. Thirdly keep improving one's

superior position in the chosen discipline so as not to lose out to a competitor. And fourthly, to keep becoming more adequate in the other two disciplines, because competitors keep raising customers expectations.

According to Rise and Trout, positioning therefore starts with a product or a service or even a firm. But positioning is not what you do to a product. Positioning is instead what you do to the mind of the prospect. That is you position the product in the mind of the prospect (Kotler, 2003). Rise and Trout argue that well known products usually hold a distinctive position in consumer's minds. Such brands therefore own these positions and it would be difficult for a competitor to claim them. Mitchell Cotts Freight Kenya Limited is viewed by clients as being amongst the leading local clearing and forwarding firms in the country.

A competitor thus has four strategic alternatives. One is to strengthen its own current position in the consumer's mind. The second option is to grab an unoccupied position. The third is to re-position or to de-position the competition in the consumer's mind. Rise and Trout further argue that, in an over advertised society, the mind often knows brands in the form of product ladders such as Mitchell Cotts Freight Kenya Limited, SDV Transami and DHL. The top firm is remembered best and hence the reason why companies fight for the number one slot. However, there can only be one "largest firm" position and therefore the second brand should invent and lead in a new category. For example whereas Mitchell Cotts Freight Kenya Limited is the leading local clearing and forwarding firms in the country, DHL may opt to be the leading global clearing and forwarding firm. The fourth strategy is the exclusive club strategy. For example a company can promote the idea that it is one among the big three in a given industry. However the number one firm in the industry should never develop this strategy. The Big three idea was invented by the third – largest US Auto firm Chrysler. The implication is that those in the club are the "best."

Rise and Trout deal essentially with communication strategies for positioning or re-positioning a brand in the consumer's mind. They however acknowledge that positioning

requires every tangible aspect of product, place, price and promotion to support the chosen positioning strategy. Etzel et al (2007), states there are several major positioning strategies that a firm can use. These include positioning in relation to a competitor, positioning in relation to a product class or attribute and positioning in relation to price and quality.

Positioning in relation to a competitor works best for certain products. This is especially suitable for a firm that already has a solid differential advantage or is trying to solidify such an advantage. But for other products head to head positioning may not work. For example where the firm you are competing with has a strong market position or financial base, this strategy may not be workable. For other products especially the underdogs, the better approach is to try to be the opposite of or atleast much different than the market leader.

Positioning in relation to a Product Class or Attribute, a company's positioning strategy may entail associating its products with (or distancing) it from a product class or attribute. According to Stanton (1984), a company can associate its product or service with its attributes or customer benefits for example Volvo emphasizes safety, while Toyota claims durability and affordability. Palmer (1999) observes that services are intangible and hence consumers cannot determine its attributes by handling or seeing. As such service is basically experiential and thus assessed by the consumer on the basis of experienced benefit.

There are however certain descriptive features that have been used to highlight the attributes of service. They include; economy or affordability, and appeals to people with tight budgets. Another is reliability which is crucial in building customer loyalty. Kotler (2003) advises that the marketer should ensure consistent delivery of service quality. A company is therefore required to do what it says it is going to do and it must deliver on it promise to the customer. The success of a venture is pegged on meeting customers needs successfully (Howgill, 2005). In the clearing and forwarding industry, reliability is a very important attribute. This is because the consumers judge reliability on the basis of the

duration of clearing and delivering a shipment while eliminating any additional costs of demurrage and storage.

A combination of several attributes can be used to position services. This is the case as services are offered as a bundle of attributes which are not easily separable. The danger in this though is that customers can easily get confused. Hence Kotler (2003), advising that it's better to pick on one or two distinguishing attributes and builds on them over time. In the clearing and forwarding industry in Kenya, reliability and quality service stand out as strong attributes. If a firm can dominate an important functional benefit, it can claim a superior position of that benefit in the consumers' mind (Aaker, 1996; Parry, 2002).

Positioning in relation to Price and Quality, some firms are known for their high quality products and high quality prices. Others are known for their low prices while maintaining an acceptable level of quality. Perceived quality is a brand association that is the single most important contributor to a firm's return on investment (ROI). Because high price is in most cases associated with high quality, a consumer will be willing to pay a premium price for premium quality. Mitchell Cotts Freight Kenya Limited is known for its high quality services and premium prices. And the clients served by Mitchell Cotts Freight Kenya Limited are willing to pay a premium price for the high quality services offered.

The consumer will judge the service quality on the basis of the following criteria, reliability, responsiveness and empathy. Reliability refers to the ability of the service provider to perform the promised service dependably, accurately and consistently Zeithaml (2004). Responsiveness is the willingness to help customers and to provide the needed services promptly. It also refers to the willingness of a firm to respond to customers' complaints and requests for services with speed. Speed is of the essence in responding to customers needs. The employees' knowledge and their ability to inspire trust and confidence on the consumers express assurance. This creates confidence and loyalty in the service consumer. Empathy refers to the caring and individualized attention given to customers. Delighting customers may be the key to successful positioning.

The low price position may be taken where the service provider wishes to offer services at low cost and price. Payne (2001) says low quality high price also referred to as cowboy strategy is a situation where the firm fails to offer a fair exchange value for itself. This may be difficult to implement in the clearing and forwarding industry as no clients would go seeking for poor services. However the service provider has to remain focused and play to its strength. Because services are intangible and variable, price is assumed by many customers to be an indicator of quality.

Supportive evidence of the service quality claims may be provided by the quality of the physical facilities, personnel responsiveness and the service processes, Zeithaml and Bitner (2004). Aaker (1996) asserts that achieving a perception of quality is usually impossible unless the claim has substance. Companies should generate quality expectations, which are feasible. Where the organisation and brand is one and the same thing, the positioning statement will have to include the name of the organisation. The physical environment of the company premises has to satisfy the generated quality expectation (Zeithaml, 2004).

Jobber, (2007) states that creative positioning involves the development or reinforcement of an image or set of associations for a brand. Sengupta (1990) agrees. These are, Positioning by product characteristics and customer benefits, Positioning by price, Positioning by product use, Positioning by product user, Positioning by product class, Positioning by Symbols and Positioning by Competitor.

2.3.1 Product characteristics and customer benefits positioning

Sengupta (1990) says that positioning by product attributes involves the relation of the products functional capabilities to the target market needs. Once the positioning is selected the marketer has to then modify the functional features of the product to mesh more closely to the position promised. Positioning by product characteristics is a benefit related positioning and a well made product will usually offer more than one benefit. But promises of multiple benefits tend to get lost because they leave in the consumers' mind a vague and diffused imprint. Sengupta (1990) adds that successful consumer products

promise one or at most two benefits and brand franchises are created around those specific benefits.

Batra Mayer and Aaker (1996) see the most used positioning as this one of the association of an object with the product characteristics and customer benefits. Russell (1963) says that consumers who are similar in important ways tend to cluster around the same benefits. This enables differentiation in a product market. Wind (1982) adds to the benefits discussion by emphasizing that positioning a product by its performance on a specific product is amongst the most common approaches to positioning. Positioning strongly linked to product benefits is generally more effective than positioning which describes product features without their benefit to the consumer.

Sengupta (1990) further notes that consumers buy benefits not features. Features only become important to the consumer when they lead to the special benefit which the consumer seeks. According to Mulei A (2005) Evaluation of the effectiveness of positioning strategies on consumer choice the case of laundry detergents in Kenya in the detergent market in Kenya, the use of product attribute and benefit positioning is the most used. Sunlight is positioned as containing natural ingredients and giving the added benefit of keeping the colours of fabric natural. Gental is positioned as containing special stains enzymes that remove stains and give the twin benefits of caring for hands during washing as well as protection of fabric. Toss is positioned as being gentle on fabric and gentle on hands with the added benefit of retaining the colors of fabrics.

2.3.2 Price positioning

Sengupta (1990) states that whenever quality is given the right price, whatever is made will sell on its own. A consumer views products in a given category at varying levels of price offering different standards of quality and decides which level is most suitable for a specific need. Hence for every pair of Calvin Klein jeans purchased there are hundreds of other jeans giving the wearer the sense of being with it. However according to Batra Myers and Aaker (1996) it is tricky to attempt to retain an image of a low price while

trying to communicate an image of quality. This is because price is directly related to quality in the consumers mind and they will assume that a low price means low quality.

A consumer will be willing to pay a premium price for a premium quality. A consumer will judge the service quality on the basis of the following criteria; reliability, responsiveness, and empathy. A service is considered reliable where the supplier is seen as able to perform the promised service dependently, accurately and consistently (Zeithaml, 2004). The service provider is also considered responsive if he is able to respond to customers' queries or complaints promptly. Hence speed is crucial. Empathy refers to the caring attention given to customers which is also personalized. The marketer can use a middle-level price which should not in any way undermine higher brands within the same organisation (Kotler, 2003). The low price position may be taken and here its low price for low quality. Payne (2001) says if the combination is low quality high price, also known as cowboy strategy exists, the firm fails to offer a fair exchange value for itself.

Price is seen as an indicator of quality. Because services are intangible and variable in nature, consumers cannot easily tell whether this is actually true unless they sample services of the service provider. In the clearing and forwarding industry in Kenya a popular approach to winning new accounts is for the service provider to request for a trial shipment whereby the customer can get to experience the service quality of the clearing firms before committing to a long term business arrangement. Zeithaml and Bitner (2004) state that supportive evidence of the service quality claims may be provided by the evidence of the physical facilities, personnel responsiveness, and the service processes. Hence the physical environment of the company has to satisfy the expected levels of quality.

2.3.3 Product use positioning

Sengupta (1990) states that positioning by use strategy represents a second or third position for the brand and is a position that deliberately attempts to expand the market of the brand. Positioning by usage occasion is a strong differentiating strategy that when

used well can pre-empt the desired usage. Positioning by usage occasion can also involve positioning by usage rate. It makes good sense therefore to study the heavy segment users and to position for them the brand line that best satisfies their high volume consumption. Johnson and Johnson is given as an example by Sengupta who did this with a lot of success.

Through studying the heavy users of its shampoo, Johnson and Johnson found out that the heavy users of its shampoo preferred a mild product. The company saw its market share grow from 3% to 14% when they broadened the positioning of their shampoo from one used for babies as one that is also used by those who wash their hair frequently. Positioning by usage occasion is adopted when the brand wishes to expand its market by creating and occupying other usage positions; this is especially on a mature brand where the existing market has reached near saturation. In the Kenyan market examples of product use occasion include close up toothpaste positioned as being also night time toothpaste. Kodak has also been successfully positioned as the special moment's film.

2.3.4 Product user positioning

Another positioning approach is associating a product with a user or a class of users. Thus many cosmetic companies have used a model or personality to position their products (Sengupta 2001). In 1970, Miller High Lite was “the Champagne of bottled beers”; it was purchased by the upper class and had the image of being a woman's beer. Philip Morris repositioned it as a beer for the heavy beer-drinking, blue collar working man. According to the authors, positioning strategies are in part why Miller's market share has grown from 3.4% in 1970 to 24.5% in 1979.

Positioning by product user is a brand endorsement strategy where a brand uses a superstar, famous person or a common man reference group to associate a brand with the type of user. Nike has been successfully associated with to Michael Jordan. Many casual clothes designers use designer labels such as Calvin Klein to develop a fashion image. The expectation is that the model or personality will influence the products image by

reflecting the characteristics and image of the model or personality communicated as a product user (Aaker, 1996).

2.3.5 Product class positioning

The marketers ability to convince the customers that his product belongs to a certain category, will determine success or failure of a given positioning strategy (Solomon 1996). According to Solomon (1996) brands that are closely associated with a category, call the shots. The providers will need to clarify the service category for their services for the purposes of positioning. As a good example in the service category, the service becomes more recognizable. A clear service category helps the consumer locate the service in the market and even make sense of the service offering.

According to Sengupta (2001), product class positioning is defined as the set of products and brands which are perceived as substitutes to satisfy some specific consumer need. The term product class can be used interchangeably with product category and product market. We cannot put the positioning concept to work unless we get to grips with its very first component, the product class: Which other brands must our brand contend with in order to lodge itself in the consumer's perceptual space? In other words, what is the structure of the market or set of substitutes amongst which our brand is to be positioned? Consumer classifications on product substitutes are more reliable than those by industry classifications.

2.3.6 Positioning by Symbols

Sengupta (1990) introduces the positioning by use of symbols by stating that products take on symbolic meaning and we buy them as much for their physical benefit as for their symbolic benefits. The symbolic meaning is attached to both products of conspicuous consumption as well as for closet products. Consumption as a symbolic behavior may be more important to the individual than the functional benefits provided by the brand (Sengupta 1990). The pleasure from buying goods is ever more playful because modern things are psychological things. The products people buy are symbolic of personal attributes and goals. The products have personal and social meaning in addition to their

functions. A purchase involves an assessment to decide whether the symbolism fits or not (Levy 1959, Sengupta (1990)).

Sengupta (1990) argues that symbolism is one of the most important instruments for differentiation and for forming a bond with the brand. The rationality of the symbolism in brand choice goes up as the rationality of the buying decision goes down. Driving much of the consumers purchasing behavior is the judgment as to whether a given brand is both as a physical product and as a symbol is congruent with his or her self - image. Sengupta (1990) adds that when positioning a brand by its symbolic meaning we must ensure that symbolism helps to support the self-concept of the target consumer. All elements of the marketing mix must communicate to the target prospect the desired clues for consumer perception and thus the desired symbolism.

2.3.7 Competitor positioning

To be successful today, a firm has to become competitor oriented, Ries and Trout (1986). The firm must look for weak points in the positions of its competitor and then launch marketing attacks against those weak points. Ries and Trout (1986) see four ways of positioning by competitor in what they describe as the “marketing war”. The first is the defensive warfare where the market leader attacks himself. This is done by introducing products that obsolete their present offerings. An example is Gillette which outmoded its own super blade by positioning Trac II as the world’s first doubled bladed razor and advertising that “two blades are better than one”. Gillette have therefore have therefore been able to increase its wet shaving market share to 65%.

The number two strategy is according to Rise and Trout is the flanking warfare. The strategy is applied when the market leader is very strong and has a history of vigorous retaliation to attacks. Ries and Trout (1986) advice that you attack the leader by occupying an unprotected flank that is occupy a segment or category that the leader has neglected. For example Apple entered the personal computer market that was earlier on neglected by IBM.

The third strategy in competitive positioning is to use the offensive warfare move. This is a move that is normally applied by the second or the third positioned player in the market. Ries and Trout (1986) add that the number two and number three company should position itself with reference to the leader by finding a weakness in the leader's strength or attributes and attacking at that point exploring a narrow front as possible. Federal express competed on delivering packages overnight other than competing on a wider front. A much celebrated offensive warfare success is Avis Vs Hertz car rental positioning. Avis gave a powerful promise that worked," we try harder because we are number two".

The fourth strategy postulated by Ries and Trout is the guerilla warfare. Guerilla warfare is a strategy that for smaller companies which can go for vacant positions in the market too to attract the market leader's attention. A good example in this category is Rolls Royce. Rolls Royce is a high priced guerilla in the automobile business, dominating the market of cars costing more than \$100,000 and nobody thinks of competing with them because the market is too small and exclusive. Ries and Trout (1986) advise that out of every one hundred companies in a market one should play defense, two should play offence, three should flank and 94 should be guerilla.

2.4 Challenges in Positioning Services

As companies increase the number of claimed benefits for their brands, they risk disbelief and loss of clear positioning, Kotler (2003). There are four positioning errors that can be identified, Kotler (2003); Barkowitz et al (2002) and Monash (2004). These include under positioning. A firm discovers that buyers only have a vague idea of the brand. The brand may be viewed as only another entry in the crowded market place. Over positioning occurs when buyers have too narrow an image of the brand. Confused positioning is when buyers have a confused image of the brand as a result of a company making too many claims or changes the positioning too frequently. And doubtful positing occurs when buyers find it hard to believe the brand claims in view of the product features.

Careful consideration has to be done by a company as far as alternative positioning platforms are concerned such as technology cost, quality and service without overlooking how the customer feels about the improvement. Each attribute affects the consumers wanting time and price perception differently.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research will adopt the case study research design approach. The study will be a case study aimed at determining the effectiveness of the positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients. The case study research design often uses qualitative strategies data collection.

3.2 The Population

The population of interest in this study includes all corporate clients of Mitchell Cotts Freight Kenya Limited. They are a good representation of the firm's corporate clients as they use a variety of the services that Mitchell Cotts Freight Kenya Limited has to offer. The firm has a corporate client base of 170 clients.

3.3 The Sample

Segmentation and choice of sample of the population will be based on clients of Mitchell Cotts Freight Kenya Limited who are categorized as manufacturers. The manufacturers being sampled are 18 in number. This represents 8% of the entire client base of the company. Because the clients categorized as manufacturers use the different services offered by Mitchell Cotts Freight Kenya Limited they are a good representation of the company's corporate clients.

3.4 Data collection method

Primary data will be collected using a structured questionnaire. The corporate clients of Mitchell Cotts Freight Kenya Limited who are categorized as manufacturers will be interviewed. A total of 18 manufacturing clients will be questioned. The questionnaires will be dropped and picked later. Follow up will be done by telephone to minimize the problem of postal delays and non-response rate. The questionnaire was divided into two parts. Part A has questions to data on the profile / general information about the respondent. Part B has questions to collect data on the effects of the positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients.

3.5 Operationalising the Positioning Strategies

Outlined below are detailed descriptions of the various dimensions of positioning strategies. The dimensions of positioning strategies are broken down into expanded variables and these are then related to the relevant questions contained in the questionnaire.

Table 3.1 Operationalising the Positioning Strategies

Dimension	Expanded variable	Relevant Question
Service quality	Reliability, Responsiveness, Assurance, Expertise, courtesy, confidence, physical evidence	1,2, 3
Benefits and Attributes	Reliable, high quality, customer friendly, quick response, flexible, prompt payment to suppliers, superior customer service	1,2,5
Product class / category	Financier, Clearing and Forwarding services provider	1,2,5
Competition	Price cuts, superior service, new service innovations, global network, financially stable, expertise in technology	4
Price	Low fee, premium fee, varied fees based on volumes, discounts, brand price, competitive fee	1,2,4
Promotion media strategy	Advertise in newspapers, magazines, salespersons word of mouth, publicity	1,2,7
Image Building	Public relations, personal selling, communication, colours, symbols, logos, extensive promotions, use credible people for word of mouth campaigns, sponsorship community participation activities	1,2,7
Place	Networks, accessibility, parking space, location, nearness to users	1,2
People	Professional, committed, always alert, competent, trustworthy, smart, motivated, positive to clients, organization and colleagues, communicative, well trained, pleasant, courteous, polite	1,2,6
Physical evidence	Ambience, low noise, spacious rooms, physical attractions, equipment, furniture, colours	1,2
Process	Policies for customer satisfaction, Accuracy, speed, simplicity, smooth flow, flexibility, customer involvement, employee empowerment	1,2

3.6 Data Analysis Method and Presentation

Questionnaires were coded and edited for completeness using the Statistical Package for Social Services (SPSS). The data collected in section A was analyzed using frequencies and percentages. The data collected in section B was analyzed using frequencies and mean to determine the effects of the positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients. All quantitative data was descriptively analyzed using a statistical package, the Statistical Package for Social Services (SPSS). Quantitative analysis was only carried out on those aspects of the data that are quantifiable. The findings are presented in form of tables and percentages or means obtained quantitatively.

Positioning strategies were ranked in order of effectiveness in influencing customer loyalty. Descriptive statistics was used to rank the positioning strategy with the highest effect on customer loyalty hence answering the first objective.

CHAPTER FOUR: FINDINGS AND ANALYSIS

4.1 Introduction

The findings and analysis are covered in three parts. The first part gives the sample characteristics by job title, ownership of the company, number of years the firm has been in existence, period the firm has been a client of Mitchell Cotts Freight Kenya Limited and by use application. The second part of the analysis gives findings on the effects of the various positioning strategies used by Mitchell Cotts Freight Kenya Limited on the loyalty of its corporate clients. This part answers the first objective of the research which is to determine the extent to which positioning strategies that are used by Mitchell Cotts Freight Kenya Limited affects customer loyalty.

The third part of the findings and analysis covers the challenges faced by the customers as a result of the positioning strategies used by Mitchell Cotts Freight Kenya Limited. This part of the analysis answers the second objective which is to find out the challenges clients face as a result of positioning strategies used by Mitchell Cotts Freight Kenya Limited.

4.2 Response Rate

Out of the target population of 170 clients, 18 were sampled. Response rate was at 94%. The response rate was occasioned by a respondent who was out of the office at the time of conducting the research. In spite of following him up thereafter, no feedback was forthcoming.

Table 4.1 Response Rate

Number of respondents contacted	Number who responded	Percent
18	17	94

4.3 Distribution of Respondents by Services Utilized

100% of the sample respondents using the clearing and forwarding, container freight station, warehousing, shipping and transit shed services offered by Mitchell Cotts Freight Kenya Limited responded while 67% responded who use the packing and removals services.

Table 4.2 Distribution of Respondents by Services Utilized

Service utilized	Number of respondents	Percent
Clearing & Forwarding	3	100
Container Freight Station	3	100
Packing & Removals	2	67
Warehousing	3	100
Shipping	3	100
Transit Shed	3	100

4.4 Sample Characteristics

The sample population comprised of companies that had been existence for between 1-5 years as well as over 10 years. 41% of the firms sampled are owned locally, 24% were owned by foreigners while 35% had mixed ownership comprising both foreigners and local owners. 41% of the sampled population had been clients to Mitchell Cotts Freight Kenya Limited for a period of over 10 years while 35% had been clients for between 6-9 years. Only 24% had been clients for between 1-5 years while none had been clients for less than a year.

Table 4.3 Distribution of the Respondents by Ownership

Ownership	Frequency	Percent
Local	7	41
Foreign	4	24
Mixed	6	35
Total	17	100

4.5 Distribution of the Respondents by Type of Services Utilized and Number of Years the Customer has been Serviced by Mitchell Cotts Freight Kenya Limited

100 percent of the respondents using the clearing and forwarding services have been clients of Mitchell Cotts Freight Limited for a period of over 10 years. 33.3% of the respondents using the container freight station services have been clients of the firm for a period of between 1-5 years while 66.7% have been clients for a period of between 6-9

years. 100% of the respondents using the packing and removals services have been clients for a period of between 1-5 years.

Table 4.4 Distribution of the Respondents by Type of Services Utilized and Number of Years the Customer has been Serviced by Mitchell Cotts Freight Kenya Limited

Type of Services Utilized	Number of Years							
	Less than 1 Year		1-5 Years		6-9 Years		Over 10 Years	
▪ Clearing & Forwarding	0	0%	0	0%	0	0%	3	100%
▪ Container Freight Station	0	0%	1	33.3	2	66.7	0	0%
▪ Packing & Removals	0	0%	2	100%	0	0%	0	0%
▪ Warehousing	0	0%	0	0%	2	66.7	1	66.7
▪ Shipping	0	0%	0	0%	1	33.3	2	66.7
▪ Transit Shed	0	0%	1	33.3	2	66.7	0	0%

4.6 Reasons why the Respondents Use the Services of Mitchell Cotts Freight Kenya Limited

When asked to give the main reasons why they opted to use the services of Mitchell Cotts Freight Kenya Limited 24% of the respondents said it is because the quality and price is just right while only 12% considered the firm being financially stable as the main reason they used the services of the firm. 12% mentioned the highly skilled personnel as the reason why they used the services of the firm. 6% mentioned they used the services of the firm because of the firm’s customer satisfaction policies.

Table 4.5 Reasons why the Respondents Use the Services of Mitchell Cotts Freight Kenya Limited

Reasons for using Mitchell Cotts services	Frequency	Percent
▪ The quality and price is just right	4	24
▪ Of their superior service	0	0
▪ Their personnel are highly skilled	2	12
▪ Of their global network	0	0
▪ They are reliable	2	12
▪ Of their competence	2	12
▪ Of their expertise	1	6
▪ Of their professionalism	2	12
▪ They are customer friendly	1	6
▪ They are financially stable	2	12
▪ Of their customer satisfaction policies	1	6
▪ Of their product	0	0
	17	100

4.7 Positioning Strategies Associated with Mitchell Cotts Freight Kenya Limited

When asked to identify positioning strategies that could be associated with Mitchell Cotts Freight Kenya Limited, 35.8% of the respondents mentioned service quality with only 5.8% answering physical evidence. 11.8% mentioned competition and price as positioning strategies they could associate with Mitchell Cotts. 0% mentioned user category and promotion media strategy as positioning strategies they could associate with Mitchell Cotts.

Table 4.6 Positioning Strategies Associated with Mitchell Cotts Freight Kenya Limited

Positioning strategy	Frequency	Percent
▪ Service quality	6	35.8
▪ Benefits and attributes	1	5.8
▪ User category	0	0
▪ Product class/ category	1	5.8
▪ Competition	2	11.8
▪ Price	2	11.8
▪ Promotion media strategy	0	0
▪ Image building	1	5.8
▪ Place	1	5.8
▪ People	1	5.8
▪ Physical evidence	1	5.8
▪ Process	1	5.8
	17	100

4.8 Variables of Positioning Strategies

When asked to indicate the effects of variables of positioning on their loyalty towards Mitchell Cotts Freight Kenya Limited, reliability and high responsiveness ranked highly at 4.6 (92%) as having the greatest effect on customer loyalty. Service quality, the firm's personnel and image ranked second at 4.4 (88%) in terms of the effect these positioning strategies had on customer loyalty. The price offered was ranked third at 4.0 (80%). Process strategies and physical evidence were ranked fourth at 3.8 (76%). Promotion media had the least effect on customer loyalty with a score of 3.0 (60%).

Table 4.7 Variables of Positioning Strategies

Variables of positioning	Frequency	Percentage
▪ The service quality	4.4	88
▪ The benefits and attributes	3.4	68
▪ Reliability and high responsiveness	4.6	92
▪ The product offered	3.2	64
▪ The price offered	4.0	80
▪ The promotion media	3.0	60
▪ The personnel	4.4	88
▪ The image	4.4	88
▪ The process strategies	3.8	76
▪ The physical evidence	3.8	76
▪ The network	3.6	72

4.9 Effects of Quality Indicators on Customer Loyalty

Responsiveness to customers, use of efficient processes and reliability from credible workers were the quality indicators that have the greatest effect on customer loyalty. These scored a mean of 4.6 (92%). Quality assurance to clients was ranked second with a score of 4.4 (88%). Competent workers and privacy and confidentiality of client information were ranked third in their effect on customer loyalty with a score of 4.2 (84%).

Table 4.8 Effects of Quality Indicators on Customer Loyalty

Quality indicators	Frequency	Percentage
▪ Responsiveness to customers	4.6	92
▪ Competent workers	4.2	84
▪ Using efficient processes	4.6	92
▪ Quality assurance to clients	4.4	88
▪ Provider of variety of services to clients	3.6	72
▪ Privacy and confidentiality of client information	4.2	84
▪ Reliability from credible workers	4.6	92

4.10 Effects of Pricing on Customer Loyalty

Respondents ranked similar for better value as a pricing mode had the highest effect on customer loyalty with a score 4.4 (88%). Similar for better value was ranked second with

a score of 4.0 (80%). A low price as a positioning strategy was ranked third with a score of 3.8 (76%).

Table 4.9 Effects of Pricing on Customer Loyalty

Nature of pricing	Frequency	Percentage
▪ Low prices	3.8	76
▪ Premium prices	3.2	64
▪ Flexible Price	4.0	80
▪ Similar for better value	4.4	88
▪ Discounted	3.4	68

4.11 Effects of Consumer Benefits on Customer Loyalty

When asked to indicate the effects of various consumer benefits on customer loyalty, the respondents ranked reliability and high quality in service delivery as being the most important, with a score of 4.2 (84%). Quick response and superior customer service were ranked second at 4.0 (80%).

Table 4.10 Effects of Consumer Benefits on Customer Loyalty

Consumer benefits	Frequency	Percentage
▪ Reliable	4.2	84
▪ High Quality	4.2	84
▪ Customer friendly	3.8	76
▪ Quick response	4.0	80
▪ Flexible	3.8	76
▪ Superior customer service	4.0	80

4.12 Effects of the Quality of Personnel on Customer Loyalty

The quality of personnel that had the greatest effect on customer loyalty is courtesy to clients and use of good language scoring 4.8 (96%). Being smartly dressed according to respondents had the least effect on customer loyalty scoring only 3.8 (76 %).

Table 4.11 Effects of the Quality of Personnel on Customer Loyalty

Quality of personnel	Frequency	Percentage
▪ Professional	4.6	92
▪ Committed	4.4	88
▪ Always alert	4.2	84
▪ Competent	4.6	92
▪ Trustworthy	4.6	92
▪ Smartly dressed	3.8	76
▪ Highly Motivated	4.2	84
▪ Positive towards client	4.6	92
▪ Positive to organization	4.6	92
▪ Positive to colleagues	4.2	84
▪ Answers clients request promptly	4.6	92
▪ Well trained	4.6	92
▪ Pleasant	4.4	88
▪ Courteous to clients	4.8	96
▪ Use of good language to clients	4.8	96

4.13 Effects of Image Strategies on Customer Loyalty

Respondents ranked public relations as the image strategy having the greatest effect on customer loyalty scoring 4.4 (88%). This was followed by credible people scoring 4.2 (84%). The image strategy with the least effect on customer loyalty is extensive promotions and sponsorships which scored 3.2 (64%).

Table 4.12 Effects of Image Strategies on Customer Loyalty

Image strategies	Frequency	Percentage
▪ Public relations	4.4	88
▪ Personal selling	4.0	80
▪ Communication	4.0	80
▪ Logos	3.6	72
▪ Extensive promotions	3.2	64
▪ Use credible people for word of mouth	4.2	84
▪ Campaigns	3.8	76
▪ Sponsorship community participation activities	3.2	64

4.14 Challenges faced as a result of positioning strategies used by Mitchell Cotts Freight Kenya Limited

When asked to mention the challenges faced as a result of the positioning strategies used by Mitchell Cotts, a majority of the respondents said there were none. Only 1 (5.8%) of the respondents mentioned price. This means that the pricing strategies used by Mitchell Cotts were viewed as posing a challenge to the said respondent as far as affordability was concerned.

CHAPTER FIVE: SUMMARY, DISCUSSIONS, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is divided into five parts. The first one is the summary that ties the research findings to the research objectives. The second one, the discussions relates the research findings to existing bodies of knowledge. The third one is the conclusion, which comprises a discussion of the findings and analysis. The fourth one highlights the limitations of the research which gives the limitations the research faced as well as limitations of the findings. The final part gives recommendations for further research.

5.2 Summary

The research had two objectives. The first was to determine the extent to which positioning strategies that are used by Mitchell Cotts Freight Kenya Limited affect customer loyalty. When asked to indicate the effects of variables of positioning on their loyalty towards Mitchell Cotts Freight Kenya Limited, reliability and high responsiveness ranked highly at a frequency of 4.6 (92%) as having the greatest effect on customer loyalty. Service quality, the firm's personnel and image ranked second at a frequency of 4.4 (88%) in terms of the effect these positioning strategies had on customer loyalty. The price offered was ranked third at a frequency of 4.0 (80%). Process strategies and physical evidence were ranked fourth at a frequency of 3.8 (76%). Promotion media had the least effect on customer loyalty with a frequency of 3.0 (60%).

The second objective was to find out the challenges clients face as a result of positioning strategies used by Mitchell Cotts Freight Kenya Limited. The research was able to determine the challenges faced by customers as a result of the positioning strategies used by Mitchell Cotts. Only 1 (5.8%) of the respondents mentioned price. This means that the pricing strategies used by Mitchell Cotts were viewed as posing a challenge to the said respondents as far as affordability was concerned.

5.3 Discussions

Batra, Myers and Aaker (1996) see the most used positioning as the one of the association of an object with the product characteristics and customer benefits. Russell (1963) says that consumers who are similar in important ways tend to cluster around the same benefits. This enables differentiation in a product market. Wind (1982) adds to the benefits discussion by emphasizing that positioning a product by its performance on a specific product is amongst the most common approaches to positioning. Positioning strongly linked to product benefits is generally more effective than positioning which describes product features without their benefit to the consumer. The research findings support the above because when asked to identify positioning strategies that could be associated with Mitchell Cotts, 6 of the respondents mentioned service quality.

The study found out that the main reason why clients opted to use the services of Mitchell Cotts Freight Kenya Limited is because the quality and price is just right. 4 of the respondents said this. Only 2 mentioned the firm being financially stable as the main reason they used the services of the firm. 2 of the respondents said the highly skilled personnel was the reason why they used the services of the firm. And 1 mentioned the firm's customer satisfaction policies. In view of above findings Mitchell Cotts positioning strategy is in line with the findings of Batra Mayer and Aaker (1996) who see the most used positioning as the one of the association of an object with the product characteristics and customer benefits.

The study found out that reliability and high responsiveness ranked highly at a frequency of 4.6 as having the greatest effect on customer loyalty. Second was service quality, the firm's personnel and image at a frequency of 4.4. Again these findings support the arguments put forth in Batra, Myers and Aaker (1996) who see the most used positioning as the one of the association of an object with the product characteristics and customer benefits.

5.4 Conclusion

The research has been able to achieve the two objectives it set out to determine. The research was able to determine the extent to which positioning strategies that are used by Mitchell Cotts Freight Kenya Limited affect customer loyalty and to find out the challenges clients face as a result of positioning strategies used by Mitchell Cotts Freight Kenya Limited. Based on the research findings, 7 (41%) of the firms sampled are owned locally, 4 (24%) are foreign while 6 (35%) have mixed ownership comprising both foreigners and local owners.

The research was able to determine the distribution of the respondents by type of services utilized and the number of years the customer has been serviced by Mitchell Cotts. 2 (100%) of the respondents using the packing and removals services have been clients for a period of between 1-5 years. Also 3 (100%) of the respondents using the clearing and forwarding services have been clients of Mitchell Cotts of over 10years. Only 1 (33.3%) of the respondents using the container freight station services have been clients of the firm for a period of between 1-5 years while 2 (66.7%) have been clients for a period of between 6-9 years.

Based on research findings, the most popular reason as to why respondents use the services of Mitchell Cotts is due to the quality and price being just right scoring a frequency of 4 (24%). The research findings support those put forth by Batra, Myers and Aaker (1996) who say the most used positioning are the ones of the association of an object with the product characteristics and customer benefits. This is further supported by the findings that only 2 (12%) of respondents attribute their use of Mitchell Cotts services as being tied to the firm being financially stable. 2 (12 %) of respondents mentioned the highly skilled personnel of Mitchell Cotts as being the reason they used the firm's services. Only 1 (6%) of respondents mentioned the expertise of Mitchell Cotts as being a reason as to why they used the firm's services. Another 1 (6%) of the respondents mentioned that the fact Mitchell Cotts were customer friendly was a reason why they used the firms services. None of the respondents mentioned superior service as a reason why they used the services of Mitchell Cotts. 2 (12%) of the respondents mentioned

professionalism as a reason as to why they were clients to the firm. Customer satisfaction policies was ranked as being a key factor in making 1 (6%) of the respondents use the services of Mitchell Cotts. None of the respondents mentioned the global network of the firm as being a reason why they used Mitchell Cotts services.

6 (35.8%) of the respondents mentioned service quality as a positioning strategy that they could associate with Mitchell Cotts. Only 1 (5.8%) mentioned benefits and attributes as a positioning strategy they could associate with the firm while none mentioned user category. 2 (11.8%) of respondents mentioned both competition and price as strategies in positioning they could associate with Mitchell Cotts. Image building, place, people, physical evidence and process were also mentioned by respondents as positioning strategies that were associated with Mitchell Cotts. Each was mentioned by 1 (5.8%) of respondents. None of the respondents mentioned promotion media as a positioning strategy they could associate with Mitchell Cotts.

The research findings show that reliability and high responsiveness ranked highly with a frequency of 4.6 (92%) as the variables having the greatest effect on customer loyalty. Reliability and high responsiveness are expanded variables of benefits and attributes positioning strategies. The research findings support those put forth by Batra, Myers and Aaker (1996) who say the most used positioning are the ones of the association of an object with the product characteristics and customer benefits. Service quality, personnel and image were ranked second highest in terms of their effect on customer loyalty. They each scored 4.4 (88%). Price also had a great effect on the levels of customer loyalty towards the firm and was ranked third. Price scored 4.0 (80%). Promotion media had the least effect on customer loyalty with respondents giving it 3.0 (60%). Process strategies and physical evidence scored 3.8 (76%) in terms of the effect they had on customer loyalty.

Quality indicators were further analyzed to determine their effect on customer loyalty. Responsiveness to customers, using efficient processes and reliability from credible workers were ranked top as having the greatest effect on customer loyalty with a

frequency of 4.6 (92%). Quality assurance to customers was ranked second with 4.4 (88%). Competent workers as well as privacy and confidentiality of client information were ranked third with a frequency of 4.2 (84%). Being a provider of variety of services was ranked as having the least effect on customer loyalty by respondents scoring 3.6 (72%).

The variables of pricing were further analyzed to determine their effects on customer loyalty. Similar for better value had the highest effect on customer loyalty based on the feedback received from respondents. This variable scored a frequency of 4.4 (88%). Flexible pricing had the second highest effect on customer loyalty scoring a frequency of 4.0 (80%). Low pricing was ranked third in terms of having an effect on customer loyalty attaining 3.8 (76%). Premium pricing as a positioning strategy had the least effect in improving customer loyalty with respondents giving it 3.2 (64%).

Reliability and high quality were ranked as the consumer benefits with the highest effect on customer loyalty by respondents at a frequency of 4.2 (84%). Quick response and superior customer service were ranked second at 4.0 (80%) in terms of their effect on customer loyalty. The benefits of customer friendliness and flexibility had the least effect on customer loyalty with 3.8 (76%).

Respondents ranked the use of good language to clients and courtesy towards them as qualities of personnel that have the greatest effect on customer loyalty with 96%. Professionalism, competence, trustworthiness, being positive to the firm and clients, promptness in answering clients request as well as being well trained were ranked as having the second highest effect on customer loyalty with a frequency of 4.6 (92%). Being smartly dressed had the least effect on customer loyalty with 3.8 (76%).

Public relations were ranked highest as the image strategy having the greatest effect on customer loyalty scoring a frequency of 4.4 (88%). This was followed by credible people scoring at 4.2 (84%). The image strategy with the least effect on customer loyalty is extensive promotions and sponsorships which scored 3.2 (64%) each.

The research was able to determine the challenges faced by customers as a result of the positioning strategies used by Mitchell Cotts. Only 1 (5.8%) of the respondents mentioned price. This means that the pricing strategies used by Mitchell Cotts were viewed as posing a challenge to the said respondents as far as affordability was concerned.

5.5 Limitations of the Research

The research was constrained by funds availability and by time which resulted in limiting the respondents to those in Nairobi and its close vicinity. It is however important to note that the sample is a true representation of the entire population as it comprised clients who used the full range of services offered by Mitchell Cotts Freight Kenya Limited.

5.6 Recommendation for future research

The research has explored the effects of the positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients. Similar studies should be conducted by other firms in the industry as well as those in other industries like banking, mobile phones, cosmetics, media, tyres, motor vehicle as well as other industries to get a broader appreciation of how positioning strategies have an effect on consumer loyalty.

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APPENDIX 1: INTRODUCTION LETTER

UNIVERSITY OF NAIROBI
P.O.BOX 30197
NAIROBI

September 2009

Dear Respondent,

REF: MBA RESEARCH PROJECT

I am carrying out a research on the effects of positioning strategies used by Mitchell Cotts Freight Kenya Limited on its corporate clients.

The study is being carried out for a Marketing project paper as a requirement in partial fulfillment of the degree of Master in Business Administration, University of Nairobi.

Your response will be treated with strict confidentiality and in no instance will your name be required or disclosed in the research report.

Your cooperation will be highly appreciated.

Yours sincerely

Angela Gwiyo
MBA Student
Faculty of Commerce
University of Nairobi

APPENDIX 2: QUESTIONNAIRE

UNIVERSITY OF NAIROBI MBA RESEARCH PROJECT QUESTIONNAIRE

This questionnaire seeks information strictly for academic purposes.

Please assist by answering the questions as genuinely as possible

SECTION A

Please tick where appropriate

1. Please indicate your functional responsibility in the company (please tick accordingly)

General Manager () Operations Manager () Finance Manager ()

2. What is the ownership of your company?

a) Local () b) Foreign () c) Mixed ()

3. How many years has your organisation been in existence?

a) Less than one year () b) 1----5 years ()

c) 6----9 years d) over 10 years

4. How many years have you been doing business with Mitchell Cotts Freight Kenya Limited?

a) Less than one year () b) 1----5 years ()

c) 6----9 years () d) over 10 years ()

5. Please tick the service(s) of Mitchell Cotts Freight Kenya Limited you use

a) Clearing and Forwarding ()

b) Container Freight Station ()

c) Packing and Removals ()

d) Warehousing ()

e) Shipping ()

h) Transit shed services ()

6. The main reason I use the service(s) of Mitchell Cotts Freight Kenya Limited listed in question 5 is because

() the quality and price is just right () of their superior service

() their personnel are highly skilled () of their global network

- they are reliable
- of their expertise
- they are customer friendly
- of the customer satisfaction policies
- of their competence
- of their professionalism
- they are financially stable
- of their product

SECTION B

1. The following are various positioning strategies. Please tick the ones you can associate with Mitchell Cotts Freight Kenya Limited

- service quality
- benefits and attributes
- user category
- product class / category
- competition
- price
- promotion media strategy
- image building
- place
- people
- physical evidence
- process

2. The scale of 1-5 is to help you respond easily.

Where **5 = a very large effect**

4 = large effect

3 = low effect

2 = very low effect

1 = no effect

Please indicate the effect of the following variables offered by Mitchell Cotts Freight Kenya Limited on your loyalty towards Mitchell Cotts Freight Kenya Limited.

variables	5	4	3	2	1
a)The service quality	()	()	()	()	()
b)The benefits and attributes	()	()	()	()	()
c)Reliability and high responsiveness	()	()	()	()	()
d)The product offered	()	()	()	()	()
e)The price offered	()	()	()	()	()
f)The promotion media	()	()	()	()	()
g)The personnel	()	()	()	()	()
h)The image	()	()	()	()	()
i)The process strategies	()	()	()	()	()
j)The physical evidence	()	()	()	()	()
k)The network	()	()	()	()	()

3. What is the effect of the following quality indicators of Mitchell Cotts Freight Kenya Limited to your loyalty towards Mitchell Cotts Freight Kenya Limited (tick as applicable)

Quality indicators	5	4	3	2	1
a) Responsiveness to customers	()	()	()	()	()
b) Competent workers	()	()	()	()	()
c) Using efficient processes	()	()	()	()	()
d) Quality assurance to clients	()	()	()	()	()
e) Provider of variety of services to clients	()	()	()	()	()
f) Privacy and confidentiality of client Information	()	()	()	()	()
g) Reliability from credible workers	()	()	()	()	()

4. To what extent do the following statements apply to the nature of the pricing of Mitchell Cotts Freight Kenya Limited and their effect on your loyalty towards Mitchell Cotts Freight Kenya Limited, on a scale of 1-5

Nature of pricing	5	4	3	2	1
a) Their prices are very low	()	()	()	()	()
b) Their prices are at a premium level	()	()	()	()	()
c) Compared to the Competition					
Flexible price	()	()	()	()	()
Similar for better value	()	()	()	()	()
Discounted fee	()	()	()	()	()

5. What is the effect of the following consumer benefits of Mitchell Cotts Freight Kenya Limited as a service provider on your loyalty towards Mitchell Cotts Freight Kenya Limited, on a scale of 1-5

Consumer benefits	5	4	3	2	1
a) Reliable	()	()	()	()	()
b) High quality	()	()	()	()	()
c) Customer friendly	()	()	()	()	()
d) Quick response	()	()	()	()	()
e) Flexible	()	()	()	()	()
f) Superior customer service	()	()	()	()	()

6. What is the effect of the following statements describing the quality of the personnel of Mitchell Cotts Freight Kenya Limited on your loyalty towards Mitchell Cotts Freight Kenya Limited, on a scale of 1-5

Personnel qualities	5	4	3	2	1
a) Professional	()	()	()	()	()
b) Committed	()	()	()	()	()
c) Always alert	()	()	()	()	()
d) Competent	()	()	()	()	()

e) Trustworthy	()	()	()	()	()
f) Smartly dressed	()	()	()	()	()
g) Highly Motivated	()	()	()	()	()
h) Positive towards client	()	()	()	()	()
i) Positive to organization	()	()	()	()	()
j) Positive to colleagues	()	()	()	()	()
k) Answers clients request promptly	()	()	()	()	()
l) Well trained	()	()	()	()	()
m) Pleasant	()	()	()	()	()
n) Courteous to clients	()	()	()	()	()
o) Use good language to clients	()	()	()	()	()

7. Indicate the extent to which the following image strategies of Mitchell Cotts Freight Kenya Limited affect your loyalty towards Mitchell Cotts Freight Kenya Limited, on a scale of 1-5

Image strategies	5	4	3	2	1
a) Public relations	()	()	()	()	()
b) Personal selling	()	()	()	()	()
c) Communication	()	()	()	()	()
d) Logos	()	()	()	()	()
e) Extensive promotions	()	()	()	()	()
f) Use credible people for word of mouth	()	()	()	()	()
g) Campaigns	()	()	()	()	()
h) Sponsorship community participation activities	()	()	()	()	()

8. List the challenges you face as a result of the positioning strategies used by Mitchell
Cotts Freight Kenya Limited

.....
.....
.....

Thank you for your co-operation

GWYIO ANGELA MALACHI

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