STRATEGIC POSITIONING AND PERFORMANCE OF INSURANCE FIRMS IN KENYA

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DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any university or college for examination/ academic purposes.

Signature………………………………………… Date………………………

CAROLINE .A. OKOTH

D61/69256/2013

SUPERVISOR'S DECLARATION

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

Signature…………………………………… Date…………………………………

DR. JACKSON MAALU

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DEDICATION

To my dearest son Alphonce Carrington, strive for excellence and always remember that knowledge is power.

To my late parents Mr. Vitalis Okoth and Mrs. Jenipher Okoth you two are irreplaceable and thanks for the foundation you gave me in life, loving you more every day.

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I want to acknowledge God, for the gift of wisdom, knowledge and strength to finish this project.

I want to appreciate my supervisor Dr. Jackson Maalu who dedicated most of his time in supervising the writing of this project. Through his expert, guidance, discipline, thoroughness and patience, I was able to take the challenge every step of the way.

To my husband Edwin thanks for always being there, i love you.

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ABSRACT

In the global market and developing economies like Kenya, competition among firms grows quickly while market share gets narrower by the day. In order to gain new markets and retain existing ones, firms strategize to gain superiority over their rivals by positioning their products, services and their brands aimed at consumer behaviour and perceptions. Positioning is therefore regarded as the development of the image of a product or service in the minds of clients directly against that offered by competitors. The objective of this study was to determine the relationship between strategic positioning and performance among insurance firms in Kenya. The study used cross sectional descriptive survey design. The population of the study was all the 41 registered insurance companies in Kenya. Positioning strategies have several benefits to the insurance companies key among them being; providing the framework upon which to build and coordinate the elements of the marketing mix, facilitate fine tuning of strategy due to experience gained by being close to the customers, helps the company to know where to confront competition from and where to avoid it and it also provides the company with a unique image in the market place. Additionally , 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. The study also sought to establish from the insurance firms the importance attached to their positioning strategies in relation to their performance goals, 92% of the respondents indicated that the insurance firms attached high level of importance on strategic positioning while only 8% indicated that the firms attached a moderate level of importance to positioning. It further established that well positioned firms were perceived to be closely aligned to the needs of their target segments, both current and emerging. The effect of positioning strategies on performance is that it leads to improvement on market share, customer brand loyalty, customer satisfaction, profitability improvement and growth in customer base. Strategic positioning was also reported to influence customer's perceptions, the expectations, the benefits and the value which they are prepared to pay for. The study also sought to relate strategic positioning and performance and the results of the correlation analysis indicated that strategic positioning was positively related performance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic positioning is a managerial process within the organization to develop an organization level positioning strategy that aims to effectively distinguish the organization from other service providers (Chew, 2003). It is the placing of an organization in the future while taking into account the changing environment and putting in mind the organization's weakness and strength. Kotler and Andreasen (2006) argued that a positioning strategy is a key component of the strategic marketing planning process and is aligned with organizational goals/objectives, internal resource capabilities and external market opportunities. Positioning is an organised system of finding a window in the mind the goal being to locate the brand, beat competition in bid to maximize the potential benefit of the firm (Kotler and Keller, 2006). The positioning strategy comprises of three major inter-related components: the choice of target audience, the choice of generic positioning strategy, and the choice of positioning dimensions that the organization uses to distinguish it and to support its generic positioning strategy (Chew, 2003).

The study is anchored on three theories; competitive strategy theory, Resource based view and contingency theory. The competitive strategy view focuses on the influence of industry structure on firm performance, in this view; the strategic positioning of a firm reflects the firm's ability to generate competitive advantage. Alternatively, the resource-based view maintains the role of firms' heterogeneous resources in determining firm's sustainable competitive advantage the superiority of the skills and resources is the consequence of former investments made to improve the competitive position. Contingency theory on the other hand, suggests that there is no one best approaches to management for all situations, what works for one organization may not work for another as each organization is unique and situational characteristics (contingencies) differ. These theories are important for my study because they willfacilitate better understanding of the concept under discussion.

The insurance industry provides protection against financial losses resulting from a variety of perils. By taking insurance policies, individuals and businesses can receive reimbursement for losses due to car accidents, theft of property, fire and storm damage, medical expenses, agricultural crop failures, loss of income due to disability or death. Insurance companies face stiff competition. In order to have greater stability and profit efficiency, insurance companies must have competitive power in the market they operate (Ariss, 2010). It is important for an insurance firm to select and position itself in certain target market in order to define the space and potential for profitable growth.

1.1.1 Strategic Positioning

Strategic positioning is the placing of an organization in the future while taking into account the changing environment and putting in mind the organization's weakness and strength. Positioning defines an organization's specific niche within its sphere of influence. Kotler and Keller (2006) defines positioning as an organised system of finding a window in the mind the goal being to locate the brand, beat competition in bid to maximize the potential benefit of the firm. Edinburgh Business School (2011) explains that positioning refers to both the place a product or brand occupies in customers' minds relative to their needs and competing products or brands and the marketer's decision making intended to create such a position. Thus the positioning notion comprises both competitive and customer considerations.

Positioning was popularised by two advertising executives: Al Ries and Jack Trout (2001) in their book Positioning: Battle for your mind. They noted that you can position a product or organization in the minds of prospects or customers. The positioning strategy comprises of three major inter-related components: the choice of target audience, the choice of generic positioning strategy, and the choice of positioning dimensions that the organization uses to distinguishing itself and to support its generic positioning strategy (Chew, 2003).

Porter's (1996) topology of strategic positioning is widely accepted in the literature, and it is relevant in today's environment (e.g., Kald 2003), including internet business strategy (Porter, 2001).Porter argues that there are two generic positioning strategies: differentiation and cost leadership. Differentiation offers product and services with unique features that customers find valuable. These features can be superior designs, innovative research and development, superior engineering, customer intimacy, and brand image (Porter, 1996). Differentiation is achieved by leading scientific research, advanced R&D and product development, and superior customer service (Hamrick and Mason 1984).Differentiation strategy allows firms to command high margins by creating customer value (Kald 2003; Kim et al.2004).

Cost leaders strive to have the lowest average unit costs in the industry by achieving economic of scales, cost efficiencies, and operational excellence throughout the firm. Chevrolet was an example of cost leadership with tight cost control, efficiencies, and low prices. Cost leadership implies operating the same activities and achieving the same outcome more efficiently than the rivals Porter (1996).Cost leaders gain a strategic advantage by reducing cost (Hambrick & Mason 1984) and achieving efficient scale facilities, cost reduction through experience, tight cost and overhead control, cost minimization in R&D, advertisement and sales (Porter, 1980). The third strategy (focus) requires an enterprise to select a segment with the industry and compete with that segment on the basis of cost leadership or differentiation strategy.

Hrebiniak and Joyce (1985) suggest that the type of core positioning strategies that organizations adopt and the way they adapt to their external environment depends on the interplay between strategic choices available to them and environmental determinism. Organizational adaption is defined as the various ways in which organizations respond to environmental change, such as through proactive or reactive behaviours (Miles and Snow, 1978). It is the result of aligning organizational resources with environmental conditions (Hrebiniak and Joyce 1985), which could be achieved through a carefully conceived strategic position (Mintzberg, 1987).

1.1.2 Organizational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al (2009) organizational performance encompasses three specific areas of firms outcome namely, financial performance (profits, return on assert, return on investment etc.); product market performance (sales, market share, etc); and shareholders return (total shareholder return, economic value added), etc. Drucker, (1984) analysed the concept of organizational performance in terms of effectiveness and efficiency. He looked at effectiveness as the ability to choose appropriate goals and achieve those goals, while efficiency as the ability to make the best use of the available resources in the process of achieving those goals. He considers efficiency as the ration of inputs used to achieve some level of output. Laitinen (2002) suggests that performance can be defined as the ability of an object to produce results in dimension determined a priori, in relation to a target. He also suggests that a well organised system of performance measurement may be the single most powerful mechanism at management's disposal to enhance the probability of successful strategy implementation.

The yard stick with which organizational performance is measured cannot be the same across all organizations. This suggests that financial result is not the only performance indicator ant that other aspects of performance are relevant to the existence and success of an organization. Hillman & Keim, (2001). By implication, this means that non-financial measures are also important. This is because the measurement of strategic performance is primarily about assessing the extent to which a strategy has achieved its broad objectives (Cole, 1997). Indeed, Laitinen, (2002) states that when financial and non-financial measures are incorporated in the same model, managers can survey performance in several areas simultaneously in order to allow efficient strategic decision making.

Although performance in somewhat easy to measure in many simulation such as profit, sales and stock price, a service based simulation presents problems which make judgement more subjective Smith and Golden (1989). Many organizations have attempted to measure organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as financial performance (shareholder return), customer service, social responsibility corporate citizenship, community outreach) and employee stewardship. It can therefore be argued that while there are many other factors that contribute to organizational performance, the role of strategic positioning cannot be gainsaid.

1.1.3 The Insurance Industry in Kenya

The insurance industry in Kenya is quite competitive and crowded. According to Olotch, (1999),there are forty three (43) in a small market of about 20 billion noting that the republic of South Africa accounted for 90% of premium in Africa and had half of insurers listed in Kenya. There is therefore need for local insurance companies in Kenya to merge and create bigger but fewer units Olotch, (1999). The industry is governed by the insurance act and is regulated by the insurance regulator. Forty one insurance companies are currently licensed to operate in Kenya. Due to the presence of many players in the market, competition for business has unfortunately focused on pricing. In a survey carried out for the period 2003 to 2005, the market produced positive underwriting result despite the pressure on rates. Over these three years, nineteen companies averaged a combined ratio of under 100% signifying underwriting profits, while the remaining sixteen companies showed underwriting losses, with the worst performance recording a combined ratio of 135%. In spite of this, all but two companies were able to realise profit for the year 2005 because hefty investment returns boosted poor underwriting performance.

As a result of price wars and other management inadequacy, the industry experienced company failures, with five companies being placed under liquidation or statutory management. The issue of price competition have been such a concern to market players in the industry (short term business) over the few years that the Association of Kenya Insurer was forced to give guidance to its members. In place of such competition and failure in the sector, players in the industry need to adopt positioning strategies that will minimise the chance of loss to the company.

1.2 Research Problem

Strategic positioning defines an organization's specific niche within its sphere of influence. With a strong strategic position, the organization is poised for ongoing success, sustainability, and distinct competitive advantage. Positioning more fully defines the organization's identity and helps to create distinction in a competitive environment. Organizations that are well positioned have a presence which allows them to achieve strategic goals in a seemingly effortless manner. The positioning strategy comprises of three major inter-related components: the choice of target audience, the choice of generic positioning strategy, and the choice of positioning dimensions that the organization uses to distinguishing itself and to support its generic positioning strategy (Chew, 2003). Strategic positioning is outward-focused, more fully recognizing the competitive and market environment within which an organization operates (Hooley et al., 2004).

The insurance industry in Kenya has witnessed increased competition in the recent past and this has forced companies to go back to the drawing board to seek new ways of expanding their businesses and reach new markets more exhaustively for their products. Secondly, there are several legislative and taxation charges made in recent years that have impacted on the Kenyan insurance industry; this include increase in solvency margins for long term insurers, introduction of penalties on late settled claims among others. With the rapid pace of change, local insurance companies have had to strategically position and align themselves to capture new markets or retain its existing market share.

Local studies on strategic positioning and organization performance include, Muriet, (2011)., who worked on strategic positioning and performance of commercial banks in Kenya and found out that strategic positioning positively and significantly enhance organizational performance through performance measurement. Nyakondo (2010) researched on the factors influencing banking industry to adopt strategic positioning on mobile banking while Munene (2013) studied strategic positioning and organizational performance of the top five oil companies in Kenya. These studies indicated that firms have continually employed the concept of strategic positioning to place themselves in the competitive positions in the industry. Studies on strategic positioning and performance are scarce and therefore this study will add more knowledge into gap on how positioning strategies affects firms performance. The study aims at answering the following research question: What is the effect of strategic positioning on performance of insurance firms in Kenya?

1.3 Research Objective

The objective of the study is:

i. To establish positioning strategies adopted by insurance firms in Kenya.
ii. To determine the relationship between strategic positioning and performance among insurance firms.

1.4 Value of the Study

The Study is expected to benefit the management of the insurance firms, other institutions and also enrich the body of knowledge where the findings can be used as a basis of further analysis and research in scholarship. Management of the insurance firms will be able to use the study finding as management reference point for strategic positioning being put in place. These are times of rapid change. Findings from this study will therefore benefit management of insurance firms to engage in effective strategic positioning that will earn the institution a place in the market.

The findings can also be of importance to the government and its policy and regulatory framework. The government will be in a position to put in place effective policies and regulations to help the insurance sector in dealing with challenges and to ensure that the policy and regulatory framework is conducive to the insurance sector development. This can be achieved by having clearly though and negotiated regulation and policy to drive growth in the sector. The study findings can be used as input in the policy and regulatory framework design.

The findings also will prove important to the academic community. The academic community will have added knowledge which can guide training, policy and further research. This study will fill the gap in knowledge that will give students, faculty and the general academic fraternity added knowledge in the field of strategic positioning.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is concerned with the review of literature related to the study. An overview of theoretical foundation of the study, strategic positioning and organizational performance, empirical literature review, will be covered and finally summary of literature review and the research gap will be discussed.

2.2 Theoretical Foundation of the Study

2.2.1The Competitive Strategy theory

The competitive strategy view, rooted in industrial organization literature, maintains an outside-in perspective where firm performance is determined primarily by environmental factors such as industry structure. Porter (1991) relaxes this condition, allowing firms to choose their strategic position to gain sustainable rents, although individual firms cannot change industry structure. This change in the assumption allows the firm to be the unit of the analysis. Thus, the outside-in perspective represents a view where a firm performance is primarily determined by outside factors such as industry structure and firms can secure positions to exploit that structure Fahy and Hooley (2004).

Companies formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement Oliver(1997). Strategic positioning is thus the output of a complex understanding of market structure and conditions that determine the sustainability of firm performance (Petricket al., 2009).

The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment. Consequently, resources cannot achieve an independent status in relation to firm performance. The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure (Pike and Ryan 2004).When resources fail to support a strategy or enhance a company's fit for an industry, they are useless.

2.2.2The Resource-Based View (RBV)

The resource-based view (RBV) of strategy holds company assets as the primary input for overall strategic planning, emphasizing the way in which competitive advantage can be derived via rare resource combinations. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this principle translates into valuable resources that cannot be either imitated or substituted without great effort. If the firm's strategy emphasizes and accomplishes this goal, its resources can help it sustain above-average returns.

While in the competitive strategy view, industry structure determines sustainable firm performance, resource heterogeneity is the basis of firms' competitive advantage in resource-based theory. A firm's resources characterized as valuable, rare, difficult to imitate, and difficult to substitute create distinct strategic advantages that the firm could exploit in order to improve its market position (Fahy and Hooley, 2004). While this view acknowledges that outside factors affect firm performance, internal resources are the core factors determining firms' sustainable competitive advantage (Fahy and Hooley, 2004).

Positional and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. (Day and Wensley, 2008). The superiority of the skills and resources is the consequence of former investments made to improve the competitive position. And in order to make the positional advantage sustainable, the company must continue to invest into the sources of advantage Day and Wensley (2008).

2.2.3 Environmental Contingency Theory

Environmental contingency theory addresses the reflexive relationship between organization and environment (Hatch & Cunliffe, 2013). Burns and Stalker's (1961) explanation of when to use mechanistic versus organic forms of organization is one early example to deal with the objective variable of environmental uncertainty. Two major organization forms presented by organization theorists that best help to illustrate the environmental contingency theory are mechanistic and organic (Burns & Stalker, 1961).

The mechanistic of organization works best in stable environments by performing routine activities through standard procedures (Hatch & Cunliffe, 2013). Under such environmental conditions, the organization operates like a machine, of which the process is structured and efficient (Morgan, 2006). However, when the environment becomes unstable, the organic form of organizations has more advantages because of its structural flexibility and ability to adapt to change (Morgan, 2006).

Positioning strategy is well suited in organic form of organization because they have structural flexibility with the ability to adapt to change. Therefore, strategic positioning as a managerial process will help organization to develop an organization level positioning strategy that aims to effectively distinguish the organization from other service providers in a volatile environment.

2.3 Strategic Positioning Strategies

There are a number of overall approaches to developing a position based on factors such as the market, the customer or redefining the appeal of the brand itself. To implement these three broad approaches, various strategies have been developed.

2.3.1 Positioning by Competitor

In Positioning Strategy Based on Competitors, an implicit or explicit frame of reference is one or more competitors. In some cases, reference in competitors can be the dominant aspect of the positioning strategies of the firm, the firm either uses the same of similar positioning strategies as used by the competitors or the advertiser uses a new strategy taking the competitors' strategy as the base (Roger, 1994).

A good example of this would be Colgate and Pepsodent. Colgate entered into the market focused on to family protection but when Pepsodent entered into the market with focus on 24 hour protection and basically for kids, Colgate changed its focus from family protection to kid's teeth protection which was a positioning strategy adopted because of competition**.**

2.3.2 Positioning by Product user

Another positioning approach is to associate the product with its users or class of users. Makes of casual clothing like jeans have introduced ‘designer labels’ to develop a fashion image. In this case the expectation is that the model or personality will influence the product’s image by reflecting the characteristics and image of the model or personality communicated as a product user.

2.3.3 Positioning by Price and quality

The Price-Quality approach is important and largely used in product positioning. Basically because of perception, as most of us perceive that if a product is expensive will be a quality product whereas product that is cheap is lower in quality, (Hooley et al., 1998).

In many product categories, there are brands that deliberately attempt to offer more in terms of service, features or performance. They charge more, partly to cover higher costs and partly to let the consumers believe that the product is, certainly of higher quality (Kald et al., 2000).

2.3.4 Positioning by Product Class

Positioning by product class entails associating the product with its users or a class of users. The position sets out to promise customers that they are different from other competitors and offer for instance better product/service and customer care consciously differentiated from competition.Makes of casual clothing like jeans have introduced ‘designer labels’ to develop a fashion image. In this case the expectation is that the model or personality will influence the product’s image by reflecting the characteristics and image of the model or personality communicated as a product user.

Johnson and Johnson repositioned its shampoo from one used for babies to one used by people who wash their hair frequently and therefore need a mild people who wash their hair frequently and therefore need a mild shampoo. This repositioning resulted in a market share (Kald et al., 2000).

2.3.5 Positioning by Use or Application

Positioning strategy based on use or application is useful when introducing new uses of the product that will automatically expand the brand's market. By informing markets of when or how a product can be used, a position can be created in the minds of buyers. For example Nescafe Coffee for many years positioned itself as a winter product and advertised mainly in winter but the introduction of cold coffee has developed a positioning strategy for the summer months also. (Kald et al., 2000).

2.3.6 Positioning by Heritage or cultural symbol

In today's world many advertisers are using deeply entrenched cultural symbols to differentiate their brands from that of competitors (Roger, 1994). Positioning Strategy Based on Cultural Symbol's essential task is to identify something that is very meaningful to people that other competitors are not using and associate this brand with that symbol. Air India uses maharaja as its logo, by this they are trying to show that we welcome guest and give them royal treatment with lot of respect and it also highlights Indian tradition.

Using and popularizing trademarks generally follow this type of positioning. Symbols are an awareness of brand positioning, (Kaldet al., 2000). Brand positioning is when a company reaches a level in which their brand has become universally acknowledged in a region, country, or even the world.

2.3.7 Positioning by using Product Characteristics or Customer Benefits

Kald et al., (2000) say that product characteristics or customer benefits as a positioning strategy basically focuses upon the characteristics of the product or customer benefits. For example Toyota have emphasized economy and reliability and have become the leaders in number of unit sold 'motorbikes" are emphasize on fuel economy, some on power, looks and others stress on their durability. It is always tempting to try to position along several product characteristics, as it is frustrating to have some good characteristics that are not communicated.

2.4 Empirical Literature Review

Kasyoka (2011) did a case study on the use of strategic positioning to achieve sustainable competitive advantage at Safaricom limited and the findings were that cutting edge technology was helping Safaricom limited in achieving a sustainable competitive advantage. The study found that resource based view in Safaricom limited was highly influencing the achievement of a sustainable competitive advantage. The major resources in Safaricom limited include technological resources, human resources, knowledge resources, financial resources and assets.

Munene, (2013) researched on Strategic positioning and organizational performance of the top five oil companies in Kenya. The survey study established that the top oil firms do position themselves in the market and make use of the various positioning strategies especially given that the petroleum prices are regulated to acquire a competitive advantage relative to competitors that will enable it earn high profits, irrespective of average profitability within the energy sector .

A survey study by Muriet (2011) on strategic positioning and performance of commercial banks in Kenya found out that strategic positioning positively and significantly enhances organizational performance through performance measurement. So it can be started that in order to have greater stability and profit efficiency, the banks utilized positioning to have competitive power in the bank in the market they operated, Market power was indicated by the market share, market share stemmed from the attractiveness of the studied bank in terms of spread of network, match between product offering and customer needs and distinctiveness of its service differentiation.

A Survey study by Ng'oo (2012) on positioning strategies adopted by large audit firms in Kenya concluded that Ownership plays an important role in the choice of positioning strategy an organization seeks to pursue. The study noted that audit firms in Kenya have adopted a number of positioning strategies to seek a leadership position. The study established that audit firms concentrate on product characteristics, time and location pricing positioning as a strategy in the competitive audit market.

Blankson Kalafatis & Julian Ming-Sung (2008) on their journal article on the Impact of Positioning Strategies on Corporate Performance, an exploratory study conducted on the US based firms observed that the pursuit of positioning strategies had effect on their firms' performance.“Top of the range" sub positioning strategy appeared to be the most preferred strategy for those service firms that are well known for their pursuit of the middle- and upper class target audiences.

Firms interviewed agreed that their businesses were tailored to specific target groups and that this strategy was a major factor in their overall return on investment and market share. They also noted that just as marketing has become an increasingly important element of strategic management process, so has the concept of positioning become fundamental to the success of firms' marketing strategies.

Celine Chew (2006) studied Positioning and its strategic relevance; Emerging themes from the experiences of British charitable organizations. The survey study finding revealed that the charity’s strategic positioning is influenced by a combination of external environmental and internal organizational factors. These factors have in turn created internal responses from voluntary organizations by repositioning themselves in different ways depending on the roles they chose to play within the changing social and policy context.

Secondly charitable organizations perceive an increasingly competitive environment in their sub-sectors and the wider voluntary sector for funding and other organizational resources. A main rationale for the use of positioning by commercial organizations is to create a competitive advantage over rival providers of similar services. Other than the above, the finding reveal that government (central or local), on the one hand, is a source of funding for charitable organizations, but on the other hand, is perceived by some charities as an influence in the choice of positioning strategy and a competitor for other organizational resources. Finally, mission was the most important distinguishing feature in the charity’s positioning strategy revealed in the study. Mission was also cited as the top factor that influenced the choice of positioning strategy.

Timothy& Geoffrey Soutar (2008).Strategic positioning and performance in the Australian educational services institutions.The survey study examined these institutions' adoption of Porter's three 'generic' strategies (cost leadership, differentiation and focus) when recruiting students internationally. Theyconcluded that educational institutions' key to success is to have a coherent strategy that enables the institution to position itself within selected markets and to build a competitive stance based on cost leadership or some degree of differentiation, either across the board or focused into target market segments. The choice of which strategy is chosen seemed to be dependent on an institution's circumstances and the perception of its management as to its best option.

2.5 Summary of Literature Review and Research Gap

The above literature review sheds light on strategic positioning and performance of insurance firms. Research intends to analyse various positioning strategies and their influence on performance of the insurance firms. An overview of theoretical foundation of the study was carried out with competitive strategy view, the resource-based view and contingency theory analysed.

Accordingly, the literature reveals that the strategic positioning is influenced by a combination of external environmental and internal organizational factors. In addition, competition plays an important part in the choice of strategy to use. The main sources of competitive advantage include superior skills and superior resources which are also commonly referred to as assets and capabilities respectively; Assets are the resources endowments the business has accumulated, while capabilities are the glue that keeps these assets together and enables them to be deployed advantageously.

From the empirical literature, many studies have dealt with positioning strategies employed by various firms with only a few looking at the relationship of the strategic positioning and performance. Other than that, most studies on strategic positioning and performance have been of other firms other than the insurance firm, am motivated by that research gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the actual processes and methods that were used to gather data for the research study. The methodology was divided into the following categories; Research design, population of the study, data collection methods & procedure and the technique for data analysis. This was meant to facilitate a clear understanding of the various steps involved during the research process.

3.2 Research Design

The study adopted a cross sectional descriptive survey design. Descriptive design attempts to provide further insight into the research problem by describing the variables of interest. This design was chosen because it is the best method available to social scientist and those interested in collecting original data for the purpose of describing a population which is too large to observe directly.

Kerlinger (1969) points out that descriptive studies are not only restricted to fact finding, but may often result in the formulation of important principles of knowledge and solution to significant problems. They are more than just a collection of data. They involve measurements, classification, analysis, comparison and interpretation of data.

3.3 Population of the Study

Population is a complete set of individuals, cases or objects with some observable characteristics. According to the insurance regulatory authority, there are 41 licensed insurance companies in Kenya as at 31st July 2015, this represented my population of the study and therefore, census survey was carried out. A census survey involves a complete enumeration of all items in the population. In such an inquiry, all items are covered, no element is left to chance and highest accuracy is obtained (Kothari, 2004).

3.4 Data Collection

There was both primary data and secondary data sources that were used in the gathering of information on strategic positioning and perfomance of insurance firms. Primary datais the first hand information from the respondents based on their views and experiences while secondary data is data that have been previously collected for some project other than one at hand it includes recorded information from the companies' books, financial records and other similar materials. This information was provided by the business managers and owners.

The researcher prepared questionnaires that helped in realizing the objectives. With the permission from the insurance managers, the researcher self-administered the questionnaires and picked them up later. This gave respondents time to fill in the questionnaire. The respondents for the study were strategic managers or the company directors due to their in depth knowledge of the subject under study both open and closed ended questionnaires was used.

Closed ended questionnaires provide a number of alternative answers from which the respondents was instructed to choose and were easier to answer as they required minimal writing. Responses were also easier to compare and analyse as they have been determined. The questionnaires had 3 sections; Section A was general information, section B: Positioning Strategies and Section C: strategic positioning link to performance, see appendix 1.

3.5 Data Analysis

Data analysis means the categorizing, ordering, manipulating summarizing data to obtain answers to research questions with the purpose of obtaining meaning from collected data. The data collected based on the specified collection technique was classified based on similarities. Data was arranged, editing, for accuracy, uniformity, consistency and completeness. The data was then checked to verify errors omissions and inconsistencies. It was then arranged and entered into the computer in preparation for final analysis. Data obtained from open ended questions was evaluated and checked based on the content of the data and was then used to explain the problem. Data that had been arranged accordingly was therefore presented in the frequency table.

The data was then analysed using both descriptive and inferential statistics. Descriptive statistics that was used include mean scores, percentages and ratios. Percentages were used to analyse positioning strategies that are employed. Mean score and standard deviation was used to determine the magnitude of competitiveness achieved from strategic positioning. These were then presented using tables, charts and graphs for easier interpretation.

The relationship between strategic positioning and performance was tested using Pearson correlation analysis technique. Pearson correlation is used to find the degree of linear relationship between two continuous variables. It's good for measuring the strength of the association between the two variables. The performance was measured using earning per share, return on equity, and return on assets of the last financial year 2014/2015. On the other hand, strategic positioning was analysed using positioning dimensions which will include Product Process positioning, Price/quality Positioning Strategy, Competitors, Customer Benefits Positioning, Use or Application, Heritage or cultural symbol positioning.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

The research objective was to determine the effect of strategic positioning on organizational performance of the Insurance Firms in Kenya. The Survey was carried out on 41 insurance firms all of whom were served with questionnaires; twenty seven (27) filled questionnaires were returned for this study. This represented a response rate of 66% which is fair and adequately representative. This chapter presents the analysis, findings and discussion. The chapter contains three sections: The first section contains information from the general section of the questionnaires this includes: respondent's job title, length of service to the company, Number of employees in the company, and the companies length of operation. The second section contains positioning strategies by the firms and the third section entails positioning strategies link to performance. The findings are presented using tables, and graphs for easier interpretation.

4.2 General information

The questionnaires used were divided into three sections. Section A on the questionnaires contained general information about respondents. The aim of this questions was to give a researcher in-depth information about her respondents. This section contains analysis and discussion on designation of the respondents in their insurance firms, Length of service of the respondents to their respective firms, number of employees in the respective firms and finally, length of operation of the firms in the country.

4.2.1 Position Held in the Firm

From the general section of the questionnaire, the respondents were requested to state their job titles as shown in table 4.1. This was important as the questions asked only required responses from someone in strategic position and as a result stating position held played a pivotal role in the questionnaires. The designations enlisted in the questionnaire were: partner, manager, senior manager and directors.

Table 4.1

Respondents' Job Rank

Position held in the Firms	Frequency	Percentage
Managers	17	63%
Senior Managers	7	26%
Directors	3	11%
Partner	0	0%
Total	27	100%

Source: (Research Data, 2015)

According to table 4.1, majority of the respondents (17) representing 63% were of the rank of managers while (7) respondents representing 26% of those interviewed were senior managers with (3) respondents representing 11% of the interviewed being directors. There were no respondents in the level of a partner. The findings suggest that managers were more willing to fill the questionnaires and that people with job title of managers are dominant.

4.2.2 Respondents' Length of service in their Firms

The respondents were required to state the length of service they have been with the firm. The length of service was important because the researcher needed insightful and informed responses from respondents. The measurement was: less than one year, 1-5years, 6-10yrs and above 10 years. The responses are represented in table 4.2 below.

Table 4.2

Respondents' Length of service in their Firms

Length of service in the Firms	Frequency	Percentage
Less than 1yr	0	0%
1-5yrs	12	43%
5-10yrs	5	19%
Above 10yrs	10	38%
Total	27	100%

Source: (Research Data, 2015)

From the research findings tabled above, the length of service varied significantly amongst those surveyed. Majority of (12) individuals representing (43%) of respondents indicated that they had been engaged with the same insurance firms for between 1-5 years in their senior capacity while (10) people interviewed representing (38%) of the respondents had worked with the same firms for over 10 years. Another (5) represented by (19%) had worked for the same firm for between 5-10 years. All those interviewed were either managers, senior managers or directors thus were better able to give informed and insightful responses the researcher desired.

4.2.3 Number of employees in the company

The study sought to identify number of employees in the various firms interviewed. This information was important as information on the number of employees can be a performance indicator. In addition, the information gathered in this segment gives a researcher further understanding about the organizations management and also the size of the establishment. The data was divided into a number of less than 100, 100- 499,500-999, and finally 1000-4999 as represented in table 3 below.

Table 4.3

Number of employees in the company

Number of employees in the company	Frequency	Percentage
Less than 100	0	0%
100-499	11	41%
500-999	16	59%
1000-4999	0	0%
Above 5000	0	0%
Total	27	100%

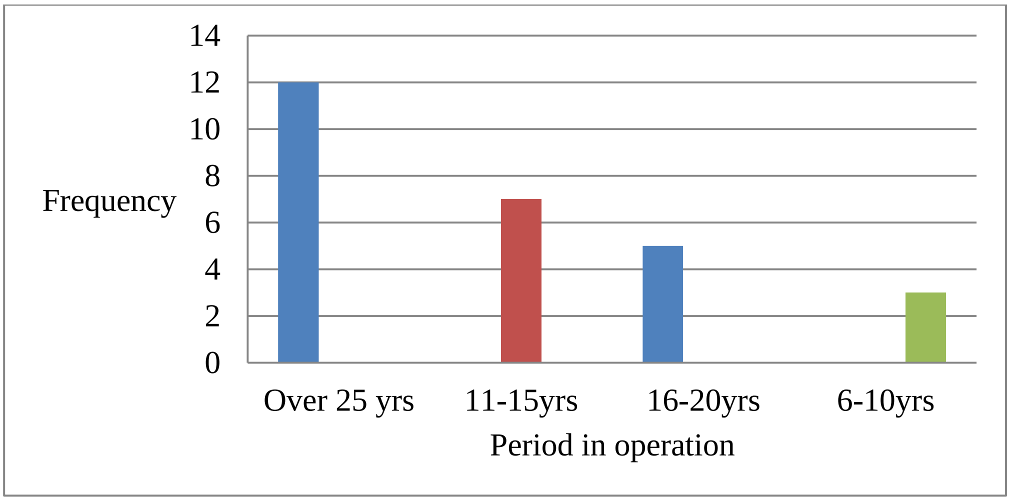
Source: (Research Data, 2015)

As per the result in table 4.3, Sixteen respondents (16) representing 59% of the total interviewed indicated that there were average staffing levels of between 300-999 staff in each of the firm. This was followed by (11) respondents representing 41% of the total interviewed that had between 100-499 employees. None of the respondents indicated staffing level of less than 100. This indicates that most of the insurance firms under this study were averagely big organizations in Kenya with large number of employees.

4.2.4 Number of Years in Operation

The respondents were requested to state the number of years that their organizations have been in operation. The information gathered in this segment gave the researcher better understanding about organizations distribution by years of operation. The distribution was done in a range of less than 5 years, 6-10years, 11-15 yrs, 16-20yrs, 21-25 years and over 25 years. The analysis is presented in the figure 4.1 below.

Fig 4.1 *Distribution of Firms by Number of Years Operations.*



Source: (Research Data, 2015)

From figure one above, it is clear that (12) firms representing (44%) of the firms interviewed have operated for over 25 years followed by (7) firms that have been in operation between 11-15 years at (26%) those in operation between 16-20 years at 19% are (5) firms while (3) firms representing (11%) of the firms interviewed are those that have been in operation between 6-10 yrs. This analysis shows that majority of the insurance firms have been in existence for more than 25 years in Kenya which is a pointer to the fact that they are experienced in service delivery to their clients.

4.3 Positioning Strategies

Strategic positioning is a managerial process within the organization to develop an organization level positioning strategy that aims to effectively distinguish the organization from other service providers. Organizations that are well positioned have a presence which allows them to achieve strategic goals in a seemingly effortless manner.

4.3.1 Positioning Dimensions

Positioning strategies can be conceived and developed in a variety of ways. According to Kald et al. (2000) there are seven approaches to positioning strategies: Using Product characteristics or customer benefits; Pricing; Positioning strategy based on Use or Application; Positioning strategy based on Product Process ; Positioning strategy based on Product Class; Positioning strategy based on Cultural Symbols and Positioning strategy based on competitors. The dimensions are important for the researcher in establishing what methods the insurance firms use in enabling their targeting strategies in the chosen markets.

Table 4.4: *Positioning Dimensions*

Positioning Dimensions	Mean	Std. Deviation	N
Positioning by Price and quality	4.0374	.8630	27
Positioning by Competitor	3.6800	.9075	27
Positioning by Product Class	4.3470	.7587	27
Positioning by Product user	2.9693	.8955	27
Positioning by Use or Application	4.1581	1.0607	27
Positioning by Heritage or cultural symbol	3.5941	1.2072	27
Positioning by Product Characteristics or Customer Benefits	3.6830	.8163	27

Source: (Research Data, 2015)

From table 4.4 above, we can deduce that most insurance firms in the country position in more than one way with more emphasis on positioning by product class, positioning by use or application and positioning by price and quality, this is a clear indication that strategic positioning is a vital process in organizations management and performance.

4.3.2 Benefits of positioning strategies

The study sought to identify benefits of positioning strategies. Positioning strategies enables companies to plan their quality and productivity, and their competitive marketing strategies. It involves changing one’s existing position in the mind of the customers and plays a pivotal role in marketing strategy including product/service quality and productivity since it links market analysis, segment analysis and competitive analysis to internal corporate analysis. Respondents were required to state on a scale of 1-5 the extent to which the insurance firms have gained benefits from the positioning strategies employed. Rating of 1 indicated not at all, 2: small extent, 3: moderate extent, 4: great extent and 5 indicated very high extent. The table below represents the mean and standard deviation from the respondents.

Table 4.5

Benefits of positioning strategies

Benefits	Mean	Std. Deviation	N
Helps the company to know where to confront competition from and where to avoid it	4.2000	.8366	27
Provides the company with a unique image in the market place	4.2000	.8366	27
Facilitate fine tuning of strategy due to experience gained by being close to the customers helps in determining precisely what retail offering is required	4.4000	.8944	27
Provides the framework upon which to build and coordinate the elements of the marketing mix to implement the positioning strategy	4.6000	.5477	27

Source: (Research Data, 2015)

As shown in table 4.5 positioning strategies have several benefits to the insurance companies including positioning strategies providing the framework upon which to build and coordinate the elements of the marketing mix to implement the positioning strategy with a mean of (4.60), facilitate fine tuning of strategy due to experience gained by being close to the customers helps in determining precisely what retail offering is required (mean 4.40), helps the company to know where to confront competition from and where to avoid it (mean 4.20) and that it provides the company with a unique image in the market place (mean 4.20). These results indicate that the adoption of the strategies enables the companies to have competitive edge over its competitors.

4.4 Strategic positioning and performance

The researcher's second objective was to find out the relationship between strategic positioning and performance. Strategic positioning and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position.

4.4.1 Effect of Strategic Positioning on Performance

The study sought to establish the effect of strategic positioning on performance. Determining the effect of strategic position on performance was important as it provides a framework for further analysis into strategic positioning and performance. A question was asked with the aim of finding out the effect of strategic positioning on some specific performance area. Respondents were required to state on a scale of 1-5 the extent to which they perceived the insurance firms to have gained the listed competitive advantages from the positioning strategies employed. Rating of 1 indicated very low extent while 5 indicated very high extend. The mean and standard deviation of the results are presented in the table 4.6.

Table 4.6

Effect of Strategic Positioning on Performance

Performance Area	Mean	Std. Deviation	N
Improving on market share	4.28	0.87	27
Customer brand loyalty	3.14	1.24	27
Customer satisfaction	3.35	1.04	27
Geographical reach	3.57	0.64	27
Profitability Improvement	4.46	0.59	27
Growth in customer base	3.34	0.96	27

Source: (Research Data, 2015)

Analysis of results indicates that major performance area is in profitability improvement (4.46), Improving on market share (4.28), Geographical reach (3.57), Customer satisfaction (3.35) growth in customer base (3.34) and Customer brand loyalty (3.14). Standard deviation of below 1.00 indicates that the responses were not much dispersed from the mean score which indicated a general level of agreement with the computed mean. Standard deviation above 1.00 indicates that responses were much dispersed from the mean score thus indicating many differing responses.

Other than the above, the study established that clear positioning strategy leads to efficiency in operations, focused action and emphasis on value adding products and market segments. It further established well positioned firms were perceived to be closely aligned to the needs of its target segments, both current and emerging.

Strategic positioning was also reported to influence customer's perceptions, the expectations, the benefits and the value which they are prepared to pay for. Main sources of competitive advantage are in good customer service thus customer retention and ultimately profitability and growth.

4.4.2 Correlation of Strategic Positioning and Performance

The study sought to relate strategic positioning and performance. Strategic positioning was measured using strategic positioning dimension used by the insurance firms. These differentiating dimensions were; Product Process positioning, Price/quality Positioning Strategy, Competitors, Customer Benefits Positioning, Use or Application, Heritage or cultural symbol positioning. Those insurance firms that positioned themselves using many dimensions were ranked high on positioning and vice versa. Performance was measured using earning per share, return on equity and return on assets. The measures used were for the last financial year 2014/2015.

Table 4.7

Correlation matrix for strategic positioning and performance of insurance firms

Correlations									
		Performance	Price	Competition	Product class	Product User	Application	Heritage	Characteristics
Pearson Correlation	Performance	1.000							
	Price	.149 (0.015)	1.000						
	Competition	.051 (0.025)	.750 (0.265)	1.000					
	Product class	.084 (0.012)	.901 (0.000)	.720 (0.000)	1.000				
	User	.161 (0.249)	.431 (0.000)	.757 (0.000)	.529 (0.008)	1.000			
	Application	.113 (0.017)	.899 (0.029)	.722 (0.000)	.994 (0.000)	.561 (0.005)	1.000		
	Heritage	-.187 (0.214)	.696 (0.000)	.517 (0.010)	.515 (0.010)	.241 (0.153)	.515 (0.010)	1.000	
	Characteristics	.218 (0.047)	-.400 (0.000)	.008 (0.487)	-.291 (0.107)	.414 (0.153)	-.286 (0.111)	-.371 (0.053)	1.000

(Significance values in parenthesis for p-values ($p<0.05$).

Source: (Research Data, 2015)

The findings show there exists a positive and significant relationship between performance of insurance firms and positioning by price as shown by correlation coefficient of 0.149 and level of significance, p-value 0.015 which is less than the level of significance 0.05 employed for this study.

There also exists a positive and significant relationship between performance of insurance firms and positioning by competition as shown by correlation coefficient of 0.051 and level of significance, p-value of 0.025, which is less than the 0.05 level of significance used for this study.

The study further established that there exists a positive and significant relationship between performance of insurance firms and positioning by product class as shown by correlation coefficient of 0.084 and level of significance, p-value 0.012 which is less than the level of significance 0.05 employed for this study.

The findings show there exists a positive and not significant relationship between performance of insurance firms and positioning by user as shown by correlation coefficient of 0.161 and level of significance, p-value 0.249 which is greater than the level of significance 0.05 employed for this study.

Similarly, the study established that there exists a positive and significant relationship between performance of insurance firms and positioning by application as shown by correlation coefficient of 0.113 and level of significance, p-value 0.017 which is less than the level of significance 0.05 employed for this study.

The study further established that there exists a positive and significant relationship between performance of insurance firms and positioning by product class as shown by correlation coefficient of 0.084 and level of significance, p-value 0.012 which is less than the level of significance 0.05 employed for this study.

The study further established that there exists a negative and not significant relationship between performance of insurance firms and positioning by heritage as shown by correlation coefficient of -0.187 and level of significance, p-value 0.214 which is less than the level of significance 0.05 employed for this study.

Finally, the study results showed that there exists a positive relationship between performance of insurance firms and positioning by characteristics as shown by correlation coefficient of 0.218 and level of significance, p-value of 0.047 which is less than the level of significance of 0.05.This analysis indicates that when insurance firms practices strategic positioning, performance is expected to improve.

4.5 Discussion of Findings

The study sought to analyze the positioning strategies of insurance firms as understood by the respondents from a market positioning point of view in relation to organizational performance. The respondents noted that positioning 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. Although the underlying concepts of market positioning are similar in consumer and business strategy and that differential approaches are needed during implementation, insurance firms provides a combination of features perceived to be desirable by the target market. The findings are consistent with Day and Wensley (2008) findings that positional and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position.

Findings also indicate that insurance firms approached positioning from various dimensions with more emphasis on positioning by product class, positioning by use or application and positioning by price and quality. These findings are consistent with Kalafatis & Julian Ming-Sung (2008) findings that various firms tailored their services to specific target groups & this positioning strategy was a major factor in their overall return on investment and market share. Additionally, the study established that the biggest competitive advantage gained from positioning was growth in size, growth in capital and customer numbers. Higher profitability was mentioned to accrue from market power and superior efficiency. Further analysis of results indicated that clear positioning strategy leads to improving on market share, customer satisfaction and Customer brand loyalty. It further established well positioned firms were perceived to be closely aligned to the needs of its target segments, both current and emerging. These findings are consistent with Oliver (1997) observation that companies formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement.

On relationship of strategic positioning and performance, the study established that (92%) of respondents indicated that insurance firms attach high importance to strategic positioning while (8%) indicated that insurance firms' places moderate importance to the value of strategic positioning on performance. There was no respondent who indicated that strategic positioning had less importance on performance. The findings are consistent with Blankson Kalafatis & Julian Ming-Sung (2008) observation that the pursuit of positioning strategies had effect on firms' performance.They also noted that just as marketing has become an increasingly important element of strategic management process, so has the concept of positioning become fundamental to the success of firms' marketing strategies.

Results of the correlation analysis indicate that there exists a positive and significant relationship between performance of insurance firms and positioning by price and quality, positioning by competitor, positioning by product class and also positioning by product characteristics or customers benefits. The findings also shows there exists a positive and not significant relationship between performance of insurance firms and positioning by user as shown by correlation coefficient of 0.161 and level of significance, p-value 0.249 which is greater than the level of significance 0.05 employed for this study. Other than the above, the study established that there exists a negative and not significant relationship between performance of insurance firms and positioning by heritage as shown by correlation coefficient of -0.187 and level of significance, p-value 0.214 which is less than the level of significance 0.05 employed for this study. From the results of the correlation analysis it can be indicated that when insurance firms practices strategic positioning, performance is expected to improve.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary, conclusion, recommendations of the study and suggestion for further research

5.2 Summary of Findings

The study found out that positioning strategies adopted by the insurance 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. This study established that the major insurance firms in the country put more emphasis on positioning by product class, positioning by price and quality and positioning by use or application.

This study found that the main sources of competitive advantage are in claim settlement, good customer service thus customer retention and ultimately profitability and growth. Geographical reach was also a competitive advantage as some insurance firms are in more than one country with embraced modern technology being another competitive advantage. Other than the mentioned, increased sales volume and improvement of clientele numbers was also stated as a competitive advantage achieved through strategic positioning. This competitive advantage is reflected in its capacity for productiveness, competence and innovativeness relative to firms in the same industry. Similarly, Porter (2001) observed that positioning provided a firm with sustainable competitive advantage when it presents some unique value to the customer that cannot be duplicated by the competitor.

The effect of positioning strategies on organizational performance was 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 customers' 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.

5.3 Conclusion

The analysis and findings leads to the conclusion that adopting strategic positioning by insurance firms has led to improved performance. It further indicates that positioning is firmly placed within the general segmentation-targeting-positioning framework within the insurance companies playing a pivotal role in its strategy.

The study established that the biggest competitive advantage mentioned by most of the respondents was growth in size, capitalization and customer numbers.

The study also concluded that organizational competitiveness supports service firms to provide high service quality to customers. It can also be concluded from the finding that strategic positioning influences customers perception, their expectations and the benefit and value which they are prepared to pay for. Finally, it can be concluded that clear positioning strategy leads to efficiency in operations, focused action and emphasis on value adding products and market segment.

5.4 Recommendations

The study recommends that the Insurance firms to position themselves in the market and make use of the various positioning strategies as any organization not engaging in strategic positioning is losing an opportunity to build a competitive advantage.

The government is also an important player in the external environment of the insurance firms. The government should therefore put in place policies and regulations in place that stimulate growth in the industry

5.5 Suggestion for further research

The study was undertaken on the insurance companies operating in Kenya. It is therefore recommended that the study is replicated for other players in the insurance industry especially insurance brokerage firms which are tasked with the responsibility of distribution of insurance products and aiding in the penetration levels.

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APPENDICES

Appendix I: List of Registered Insurance Firms in Kenya

1. Blue Shield Insurance Company
2. British American Insurance Company
3. Cannon Assurance Company
4. Kenya Orient Insurance Company
5. Geminia Insurance Company
6. GA Insurance Company
7. Heritage Insurance Company
8. Insurance Company of East Africa (ICEA)
9. Capex Life Assurance Company Limited
10. Mercantile Insurance Company
11. Concord Insurance Company
12. Co-operative Insurance Company
13. Corporate Insurance Company
14. Gateway
15. Kenyan Alliance Insurance Company
16. Madison Insurance Company
17. Mayfair Insurance Company
18. Lion of Kenya Insurance Company
19. CFC Life Assurance Company
20. Chartis Kenya Insurance Company
21. Kenindia Assurance Company
22. Direct line Assurance Company Ltd
23. Fidelity Shield Insurance Company
24. First Assurance Company
25. Intra Africa Assurance Company
26. Jubilee Insurance Company
27. Pacis Insurance Company Ltd
28. Phoenix of East Africa Assurance Company
29. Pioneer Life Assurance Company
30. Real Insurance Company
31. Shield Assurance Company

32. UAP Insurance Company
33. UAP Life Insurance Company
34. APA Insurance Company
35. Apollo Life Assurance Company
36. Metropolitan Life Insurance Kenya Ltd.
37. Monarch Insurance Company
38. Occidental Insurance Company
39. Old Mutual Life Assurance Company
40. Pan Africa Life Assurance Company
41. African Merchant Assurance Company (AMACO)

Source: The Insurance Regulatory Authority 2015

Appendix II: Questionnaire

Instructions: Please tick the appropriate box and complete the blank space

SECTION A: GENERAL INFORMATION

	Name of the Company (Optional)	
1	What is your designation in the insurance company? a) Partner ☐ b) Director ☐ c) Senior Manager ☐ d) Manager ☐	
2	How long have you worked for the company? a) Less than 1 yr ☐ b) 1-5 yrs ☐ c) 5-10yrs ☐ d) Above 10 years ☐	
3	How many employees are there in your company? (Optional) a) Less than 100 ☐ b) 100 – 499 ☐ c) 300 – 999 ☐ d) 1000 – 4999 ☐ e) Above 5000 ☐	
4	For how long has your company been in operation in Kenya? a) Under 5 yrs ☐ b) 6 – 10 yrs ☐ c) 11 – 15 yrs ☐ d) 16 – 20 yrs ☐ e) 21 - 25 yrs ☐ f) Over 25 yrs ☐	

SECTION B: POSITIONING STRATEGIES

Q1.To what extent do these statements provide accurate description of your organization'sapproach to positioning strategy?

Please Tick (√), where appropriate in the range given in the table below. 1 =Not at all, 2 = small extent, 3= moderate extent, 4=Great extent, 5= Very great extent.

	Positioning Dimensions	1	2	3	4	5
1	Positioning by Price and quality We are different based on the quality of the services/products offered. We are different based on the quality in which we deliver our services. We are different based on the competitively low prices of services/product that we offer.					
2	Positioning by Competitor Keeps overhead costs lower than competitors The company designs, produces, and markets its product more efficiently than its competitors We keep our prices same as competitors					
3	Positioning by Product Class We specialize in providing particular types of services/products to our customers					
4	Positioning by Product user We specialize in serving the needs of a particular user/client segments or in particular geographic segment The company offers individualized attention to customers The company harnessesthe power of technology to give customers better services					
5	Positioning by Use or Application The company offers reliable services to its customers					

6	Positioning by Heritage or cultural symbol We are different based on our organizations mission We are different based on the cultural symbol we use					
7	Positioning by Product Characteristics or Customer Benefits We are different based on the wide range of services/products that we provide. We are different based on the wide range of services/products available We are different based on the degree of support/ancillary services that we provide					

8.Which other positioning strategies are employed in your firm?

i)……………………………………………………………………………………

ii)…………………………………………………………………………………..

iii)………………………………………………………………………………….

Q2. To what extent do you agree with the following statements regarding companies adopting positioning strategies? Tick appropriately using scale of 1-5 where: 1.Not at all 2.Small extent 3.Moderate extent 4.Great extent 5.Very great extent

Positioning Strategies	**1**	**2**	**3**	**4**	**5**
Helps the company to know where to confront competition from and where to avoid it					
Provides the company with a unique image in the market place					
Facilitate fine tuning of strategy due to experience gained by being close to the customers helps in determining precisely what retail offering is required					
Provides the framework upon which to build and coordinate the elements of the marketing mix to implement the positioning strategy					

SECTION C: STRATEGIC POSITIONING AND PERFOMANCE

1. Indicate the level of importance the positioning strategy employed has in your performance?

High Importance { }

Moderate Importance { }

Low Importance { }

2. On the rate of 1-5 please rate the extent to which you think your insurance firm has gained the following competitive advantage from the positioning strategy employed.

1=Very low extent 2= Low extent

3=Moderate Extent 4= Great extent 5= Very great extent

i) Improving on market share	{1}	{2}	{3}	{4}	{5}
ii) Customer brand loyalty	{1}	{2}	{3}	{4}	{5}
iii) Customer satisfaction	{1}	{2}	{3}	{4}	{5}
iv) Geographical reach	{1}	{2}	{3}	{4}	{5}
v).Profitability Improvement	{1}	{2}	{3}	{4}	{5}
vi) Growth in customer base	{1}	{2}	{3}	{4}	{5}

vii)Other (specify)..

…………………………………………………………………….

3. Please indicate the biggest competitive advantage that the insurance firm has achieved through strategic positioning?--

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4. What was the performance of the insurance firm in the last financial year in relation to? (optional) Earnings per share__________________________

Return on equity___________________________

Return on assets____________________________

5. Is there anything you would like to add as a suggestion or opinion that you feel was left out in regard to Strategic Positioning? Please comment -------------------------------

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Thanks for your contribution in the survey