MARKET POSITIONING STRATEGIES ADOPTED BY THE AGRICULTURAL FINANCE CORPORATION (AFC) OF KENYA

PRESENTED BY

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A Research Management Project Submitted in Partial Fulfilment of the requirements for Award of the Degree of Master of Business Administration
University of Nairobi

OCTOBER, 2012

DECLARATION

This project is my original work and has not been presented for a degree in any other university

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KIDEMY, CYNTHIA N. D61/70609/2008 DATE

This project has been submitted for examination with my approval as the university supervisor

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DR. RAYMOND M LJSYOKA DATE

DEDICATION

To God Almighty, indeed you are Ebenezzer - for this far you have brought me.

To my daughter Tayiana, your smiles light up my world. You are my inspiration and my most treasured possession.

To my husband Eric, for believing in me and encouraging me daily. You challenge me to come up higher and see the best in every situation.

To my parents Mr. & Mrs. Kidemy, for your prayers and overwhelming support.

ACKNOWLEDGEMENT

My most sincere gratitude to the Almighty God for his blessings and grace that has seen me through this research project.

1 wish to express my gratitude to my supervisor, Dr. Musyoka for his consistent and invaluable guidance, support and patience during the supervision of my research project.

I sincerely appreciate my husband Eric Rutto for his encouragement and overwhelming support towards the completion of this project.

Many thanks goes to my parents and family for their prayers and encouragement.

ABSTRACT

The Development Finance Institutions today are facing stiff competition from the banks offering similar products and services. For them to survive, it has been necessary to develop positioning strategies to enable them occupy a distinctive place in the minds of the consumers. It is against this background therefore that this study was conducted with the main objective of determining the positioning strategies adopted by Agricultural Finance Corporation (AFC).

A case study design was used for the study. Primary data was collected using a structured questionnaire and a five point likert scale to determine the extent to which a certain strategy was adopted. 100% response rate was obtained and the data was analysed using frequency tables, descriptive statistics and measures of central tendency.

Ranking using mean scores was done to determine the most preferred positioning strategy. The findings indicated that AFC uses various positioning strategies the most popular one being benefit-related positioning strategy. The second most practised is place positioning strategy while the third commonest strategy is the use of product characteristics. Price positioning strategy is the least practiced. Further research should therefore be conducted to determine why price positioning is the least preferred.

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AFC- Agricultural Finance Corporation

DFI - Development Finance Institution

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CHAPTER ONE : INTRODUCTION

1.1 Background of the Study

Johnson and scholes (2002) state that the environment encapsulates many different influences and the difficulty is making sense of this diversity.They further state that **the** pace of technological change and the speed of global communication mean more and faster change now than ever before. A firm as an open system must interact with **the** environment to survive. It both consumes resources, which it transforms into **outputs,** and then exports the outputs to the environment. Daft (1986) notes that open **systems** can be enormously complex in that internal efficiency is just one issue and is sometimes a minor issue. The organisation has to find and obtain needed resources, interpret and act on the environment changes, dispose of outputs, control and cordinate internal activities in the face of environmental disturbances and uncertainty if it is to be effective.

Global competition is intense and likely to become more so. As firms become large in size, they seek to sell to all major markets in order to spread their growing fixed costs over a larger sales volume. Global competition is not limited to competing for sales and market share, it is also a competition for knowledge and scarce resources (Terpestra, 1990). Any firm can reach the consumers easily as a result of reduced boundaries and the reduced distance between sellers and buyers. These developments have introduced complex macro environment for all the marketers. The dynamics in the global market place have created a conscious awakening to the firms towards adopting various strategies to obtain and or maintain their competitive edge (Keegan et al 1996, Johansson, 2002, Barkowitz et al, 2003).

Given that the environment is rapidly changing, it is imperative for organisations to continually adapt their activities in order to succeed. To survive in a dynamic environment, their strategies need to focus on their customers and deal with emerging environmental challenges. This is necessary because they are environment serving (Ansoff, 1987).

According to Pearce and Robinson (1997), strategic response is the set of decisions and actions that results in the formulation and implementation of plans designed to achieve a firm's objectives. It is thus a reaction to what is happening in the environment of the organisation. When firms are faced with unfamilliar changes they should revise their strategies to match the turbulence level (Ansoff and Mc Donnel, 1990). Failure to effectively adapt the organisation to its environment leads to a strategic problem.

According to Prahalad (1997), it is not enough to imagine the future, you also need a blue print for building future businesses which tells you what you should be doing now. which new competencies you should be building, what new customer groups you should be trying to understand, which new distribution channels you should be exploring, in order to create a winning position for yourself in a new opportunity arena.

1.1.1 The Concept of Market Positioning Strategy

Market Positioning as defined by Kotler (1997) is the act of designing the company's offering and image so that they occupy a meaningful and distinct competitive position in the target customer's minds. In order to have focussed positioning, a company must decide how many and which differences to promote to its target customers. Therefore, positioning is a fundamental element of the market planning process since any decision on positioning has direct and immediate implications for the whole of the marketing mix. In essence, the marketing mix can be seen as the tactical details of the organisations positioning strategy.

Barnerjee (1999) refers to positioning as perceptual mapping. He argues that perception influences decision - making at both the subconcious and conscious levels. He finds positioning as an organised system for finding a window in the mind of consumers. The real benefit of positioning lies in identifying the gap in the market place and then filling it. This summarizes to the concept of niche marketing in which specialization is the key to success.

Gavetti et al (2005) define strategy based on three conditions; namely that a company develops and implements an internally consistent set of goals and functional policies that collectively define its position in the market; aligning the firm's strengths and weaknesses with external opportunities and threats; and being centrally concerned with the creation and exploitation of distinctive competencies. A company's compcljtjve strategy consists of the business approaches and initiatives it undertakes to attract customers and fulfill their expectations, to withstand competitive pressures and to strengthen its market position. As such, one of the approaches of achieving a distinct competitive strategy is through a differentiation strategy (Porter, 1980). The concept of positioninu involves developing a marketing strategy aimed at a particular market segment and designed to achieve a desired position in the prospective buyer's mind. Marketers **use** a positioning strategy to distinguish their goods or services from the competition and create advertisements to communicate the desired position (Boone and **Kurtz, 1992).**

1.1.2 Development Finance Institutions in Kenya

Development Finance Institution (DFI) is a generic term used to refer to a broad range of financial institutions which provide finance mainly for development purposes. They are mainly governmental or intergovernmental institutions or government supported. They are distinguished from private commercial banks by the fact that they play a crucial role in development by providing higher risk loans, equity investments and risk guarantee instruments to private sector investment (www.kippra.org/docs).

At independence, the financial sector in Kenya was unable to serve the interest of African farmers and businessmen, or provide adequate long term capital to finance economic growth. This was largely due to the inherent weak structure of the sector at the time. In response, the Government of Kenya took a deliberate effort to set up various DFIs with the responsibility to provide enterprises and projects with equity and long-term loans that commercial banks were unable or unwilling to supply (Popiel, 1994).

In the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC, 2003), the government looks at the private sector as the engine of economic growth. This means that the private sector must expand and grow its investment. Micro and Small Enterprises (MSEs) face problems of weak firm-to-firm relationship, inadequate workspace with basic infrastructure, adequate and appropriate financing, limited Business Development Services (BDS), and weak entrepreneurial development. Existing DFIs provided such services before they plunged into management and financial crisis. However, the role of DFIs is still relevant in the

Private Sector Development Strategy (PSDS), but the Government needs to **strengthen the development** financial institutions so that they can play their **developmental role.**

There are five DFIs in Kenya; namely: Agricultural Finance Corporation (AFC), The **Kenya Industrial** Estates Ltd (KIE), The Industrial and Commercial Development **C orporation** (ICDC), The Kenya Tourist Development Corporation (KTDC), and The **Industrial** Development Corporation (IDC)

1.1.3 An Overview of Agricultural Finance Corporation (AFC)

Agricultural Finance Corporation (AFC) is a government owned Development **Finance Institution** (DFI) established in 1963, initially as subsidiary of the then Land **and Agricultural** Bank. It was incorporated as a fully - fledged financial institution **under the** Agricultural Finance Corporation Act (Cap 323 of the laws of Kenya) in **1969. The** mandate of AFC is to assist in the development of agriculture and **agricultural** industries by providing loans, managerial and technical assistance to the **loan** beneficiaries.

AFC initially performed well, especially in the first two decades of its existence. The performance **of** AFC however experienced a downward trend during the 1990s, when lending declined from Kshs. 762 million in the 1993/94 financial year to Kshs. 4 million in the 2001/02 financial year. According to the AFC strategic plan, the poor performance is attributed to a number of factors; key among them the heavy build up **of non** performing loans arising from imprudent lending and poor loan recovery methods. Other factors included the poor performance of the economy, particularly the agricultural sector, the collapse of related supporting institutions especially the marketing agents, lack of budgetary support by the Government and discontinued donor support.

To revive the economy, the Government formulated the Economic Recovery Strategy for Wealth and Employment Creation (ERS) in 2003 as a blue - print to guide the economic recovery programme. In recognition of the important role played by the agricultural sector, the Ministry of Agriculture developed a sector specific - specific recovery strategy known as Strategy for Revitalization of Agriculture (SRA) in 2004.

Key features in the two **documents** are **the** revival of institutions **that** support **the** agricultural sector, such as the AFC.

The government has since revived AFC and has injected fresh capital in form of new equity to enable the institution restart the stalled lending programmes. Other measures include the write - off of accumulated loans and conversion of part of AFC's Governrmet loans into equity. These measures have enabled the institution to reorganise the balance sheet.

AFC focusses on supporting the achievement of Kenya's Vision 2030 by developing and deliverinu projects and programs that lead to enhanced capital formation within the agricultural sector. Since inception AFC has undergone a number of developments in business processes. It has moved from the manual loan processing to online and real time* loan processing organization, where by all the branches in the rural areas are networked. The business process creates an efficient organization that delivers quality services to customers through reducing loan processing turn-around time to maximum of 10 days for any loan hence, improve mode of service delivery in all its operations.

AFC has continuously developed new products like group loans to meet the needs of clients throughout the entire value chain. The Corporation has developed products that are tailored towards the specific needs of the clients right from the production level to the value addition. With the introduction of a micro-credit product targeting traders in agricultural produce, the Corporation has loosened lending conditions, to allow borrowers without title deeds to borrow as groups.

AFC has a large, rich professional team trained in all aspects of agriculture in order to produce highly skilled, knowledged and competent human resource capital, who are able to manage the loans and offer professional advice to its customers. The Corporation has expanded its branch network to 42 branches through which information relating to its products and services can be obtained. AFC funds farmers in all areas from food crops to industrial and horticultural crops as well as livestock keeping. There are loans that can enable a farmer to buy machines or carry out any infrastructural developments such as putting up a farm products processing plant.

Farmers can access the loans as individuals, or as groups and can access from the **wide rural** branch network of 42 branches.

AFC partners with other government institutions and ministries and reaches out to the **farmers at the** grass root level through a rural branch network. Farmers can access **their products and** services within a radius of 50 kilometers. AFC has products and **services that** are tailor-made for each area in the country especially the primary **production areas** which are shunned by most financial institutions due to the high risk **involved. Information** awareness has been disseminated through electronic and print **media forums** -especially the local FM radio stations and collaboration with **stakeholders forum,** that is Ministry of Agriculture, livestock, private sectors and **cooperative societies.** There are some farmers education and field days organized by **AFC and other** public and private stakeholders as well as trade shows that help to **bring information** closer to the farmers.

AFC has been instrumental in the implementation of many Government and donor supported programs including, initially after independence in 1963, the land transfer program which facilitated peaceful transfer of land from the white settlers to the indigenous Kenyans and supporting the subsequent development and technology transfer to the new land owners. AFC offered support to cereal production through the Guaranteed Minimum Return (GMR), which was managed by AFC until 1978 when it was replaced by the new seasonal crop credit program. These programs opened up vast parts of the country for agricultural and food production thus enabling the country to achieve accelerated agricultural development, self sufficiency in food production and general economic growth.

AK has been successfully facilitating the livestock off take programme whereby **tanners are** financed by Ministry of Livestock to purchase livestock from the drought **stricken areas** in order to alleviate loss of livestock in the pastoral community areas. **AFC has** successfully partnered with National Irrigation Board to revive the Ahero **irrigation** schemes whereby various groups have been financed to plant rice, hence **increasing** food production in the country.

Risks in agricultural lending includes unpredictable natural happenings such as **weather, pest** and diseases; inadequate awareness characterized by low levels of **empowerment** and civic inertia; non-existent technologies that can be adapted to **smallholder** sustainable agricultural practices and the vagaries of liberalized **marketing** of cereals among other farm products, characterized by poor pricing of farm produce and the ever-present menace of exploitation perpetrated by merchants of **profit,** also called middlemen, inefficient market outlets as well as unorganized **structures** for decision-making and lack of collective action by the farmers have made **it hard** for AFC to work efficiently with the farmers and the infrastructural **development** is very poor in the rural areas and even transport is a major problem. **This** makes it hard to access the farmers in the grassroot level.

1.2 Research Problem

A company has to identify the segment within a product market. In the identified market segment, it can choose to target and implement marketing programs that position the product or service to the targeted market segment. When companies choose to appeal to only one position of the product/service market, they are said to have adopted selective targeting.

Firms have adopted various strategies to counter the strong forces of competition. These strategies include mergers, acquisitions, specialization, diversification, product development, pricing policy, promotion and distribution for competitive advantage. The competitive market has also pushed firms to product/ service innovation strategies aimed at coming up with the product that meets the customer needs. This calls for a marketing strategy that is customer oriented. Kotler (2003) asserts that all marketing strategies are built on segmenting, targeting and positioning.

The DFIs of Kenya have not been perfoming well in the last three decades of **existence.** This is exhibited by the collapse of most government agencies since **liberalisation** of most market economies since inception, AFC has been the **Government**'s main vehicle for delivery of agricultural credit to farmers. It performed [w]**eil in its** initial three decades after inception reaching a peak in the mid 1980 s with [a] client base of 150,000. During this period, AFC was instrumental in the "nplementation of many Governrment and donor supported programs which

facilitated peaceful transfer of land from the white settlers to the indigenous kenyans. **Towards** the end of the 1980's however, the performance of AFC began to deteriorate **due to various** factors. These included poor governance, frequent adverse weather **conditions,**declined trade in agricultural produce and reduced Government support.

Previous studies on market positioning strategies and differentiation include **Wambugu** (2008), on market positioning practices used by commercial banks in **Kenya;** Awino (2008), on market positioning strategies adopted by Courier companies **in Kenya and** Ireri (2010) on positioning strategies in the pharmaceutical industry in **Kenya..**However, it is important to note that their studies focussed on different **industries** / sectors i.e health,commercial banks and courier services respectively, but **none has** specifically covered the issue of market positioning strategies adopted by DFls in Kenya. In addition, some of these previous studies have been overtaken by **time.** This study therefore seeks to examine the market positioning strategies adopted **by** DFls in Kenya - a case study of AFC.

1.3 Research Objectives

The objective of the study is to determine the market positioning strategies adopted by AFC.

1.4 Value of the Study

The study on market positioning strategies adopted by AFC will be beneficial to current and potential investors in AFC as it will provide a lot of insight on the strategies they can use to respond to competition. It will also aid them in forming a better understanding of the organisation and enable them make well informed investment decisions.

This research will be beneficial to AFC in that it will expose the gaps in its positioning strategy, which if addressed in time will help it to deter competition. It will also identify the marketing strategies it can leverage to sustain its competitive edge. DFls in Kenya will be able to learn the importance of effective positioning for their products and serv ices and thus adopt the right positioning practices.

This study will **be** very valuable to the government agencies and policy makers like **the Ministry of** Agriculture considering the pivotal position played by AFC in **improving** livelihoods through agricultural lending. The study will help these groups **formulate positive** national policies based on the framework that is relevant to the **forces influencing the AFC.**

Lastly this research will add to the existing body of knowledge in this area and stimulate **further research on** different aspects of positioning strategies in various industries. Future **researchers and scholars** may utilise the study as a useful source of secondary data.

CHAPTER TWO : LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the review of literature related to this research. This has been done with a view to collect views, perspectives and opinions on international marketing selection and entry. The review will depend on theoretical literature that includes books, research papers, magazines and information from the internet.

2.2 Market Positioning

Ries and Trout (1986) see positioning as a collection of creative activities that manipulates the consumers' mind in favour of the brand. They emphasize that positioning starts with a product and ends up creating a space and occupying it in the consumers' minds. They argue that a well-known brand only holds a distinctive position in consumer's mind which may be difficult for the competitors to claim, and that this position would only be maintained with well-articulated strategies concerning product, price, place, and promotion.

Treacy and Wiersema (1994) view positioning as a collection of activities that instills value disciplines such as product leadership, operational excellence or customer-intimacy. This is based on the notion that in every market, there is a mix of three t\pes of customers; some that prefer a firm that is technologically inclined (product leadership); others that favour a highly reliable performance (operational excellence) and still, others want high responsiveness in meeting their individual needs (customer intimacy). Fhey argue that no firm is best in any two of these ways as each value disciplines requires different managerial mind-sets and investments that often conflict. Ireacy and Wiersema (1994) thus propose that for a business to be successful in positioning its brand there are four major things it must do in this light, first it must become best at one of the three value disciplines, second, it must also achieve adequate performance level in the other two disciplines, third, it must keep improving its superior position in the chosen discipline so as not to lose its position to competing firms and finally, it must not lose sight of the relevance of the other two disciplines as competing firms raise customers' expectations.

Sengupta (1997) **sees** positioning as an act of identifying a vacant space in the **consumers' mind** space and occupying it for periods that varies according to the **quality and quantity** of marketing efforts behind the brand. He views it as a deliberate **attempt to create a perception** for a brand in the prospects' mind so that **it** stands apart **from competing brands and** approximates much more closely to what the consumers **want.** It **is a matter** of finding a **strong** position in that mind and sit on it, which means **the same** brand, in the same pack, with the same formulations can seek different **positions** in the consumer's mind space. He argues that positioning is less of what we **do to the** product and more of what we do to the customer's perception of the product. He **further** emphasizes that positioning is thus the fountain head decision, from which **flows all** other marketing and advertising decisions and that it provides the direction **and thrust to** marketing and advertising planning and also fuse them and the **marketing** mix into a cohesive whole. He finally submits that the position of a brand is **its perception** among target consumers based on its functional attributes and benefits, **as well as** on the non-functional or emotional associations it has acquired from its **advertising.** The coloration of these different perceptions by consumers' own **attitudes,** beliefs and experience, make different consumers segments to perceive the **brand** differently, and secondly the brand's position is perceived in relation to **competitive** brands.

For the purpose of this study, we shall adopt the definition by Ries and Trout (1986). This definition is broad in the sense that they acknowledge that positioning requires every tangible aspect of product, price, place and promotion to support the chosen positioning strategy.

2.2.1 Components of Positioning

Sengupta (1997) advances four components of positioning, which are product class, consumer segmentation, consumer perception and brand benefits.

I he product class denotes the set of products and brands which are perceived as substitute to satisfy some specific needs, it helps to identify the practical space in the mind of the consumer to occupy and the brands that are occupying such space presently, fhe particular brand that is occupying such space must be a close substitute

of the intending brand for it to fit in to the space thus knowing the space gives the picture **of** the structure of the market.

The choice of product class could be used to secure competitive advantage for the brand through identifying the profile of the consumers and their needs, and directing all marketing efforts like promotional and media efforts toward these sets of **consumers** patronizing the brand in this product class.

Consumer segmentation is another component of positioning. Identifying the **consumers'** characteristics, needs and expectations often makes one to know that **segments do** exist amidst consumers. Most leading brands with very large market **shares** often position themselves across several segments (Hartley, Kerin, and **Rudelius,** 2010). Sengupta (1997) says there is inseparable relationship between the **position of** a brand and its target segment. The more similar a brand is to other brands **the more difficult** it is to have a definite and distinct positioning, that is, there is need **to be unique** amongst the similar, thus carving out a niche for the brand.

The third component of positioning deals with the need to see where the brand is positioned in the mind of the prospects in relation to other brands. This is done with two-dimensional space called perceptual mapping. It helps to make positioning as a concept to be operational, the judgments of managers, sales staff or channel members are used to plot the brand position in the perceptual space of the consumers, and the customers may also be asked to rate the brand along attributes or benefits or they may be asked to judge by pairs, how similar or dissimilar the brands are (Urban, Mauser and Dholakia. 1987). The perceptual mapping therefore gives a picture of the level of similarity and competitiveness among different brands by using measure of preferences between brands and ratings of brands on various attributes.

I he final component of positioning is brand attributes and benefits. For the brand to occupy a space in the consumer's perceptual map, it must be in the consumer's frame of reference, which requires that the brand attributes (which are the manufacturer's claim) be translated into consumer benefits. For a brand to be positioned with reference to an attribute, such attribute must be reinterpreted as measuring consumer benefit. So, it is important to search for vacant positions in the market with reference to preferred benefits and the preferred importance of such benefits.

The customer often evaluates the brand (both physical and emotional benefits) to **know where it** fits into their framework of needs and wants, since 'position" denotes **the consumer**'s perceived distance from one another. Consumers are able to form a **mental** picture of a given brand based on its functional attributes, performance and **advertising** because brand position is supported by its attribute and these attributes **must be** communicated in a special way, e.g. consumers may be made to perceive the **product in a different** way without doing anything to the product by emphasizing one **attribute** of **the** brand over another because there is a link between the position of the **brand as** perceived by the target consumer and some of the brand's functional and **non-functional** attributes.

2.3 Positioning Strategies

Positioning requires that firms adopt a process that would impact on the customers and the prospects as desired by Management. Rajeev et al (1996) explains that probably the most used positioning strategy is to associate an object with a product characteristic or customer benefit. A new product can be positioned on characteristics that competitors have ignored. Aaker (1991) came up with five key product features that influence positioning of a product / service. These are conformance, quality, durability, reliability and repairability.

For a price positioning strategy to be successful in the market place, the existence of a viable, price -sensitive customer segment is required. The firm needs to have a cost advantage in serving the market. In regard to pricing, most organizations use naive and unsophisticated approach to pricing without regard to movement of market forces. This may be as a result of difficulties in estimating the cost of price of the product / service. According to Zeithmal and Bither (2004), credence services such as medical treatment, the customers look at the price as a surrogate for quality. Too high a price can set consumer expectations that may be difficult for the firm to meet. On the other hand, too low a price can interfere with the perceived quality of the good / service. The pricing strategy must therefore be guided by the firm's positioning strategy (Payne, 2001; Craven, 1990). It is vital that when setting a price, value proposition and competitive position should be aligned, so that the best situation is arrived at to maximize revenue and profits. For example, below are three scenarios of highest, average and lowest prices can be set.

Consumers have different expectations for quality at a particular level of price at **different levels** of socioeconomic status; this offers a greater opportunity for **marketers to position** their products through price-quality positioning. Varying levels of **price-quality** relationship of products often attract different segments of consumers. **However,** when the price of a brand goes up mainly because of cost and the quality **remains** the same, marketers often try to use advertising and repackaging to create a **-quality"** difference to shore up the quality of the brand against the price. This may **create a credibility** gap that may negatively affect the brand's patronage. But the right thine **is** that consumers get satisfied when there is actual value for money, and

According to Kotler (2000), companies also position themselves to achieve competitive advantage through the way they design their distribution channels, coverage, expertise and performance. Caterpillar's success in the construction - equipment industry is based partly on superior channel development. Distribution channels are the pathways that companies use to sell their products to end- users. Distribution is one of the classic *4P s* of marketing. It is a key element in the entire marketing strategy as it helps expand a product's reach and grow revenue. An evaluation of distribution channels at any time is essential especially when going after a new customer segment, releasing a new product or looking for ways to aggressively grow the business.

The kind of personnel that companies have has also been used as a positioning tool. Companies can gain a strong competitive advantage through having better- trained people. Singapore Airlines enjoys an excellent reputation in large part because of its flight attendants. Better -trained personnel exhibit a number of characteristics that include competence. They possess the required skill and knowledge; courtesy, Iriendly, respectful and considerate; credibility and respond quickly to customer's request and problems. Berry (1980), must have foreseen this when he stated there was need to apply philosophy and practices of marketing to people who serve external customers so that the best people are employed and retained so that they do the best work.

Positioning bv Competitor is about defining how to differentiate product/service **offering** in order to create value for the market. It is about carving out a spot in the **competitive** landscape and focusing a company to deliver on that strategy. A good **competitive** strategy includes market profiles, size, competitors, and stage of growth; **customer** segments: groups of prospects with similar wants and needs; competitive **analysis:** strengths, weaknesses, opportunities and threats in the landscape. When the **market** clearly sees how a product/ service offering is different than that of **competition,** it is easier to generate new prospects and guide them to buy. Without **differentiation,** it takes more time and money to show prospects why they should **choose** the product / service. As a result, it ends up competing on price - a tough **position** to sustain in the long term.

Corporate Image positioning is becoming popular within organisations. Image is the way the public perceives the company or its products / services. Image is affected by many factors beyond the company's control. An effective image establishes the character of the product/ service and also its value proposition. Kotler (2001) continues to assert that for the image to be conveyed through every conceivable means and brand contact, it has to deliver an emotional power beyond a mental image. The chosen image is worked into advertisements and media that convey a story, mood, a charm opr something that is distinctive. It should appear in annual reports, brochures, catalogues, stationery, and business cards.

Benefit- Related positioning is positioning of a brand through a unique combination of benefits, which may need to flow from features or attributes, because consumers buy benefits not features. Attributes are important to consumers only when it leads to the special benefits, which the consumers seek, when the attribute provides the convincing reason of how the brand delivers the benefits. At times when the functional attribute differences amongst brands are obvious, marketers could use unique selling proposition to communicate this to the target market, but where the attributes of brands in the same product class are the same, the only option left for the marketer is to position such brand through benefit positioning, so that the position, ^hich the consumer gives it in the her mind represents her perception of the brand in terms of the tangible or functional benefit and non-functional or emotional benefits.

Customized Positioning also is commonly referred to as one-to-one marketing strategy. The ultimate goal in targeting and positioning is the attempt to offer products **customized** to the requirements of individual customers. The important skills for **customized** positioning are a combination of outside - in competencies to enable the firm **establish** relationships with customers, with inside -out competencies, of flexible **production** capability. Pine (1993) points out that the recent advances in 'mass **customization'** make it increasingly possible for firms to enjoy the cost and efficiency **advantages** of mass production while at the same time tailoring their offering to individual customer requirements. Customized positioning rests on understanding **individual** rather than market segment needs and having the flexibility to provide for them at a price the customer is willing to pay.

Promotional positioning strategy mainly entails advertising and ways of means od popularising the company's products/ services. Advertising objectives should be directly linked to the marketing plan, and should fit into the following generic categories: Inform - raising awareness of the brand and establishing a competitive advantage;Persuade - generating an instant response (usually driving sales) and to Remind in order to maintain interest and enthusiasm for a product or service. It is a documented fact that creative, well branded, distinctive advertising generates the best results. An organisation should therefore ensure the use of the best possible creative team. A message will only be successful if it appeals to the target audience hence reference should be made to the customer and advertisements should be tailored to them.(www. Marketing - made- simple.com)

2.4 Implementation of Positioning Strategies

I he tull positioning of a brand is called the brand's value proposition, which is the full mix of benefits upon which the brand is differentiated and positioned. It is the answer to the customers' question, "why should I buy your brand"?.There are five winning propositions upon which companies position their products: more for less, more for the same, the same for less, less for much and more for less.Kotler(2002)

More for more positioning involves providing the most upscale product/service and c arging a higher price to cover the higher costs. Mercedes automobiles claim superior quality, craftsmanship, durability, performance or style and charges a price to match **Sellers** offering "only the best" can be found in every product and service category; from hotels, restaurants, food and fashion. Companies should be on the lookout for opportunities to introduce a "more-for-more" brand in any **underdeveloped** product or service category. In more for the same companies can attack a **competitor**'s **more**-for-more positioning by introducing a brand offering of comparable quality but at a lower price. Example, Toyota introduced its Lexus line with a **"more**-for-the-same" value proposition versus Mercedes and BMW.

The same for less entails offering the same quality product at a less price. This can be a powerful value proposition since everyone likes a good deal. Example, Dell offers equivalent quality computers at a lower "price for performance". Other companies develop imitative but lower-priced brands in an effort to lure customers awa\ from the market leader. In less for much less, a market exists for products that offer less and therefore cost less. Few people need, want or can afford "the very best" in everything they buy. In many cases, consumers will gladly settle for less than optimal performance. Less for much less positioning involves meeting consumers' lower performance or quality requirements at a much lower price. More for Less would be the winning value proposition. Many companies claim to do this but in the long run. they will find it very difficult to sustain such best-of-both positioning. Offering more usually costs more, making it difficult to deliver on the "for- less" promise. Companies that try to deliver both may lose out to more focused competitors.

Kotler (2003) warns that as companies increase the number of claimed benefits of their brands, they risk disbelief and loss of clear positioning. Kotler (2003), Barkowitz et al (2002) identify four positioning errors. They include: under positioning, over positioning, confused positioning and doubtful positioning. Under positioning results when buyers have only a vague idea of the brand. The brand could only be seen as just another entry in the crowded market place. Over positioning occurs when buyers have too narrow an image of the brand. Confused positioning occurs when buyers have a contused image of the brand when a company makes too many claims or changes the positioning frequently, like in positioning for different customer groups. Doubtful positioning results when buyers may find it hard to believe the brand claims

•n **view of the** product features. A company should therefore concentrate on the **attribute that makes sense** to the customer (Best et al, 2002).

2.5 Summary of the Literature Review

Both theoretical and empirical studies have indicated to some extent how the **marketing** mix of a product influences consumer brand preference depending on the **product in** question. The summary of the literature review for the key contributions **on the concepts** of market positioning is as below:

Table 2:1 Summary of Literature Review

Author	Year	Topic	Conclusion
Ries & Trout	**1986**	Positioning is a collection of creative activities that manipulates the consumers' mind in favor of the brand.	A well-known brand only holds a distinctive position in consumer's mind which may be difficult for the competitors to claim, and that this position would only be maintained with well-articulated strategies concerning product, price, place, and promotion.
Sengupta	**1997**	There are four components of positioning: product class, consumer segmentation, consumer perception and brand benefits.	It is important to search for vacant positions in the market with reference to preferred benefits and the preferred importance of such benefits.
Aaker	**2010**	Positioning strategies	Positioning requires that firms adopt a process that would impact on the customers and the prospects as desired by

"			Management.
Philip Kotler	2003	Implementation of positioning strategies	The full positioning of a brand is called the brand's value proposition, which is the full mix of benefits upon which the brand is differentiated and positioned. It is the answer to the customers' question, '"why should I buy your brand"?

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents details of the research design that was used in the study, the **population, data** collection and analysis techniques.

3.2 Research Design

According to Mugenda and Mugenda (2003), a case study is an in-depth investigation **of an** individual, group, institution or phenomenon. Kombo and Tromp (2006), **contend that a** case study seeks to describe a unit in detail, in context and holistically. **A case** study design was used for this study to allow an in-depth investigation and **analysis of** the positioning strategies used by AFC.

3.3 Data Collection

The target respondents were 10 AFC staff in Marketing, Planning and Operations **departments.** This represents 100% of the total population.The sampling frame is as **shown on** table 3.1.

Table 3.1 Sampling frame

1 leads of Departments	2
Divisional Managers	2
Marketing Officers	4
Planning Officers	2
Total	**10**

Primary data was collected using a structured questionnaire. It had both open and **closed** questions. The questionnaire was made up of two sections: Section one

gathered demographic profiles of the respondents. Section Two was used to collect **information** on the activities the organisation pursues in order to position effectively.

The questionnaire was pre-tested among 2 selected respondents from other departments before it was presented to the entire sample population. The selected pre-test respondents were encouraged to critique the questionnaire. Those chosen were not **be** involved in the final testing. The research also tested whether the items had the same meanintz to all respondents and time taken to complete the questionnaire. Amendments were effected accordingly before presenting the questionnaire to the entire selected sample. The questionnaire was administered on a ''drop and pick later' or picked immediately depending on the availability of the respondents to ensure high returns.

3.4 Data Analysis

The data analysis entailed editing, coding, tabulation and analysis. The questionnaire data was checked for accuracy and completeness of recording of the responses. It was coded and checked for coding errors and omissions Editing entailed correcting and inspecting each questionnaire to ensure completeness, comprehensiveness, consistency, reliability and that instructions were followed. This was followed by coding through assigning specific numbers so that they may be analysed. The analysis was done using Statistical Package for Social Sciences (SPSS). Tabulation was done by orderly arrangement of the data in a table counting the frequencies of responses to each question.

Data in section A was analysed using frequencies. Data in other parts was analysed using Measures of Central Tendency (mean scores and standard deviation).

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis and findings of the questionnaires. 10 **questionnaires** were targeted out of which all responded, hence a response rate of **100%. The** respondents included: Head of Business Development Department (where **marketing falls** under), Branch Managers, Marketing officers and Planning officers.

The findings **are** presented using frequency tables, percentages, measures of central **tendency and** descriptive statistics.

4.2 Respondents' Profile

The information was based on the respondents' position in the organisation, number **of years worked and** education level.

4.2.1 Gender of Respondents

Table 4.1 below shows the gender of the respondents.60% were male while 40% were **female.**

Table 4.1 Gender of respondents

Gender	Frequency	Percentage
Male	4	40%
Female	6	60%
	N=10	**100%**

Source: Research Data

4.2.2 Name of Department worked

Table 4.2 below illustrates the names of the departments that the respondents discharge their duties. 40% of the repsondents are in Marketing, 30% in operations and 30% in Planning.

Table 4.2 Name of Department worked

Name of Department	Frequency	Percentage
Marketing	4	40%
Operations	3	30%
Planning	3	30%
TOTAL	**N=10**	**100%**

Source: Research Data

4 2.3 Education Level

Table 4.3 below indicates the repsondents' education level. 90% are university degree **holders** while 10% have reached college level.

Table 4.3: Education Level

Education Level	Frequency	Percentage
University	9	90%
College	1	10%
TOTAL	N=10	**100%**

Source: Research Data

4.2.4 Position in the Organisation

Table 4.4 represents the repsondents' position in the organisation.The Heads of department were drawn fro operations and Business Development.The divisional managers are from operations department.

Table 4.4: Position in the Organisation

Job Title	Frequency	Percentage
Head of Department	2	20%
Divisional Managers	2	20%
Marketing Officers	4	40%
Planning Officers	2	20%
TOTAL	N=10	**100%**

Source: Research Data

From the findings, majority of the repsondents are officers from marketing division while the minority are Heads of Departments, Divisional managers and planning officers with each a percentage of 20%.

4.2.5 Period worked in the Organisation

In terms of period worked in the organisation, the majority(70%) have worked for 5-10 years. 20% of the sample have worked for over 10 years while only 10% have worked for less than 5 years as shown in Table 4.5 below.

Table 4.5: Period worked in the Organisation

No. Of Years	Frequency	Percentage
0-5	2	20%
5-10	7	70%
10 and above.	1	10%
TOTAL	**N=10**	**100%**

Source: Research Data

4.3 Positioning Strategies Adopted by AFC

A number of positioning strategies are employed by AFC to differentiate itself in the market. The respondents were asked to indicate the extent to which a given positioning strategy was practiced by AFC. This was measured using a five- point Likert Scale.

The range was " Very large extent (5), "Large extent" (4), "Moderate extent" (3), "small extent" (2) and "No extent" (1). The results are presented as the mean of the respondents that a particular strategy is in use. Mean scores and Standard deviation were used to analyse the data.

A mean less than 1.49 indicates " To no extent". A mean between 1.5 and 2.49 indicates " Small extent". A mean falling between 2.5 and 3.49 is " moderate extent" while a mean between 3.5 and 4.49 indicates "Large extent". A mean greater than 4.5 indicates a " very large extent".

On the other hand, a standard deviation greater than one (1) implies a significant difference in the extent to which a particular variable is used while a lower one means that the responses were similar. Where means are the same, the positioning strategy with a lower standard deviation was considered the most commonly practised positioning strategy.

The results are ranked based on the average mean score. The positioning strategy with the highest average mean score indicates that it is the most commonly practiced by AFC.

4.3.1 Product Characteristics Positioning Strategy

Product characteristics positioning strategy as shown in Table 4.6 below is practiced to a moderate extent with an average mean score of 3.35. Among the four variables used by the researcher to determine the product characteristics, the use of corporate colours to brand the AFC products / services for identification is practiced to a large extent. The extent to which marketing communications highlights the benefits of products/services, emphasis on quality, reliability and convenience as well as highlighting the features of AFC's products as compared to competitors were all to a moderate extent.

Table 4.6: Product Characteristics Positioning Strategy

Use of Product Characteristics Positioning Strategy	Mean	Standard Deviation
i) Our marketing communications highlights the benefits of our products/ services	3.4	1.578
ii) We emphasize quality, reliability & convenience to the consumers	3	1.154
iii) We use our corporate colours to brand our products/ services for identification by customers	3.9	0.875
iv) We highlight the features of our products as compares to competitiors	3.1	1.370
Average score	**3.35**	

Source: Research Data

4.3.2 Price Positioning Strategies

The respondents were asked to indicate the extent to which price positioning strategies are used and five factors were used to investigate this strategy.Out of this five factors, " same quality for less" positioning ranked highest with a mean of 3.1 indicating that it is moderately practiced. Selling the same quantity as competitors for less ranked second with a mean score of 2.5 and a standard deviation of 1.4333. thus practiced to a moderate extent.

More for more, more for less and less for less positioning strategies are all practised to a small extent with mean scores of 2, 2.2 and 2.4 respectively. The corresponding standard deviations are 1.054, 0.918 and 1.074 respectively as illustrated in taqble 4.7 below.

Table 4.7: Price Positioning Strategies

Price Positioning Strategy	Mean Score	Standard Deviation
j. We have the most expensive & highest quality products/services as compared to competitors	2	1.054093
ii. Our products are the same quality as competitors but we charge less	3.1	1.197219
iii. Low operation costs and our superior purchasing power allow us to sell the same quantity as competitors but we charge less.	2.5	1.433721
iv. Our products have reduced features so we charge less	2.2	0.918937
v. Our products have more features and benefits than those of competitors but we charge less than them	2.4	1.074968
Average Mean Score	**2.44**	

Source: Research Data

4.3.3 Quality Positioning Strategies

Quality plays a critical role in the choice of any product or service. It also contributes towards ensuring that there is repeat usage of similar products/ serivces. In determining the extent to which customer education, empathy to clients, quality assurance, competent employees, responsivenes to customers, use of efficient processes, well cordinated activites and the use of modern equipment had mean scores of 3,3.1, 3.2,3.1,2.8, 2.8, 2.8 and 3.2 respectively as shown in table 4.8 below. These strategies are practiced to a moderate extent while availability of faster services ranked lowest with a mean score of 2.3 thereby indicating that it is adopted to a small extent.

Table 4.8: Quality positioning strategy

Quality positioning strategy	Mean	Standard Deviation
i. Responsive to customers	2.8	0.788811
ii. Competent employees	3.1	0.567646
iii. Use of efficient processes	2.8	0.788811
iv. Quality assurance to clients as per the ISO 9001:2008 policy	3.2	1.032796
v. Empathy to clients	3.1	0.875595
vi. Customer education	3	0.942809
vii. Faster services	2.3	0.948683
viii. Use of modern equipment	3.2	0.788811
ix. Well cordinated activities	2.8	0.632456
Average Mean Score	**2.92**	

Source: Research Data

4.3.4 Place Positioning Strategies

From the results exhibited in table 4.9 below, it can be observed that location accessibility, proximity to users and easily locatable distribution channels are all practiced to a large extent with mean scores of 3.7,3.6 and 3.5 respectively.

Presence in the newly formed counties and less congestion are moderately practised with mean scores of 3.3 and 2.8 respectively.

Table 4.9: Place Positioning Strategy

Place Positioning Strategy		Mean Score	Standard Deviation
	Location accessibility	3.7	0.823273
i	Less congested	2.8	0.632456
ii	Easily locatable by clients	3.5	0.971825
iv.	Proximity to the users	3.6	0.699206
v.	Presence in the newly formed counties	3.3	1.05935
Average Mean Score		**3.38**	

Source: Research Data

4.3.5 People Positioning Strategy

The quality, competence and commitment of staff, amongst others, play a significant role in the growth of any organisation. Knowledge of work ranked highest with a mean score of 3.5 indicating it is to a large extent.Highly qualified, highly competent, very committed, smartly dressed and positive towards clients were all to a moderate extent as shown in table 4.10.Always alert and highly motivated ranked lowest with mean scores of 2.4 and 2.3 respectively indicating that it is to a small extent preferred.

Table 4.10: People Positioning Strategy

	People Positioning Strategy	Mean	Standard Deviation
	Highly qualified	3.3	0.823273
i	Very committed	3.1	0.875595
ii	Always alert	2.4	0.699206
iv.	Highly competent	3.2	0.632456
v.	Knowledge of work	3.5	0.707107
vi.	Smartly dressed	3	0.816497
vii.	Positive towards clients	2.9	0.567646
viii.	Highly motivated	2.3	0.674949
Average Score		**2.96**	

Source: Research Data

4.3.6 Positioning by Competitor

Positioning by competitor is overally practiced to a moderate extent with an average mean of 2.96 as shown in table 4.11. The price compares to competitor strategy is preferred to a large extent with a mean score of 3.7. Better facilites and cost efficiency than competitor were both practised to a moderate extent with mean scores of 2.9 each and standard deviations of 0.875 and 1.197 respectively. This means therefore that cost efficiency is the more preferred strategy of the two. The well advertised feature is also practised to a moderate extent with a mean score of 2.5.

Table 4.11: Positioning by Competitor

Positioning by Competitor Strategy	Mean Score	Standard Deviation
i. Price compares to competitor	3.7	1.337494
ii. Better facilities	2.9	0.875595
iii. Cost efficient	2.9	1.197219
iv. Superior services	2.8	0.788811
v. Well advertised	2.5	1.269296
Average Mean Score	**2.96**	

Source: Research Data

4.3.7 Positioning by Corporate Image

The study revealed that AFC to a large extent has a committed marketing team and this feature ranked highest with a mean score of 3.5 and a standard deviation of 0.972. Providing news items to media,invoIving other employees in marketing activities, allowing media to talk about AFC and giving away branded gifts are all practised to a moderate extent as shown in table 4.12 below. Donating to charity and sponsoring various events are practised to a small extent with mean scores of 2.4 and 2.1 respectively.

Table 4.12: Positioning by Corporate Image

Positioning by Corporate Image	Mean	Standard Deviation
i. Donate to charity	2.4	0.699
ii. Sponsor various events	2.1	0.738
iii. Allow media to talk about us	3.3	0.949
iv. Provide news item to media	3.4	0.699
v. Give away items & gifts with corporate logo	2.8	1.033
vi. Have a committed marketing team	3.5	0.972
vii. Involve other employees in marketing activities	3.3	0.823
Average Score	**2.97**	

Source: Research Data

4.3.8 Benefit - related Positioning

It is worth noting that consumers buy benefits that are associated with a particular brand. The benefit related positioning strategy is the most preffered and is thus practised to a large extent with an average mean score of 3.58 as illustrated in table 4.13 below.

Affordable interest rates, easy accessibility to AFC branches and accurate repsonses to clients' querries are all practised to a large extent, with mean scores of 4,3.5, 3.5 and 3.5 respectively. Effective customer service is practised to a moderate extent with a mean score of 3.4.

Table 4.13: Benefit - related Positioning

Benefit- related Strategy		Mean Score	Standard Deviation
	Convenient mode of payment	3.5	0.707107
i	Easy accessibility to AFC branches	3.5	0.527046
ii	Affordable interest rates	4	0.471405
iv.	Accurate responses to clients	3.5	0.707107
v.	Effective customer service	3.4	0.843274
Average Mean Score		**3.58**	

Source: Research Data

4.3.9 Customised Positioning Strategy

Customised positioning commonly referred to as one-to-one marketing strategy is practised to a moderate extent in AFC with a mean score of 2.7 and a standard deviation of 1.159 as illustrated in table 4.14 below.

Table 4.14: Customised Positioning Strategy

Customized Positioning Strategy	Mean Score	Standard Deviation
We customize our products to suit the needs of various types of customers	**2.7**	**1.159**

Source: Research Data

4.3.10 Promotion Positioning Strategy

Participation in exhibitions, shows and field days is very popular in AFC and is thus practised to a very large extent with a mean score of 4.6.Promotion by word of mouth is practised to a large extent as can be seen from the mean score of 3.6. Posters, newsletters and radio are all used to a moderate extent as can be seen from table 4.14 below. Newspapers ranked the lowest with a small extent of adoption with a mean score of 2.4.

Table 4.14: Promotion Positioning Strategies

Promotion Positioning Strategy	Mean Score	Standard Deviation
i. Radio/ Television	2.8	1.032796
ii. Newspapers	2.4	1.26491 1
iii. Newsletters	2.7	0.674949
iv. Word of mouth	3.6	0.843274
v. Participation in exhibitions/ field days/ shows	4.6	0.516398
vi. Posters	2.7	1.05935
vii. Road shows	1.5	0.849837
Average Score	**2.90**	

Source: Research Data

CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter discusses the findings gathered from the analysis of the data, as well as the conclusion reached. Findings have been summarised alongside the objectives of the study.

5.2 Summary of the Findings

The study reveals that AFC has clear market positioning strategies to tackle competition in the Kenyan lending industry. This is very encouraging since the essence of competitive strategies is to help organizations to grow and to create sustainable competitive advantages.

The research study found out that majority of the respondents were female and work in marketing department. The majority of the respondents are university graduates and work as officers, for a period between 5-10 years.The findings from the study revealed that there are a number of positioning strategies practised by AFC. They are discussed by order of their ranking from the most common in practice to the least common.

Benefit - related positioning is the most practised strategy. This may be due to the fact that consumers buy benefits and not features. Attributes are important to consumers since it leads to special benefits which the customers seek. The highest ranking benefit in AFC is the low interest rates as compared to competitors, convenient mode of payment and easy accessibility to AFC branches.

The second most practised is place positioning strategy. AFC branches are easily locatable and accessible, and are present in most of the newly formed counites in Kenya. Distribution channels are the pathways that companies use to sell their products and therefore help expand a product's reach and subsequent revenue growth. The third most common strategy is the use of product characteristics.The use of corporate colours to brand products and services have made it possible for consumers to easily identify the brand and associate it with the benefits sought for. Emphasis on quality, reliability and convenience to the consumers are also features associated with strategy.

The fourth most practised strategy is positioning by corporate image. An effective image establishes the character of the product/service as well as its value proposition. AFC has managed to maintain its corporate image through the media, having a committed marketing team and involving other employees in marketing activities.

People positioning strategy is the fifth commonest strategy. AFC employees were found to be knowlegeable, highly qualified and highly committed.

Positioning by competitor .quality positioning , promotion strategies and customised positioning are all moderately practised. Price positioning is however the least practised strategy.

5.3 Discussion and Conclusion

Development Finance Institutions in Kenya have been forced to develop marketing strategies to help them adapt to the local and global business environment. It is against this background that several studies have previously been conducted on this topic but focussing on different institutions like health, commercial banks and courier companies. Ireri (2010) in his research findings on positioning strategies in the pharmaceutical industry in Kenya, concluded that quality positioning strategies is the most popular in the pharmaceutical industry. Awino (2008) on the other hand concluded that positioning by use of product characteristics is a winner in the courier companies. From the foregoing discussion, it is evident that different institutions have unique market positioning strategies that they adopt depending on the environment in which they compete.

It can be concluded therefore that AFC adopts various positioning strategies. The extent varies but the most preferred strategy which is practised to a large extent is benefit-related positioning. Place positioning, product positioning, corporate image positioning, people positioning, competitor positioning, quality positioning, promotion positioning and cutomised positioning strategies are also practised but to a moderate extent.

Price positioning strategy is the least preferred and is thus practised to a small extent

5.4 Recommendation

As much as AFC is regulated by the government, it is advisable for AFC to become innovative and embrace modern technology in marketing its products and services. The introduction of a Customer Data Base Management System will enable the organisation become more customer centric in product development and ultimately be able to reposition its brand.

5.5 Limitations of the study

The " drop and pick later " technique of questionnaire administration caused delays since some repsondents were not prioritising on it and even misplacing at some instances.

5.6 Suggestions for further research

Future studies should attempt to explore the limited practice of price positioning strtegies by AFC.

Further studies should also be conducted to understand the perception of consumers on positioning strategies used by AFC. This will be in line with what Aaker (1987) terms as brand awareness, brand associations, customer orientatio, brand loyalty, product line breadth and technical superiority.

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APPENDIX I

REQUEST LETTER TO CONDUCT RESEARCH

CYNTHIA KIDEMY
P.O BOX 30367, 00100
NAIROBI

18th September 2012

THE MANAGING DIRECTOR.
AGRICULTURAL FINANCE CORPORATION,
P.O BOX 30367 00100,
NAIROBI

Dear Sir,

RE: REQUEST TO CONDUCT A RESEARCH ON THE POSITIONING STRATEGIES ADOPTED BY THE AGRICULTURAL FINANCE CORPORATION OF KENYA

I am a postgraduate student at the University of Nairobi, pursuing a Masters of Business Administration degree, with a specialization in Marketing. As part of the requirements of this degree, I am required to carry out a research topic and present my findings to the School of Business for final approval.

I kindly request for authority to interview 10 AFC employees on the above stated topic. I have enclosed a copy of the structured questionnaire to be used. This research will be beneficial to AFC in that it will expose the gaps in its positioning strategy, which if addressed in time will help it to deter competition. It will also identify the marketing strategies it can leverage to sustain its competitive edge. The findings of the research will be treated with utmost confidentiality.

Any further clarifications can be made upon your request. Thanking you for your kind attention.

Yours faithfully,

Cynthia N. Kidemy

APPENDIX II

QUESTIONNAIRE

SECTION ONE: TICK AS APPROPRIATE

1. **Gender**

Male [ ]   Female [ ]

2. Name of department:

Operations [ ]   Marketing [ ]   Planning [ ]

3. Education Level.

College [ ]   University [ ]

4. Your position in the department

Head of Department [ ] Divisional Manager [ ] Branch Manager [ ] Officer [ ]

5. Number of years worked in AFC

0-5 [ ]   5-10 [ ]   10 and above [ ]

SECTION TWO

Indicate by a tick (V)the extent to which AFC practices the positioning strategies listed in the table below using a scale of 1 to 5 where,

1 - To no extent   2- to a small extent   3 - to a moderate extent4- to a large extent

5 - to a very large extent

	I To no extent	2 To a small extent	3 To a mode rate extent	4 To a large extent	5 To a very large extent
1. Use of Product characteristics positioning strategy					
i. Our marketing communications highlights the benefits of our products/ services					
ii. We emphasize quality, reliability & convenience to the consumers					

iii. We use our corporate colours to brand our products/ services for identification by customers					
iv. We highlight the features of our products as compares to competitiors					
2. Price positioning strategy	1	2	j	4	5
i. We have the most expensive & highest quality products/services as compared to competitors					
ii. Our products are the same quality as competitors but we charge less					
iii. Low operation costs and our superior purchasing power allows us to sell the same quantity as competitors but we charge less.					
iv. Our products have reduced features so we charge less					
v. Our products have more features and benefits than those of competitors but we charge less than them					
3. **Quality positioning strategy**	1	2	J	4	5
To what extent does AFC use the following quality indicators to distinguish its products / services?					
i. Responsive to customers					
ii. Competent employees					
iii. Use of efficient processes					
iv. Quality assurance to clients as per the ISO 9001:2008 policy					
v. Empathy to clients					
vi. Customer education					
vii. Faster services					
viii. Use of modern equipment					
ix. Well cordinated activities					
4. Place positioning strategies To what extent does AFC take the following into consideration when choosing a location to open a branch?	1	2	j	4	5
i. Location accessibility					
ii. Less congested					
iii. Easily locatable by clients					
iv. Proximity to the users					
v. Presence in the newly formed counties					
5. **People positioning strategies** Indicate the extent to which the following statements describe the quality of AFC's personnel	1	2	3	4	5

i. Highly qualified					
ii. Very committed					
iii. Always alert					
iv. Highly competent					
v. Knowledgeable					
vi. Smartly dressed					
vii. Positive towards clients					
viii. Highly motivated					
6. Positioning by competitor In relation to competition, to what extent does AFC use the following features to distinguish its products/ services?	1	2	*J*	4	5
i. Price compares to competitor					
ii. Better facilities					
iii. Cost efficient					
iv. Superior services					
v. Well advertised					
7. Positioning by corporate image In maintaining the corporate image, indicate the extent to which the following strategies are used by AFC	1	2	J	4	5
i. Donate to charity					
ii. Sponsor various events					
iii. Allow media to talk about us					
iv. Provide news item to media					
v. Give away items & gifts with corporate logo					
vi. Have a committed marketing team					
vii. Involve other employees in marketing activities					
8. Benefit- related positioning To what extent does AFC consider benefits when developing its products / services?	i	2	J	4	5
i. Convenient mode of payment					
ii. Easy accessibility to AFC branches					
iii. Affordable interest rates					
iv. Accurate responses to clients					
v. Effective customer service					
9. Customized Positioning (one-to-one marketing) Strategy The ultimate in targeting and positioning is the attempt to offer	1	2	J	4	5

products customized to the requirements of individual customers **To what extent does AFC practice customised positioning?**					
i. We customise our products to suit the needs of various types of customers					
10. Promotion positioning strategy	**1**	**2**	**J**	**4**	**5**
In making AFC products / services known in the market, indicate the extent to which the following promotional strategies are used.					
i. Radio/ Television					
ii. Newspapers					
iii. Newsletters					
iv. Word of mouth					
v. Participation in exhibitions/ field days/ shows					
vi. Posters					
vii. Roadshows					

Thank you for taking your time to complete this questionnaire.