ABSTRACT

In the 21st century business landscape, firms compete in a complex and challenging context that is being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies. Therefore, achieving the desired performance is a major preoccupation of senior managers in the competitive and slow growth markets, which characterize many businesses today and the sources of competitive advantage have been a major concern for scholars and practitioners. Most organizations search for the best strategies in order to consolidate their position in the market. However, to be able to achieve this, the service delivery process need to be carefully defined, negotiated, and agreed upon considering involved parties' needs, wants and preferences. For an organization to become profitable it must put in place strategies that position itself in market dominance and improve the firm’s overall performance. Strategic positioning has been recognized as a vital tool to confront the competitive pressure in the oil market environment and also as a tool of improving the performance of these firms. The objective of the study was to determine the effect of strategic positioning on organizational performance in the top five oil companies in Kenya. The adopted cross sectional survey research design. The population of the study was the top five oil companies in Kenya in terms of market share based on information acquired from Petroleum Institute of East Africa for the period January to March 2013 hence the study will be purposive sampling. These firms are Total (k) Ltd, KenolKobil, Vivo Energy (Shell), Libya Oil (k) Ltd and National Oil Corporation (NOCK). The study used primary data which was collected using self-administered questionnaires. Data was analyzed using the Statistical Package for Social Sciences (SPSS) software. The of the study was that positioning strategies adopted by the oil companies provides the framework upon which to build and coordinate the elements of the marketing mix to implement the positioning strategy, facilitate fine tuning of strategy due to experience gained by being close to the customers helps in determining precisely what retail offering is required, helps the company to know where to confront competition from and where to avoid it and that it provides the company with a unique image in the market place. The study found out that differentiation strategy, costing and promotion, perceived quality of service and pricing strategy were used by the companies to improve their performance. The effects of positioning strategies on performance is that the companies compete for the consumers’ attention and secure a recognizable comparative position in their minds in harmony with their cultural base, has a strong competitive position in the industry, has skills and resources that improve its competitive position and that positioning is the actual designing of company’s image that helps customers understand, appreciate what the company stands for in relation to its competitors, companies competes for consumers’ involvement in its daily operations, competes for the customers’ willingness to deal with the technical complexity found in the corresponding need for services, competes for the customers’ effort and time in the buying process, shift its positioning frequently and that they competes for the funds consumers are willing to spend in acquiring a service.