

Abstract

Organizations are environment dependent. They receive inputs from the environment and they sell or distribute their products to the environment. Companies are created to produce either goods or services that meet the demands of consumers. Companies perform different functions in the process of producing goods or services. They include production, marketing, financial activities, and the management of human resources. Marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. Marketing function in any organization including countries and firms contribute to the development of any nation. The management of national resources can be enhanced by distribution networks and advanced marketing of goods and services. Contemporary marketing strategy development includes such concepts as segmenting, targeting, and positioning (STP of marketing). The determination of a viable target market is the first step. Positioning strategy is linked to lifestyle market segmentation. For instance, the cultural values and attitudes of consumers are changing, attributable to changes in lifestyles and purchasing behavior, expectations and product or service choices. A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Competitive advantage is a position that a firm occupies in its competitive landscape. A competitive advantage, sustainable or not, exists when a company makes economic sense that is, their earnings exceed their costs (including cost of capital). That means that normal competitive pressures are not able to drive down the firm's earnings to the point where they cover all costs and just provide minimum sufficient additional return to keep capital invested. Most forms of competitive advantage cannot be sustained for any length of time because the promise of economic rents drives competitors to duplicate the competitive advantage held by any one firm. The energy sector in Kenya has undergone a lot of fundamental changes in the recent past aimed at revamping and strengthening it. Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs. Consumer and business marketers use many of the same variables to segment their markets. Business buyers can be segmented geographically, demographically (industry, company size), or by benefits sought, user status, usage rate, and loyalty status. The process of implementing the segmentation strategy has been and continues to be a challenge to the management of the bank. The main challenges identified in this study were inadequate staff capacity, ignoring potential audiences, resistance from the market, cannibalization, inefficient resource utilization and increased costs. Customers' needs are not static hence the management has to continually keep abreast with developments and reactions in the market in order to ensure continued success for the company. The study indicated that the implementation of segmentation strategy is long term in nature. Further as the environment responds to the implementation of strategy is necessary and thus formulation is under constant review to accommodate effects of the interaction between the organization and environment