

**MARKETING STRATEGIES APPLIED BY THE MAJOR MOTORCYCLE MARKETING
FIRMS IN KENYA**

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**BY
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**A Management Research Project submitted in Partial Fulfilment of the Requirement
for the Degree of Master of Business Administration (MBA), School of Business,
University of Nairobi**

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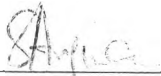


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DECLARATION

This research project is my original work and has not been submitted for a degree in any other University.

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

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19th / 10 / 2007

DEDICATION

This project is dedicated to the two favorite people in my life; Michael my loving husband and my beloved mother Karen.

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ACKNOWLEDGEMENTS

This study would not have been completed without the valuable support and encouragement that I received from my family especially my parents. Please accept my heartfelt gratitude for all your help and persistent guidance throughout my studies.

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ABSTRACT

The objectives of the study were to determine the macro-environmental challenges encountered by the major motorcycle marketing firms in Kenya as well as establish the marketing strategies adopted by the major motorcycle marketing firms in Kenya to cope with the macro-environmental challenges.

To meet these objectives, the pertinent primary data was collected. The data was collected through interviews that were conducted with the respondents from each of the two companies. The respondents were senior managers bestowed with necessary responsibilities to make decisions as pertaining to the product. Data was then analyzed qualitatively.

The study established that the changing macro-environmental factors indeed pose various challenges to these motorcycle marketing firms in Kenya. The political-legal environment, economic, demographic, technological and socio-cultural environments were each a force to reckon with in their own respective ways. Through use of marketing strategies by the companies, they have been able to face up to some of these challenges posed by the macro-environment. though there is still a lot of room for improvement by both companies to effectively use marketing strategies to their advantage.

CHAPTER 1: INTRODUCTION

1.1 Background

Organizations are continually affected in various ways by the external environment in which they operate (Heresy, 1996). No organization can exist in a vacuum; each is set in a particular country and region to which it is inextricably linked. This setting provides multiple contexts that influence how the organization operates and how and what it produces. The first and important step in formulating any marketing strategy is to scan thoroughly the macro-environment in which the company operates (Majumdar, 1996). The external environment is mainly composed of economic, social, political, technological and legal factors.

These forces outside the institution's walls clearly have considerable bearing on that which transpires within. The external environment can provide both facilitating and inhibiting influences on organizational performance. Multiple influences in the immediate or proximal environment form the boundaries within which an organization is able to function; these influences likewise shape how the organization defines itself and how it articulates what is good and appropriate to achieve (Kotler, 2003). The changes in the external environment may not be affecting the major motorcycle marketing firms in Kenya in a visible way at the moment, but they cannot afford to ignore them especially with the emergence of many small players in the industry.

1.1.1 Marketing strategies

Marketing strategy formulation involves selecting a specific target market and making decisions regarding the crucial elements of product, price, promotion and distribution so as to satisfy the needs of customers in that market. They are designed to provide total integration of efforts that focus on achieving the marketing objectives (Ferrell et al, 2002). Companies aim at choosing the “right” strategies from among many possible alternatives. These possible strategies are dependent on the nature of product or service and also create a guideline as to which marketing activities the company should focus its efforts on (Majumdar, 1996).

With marketing strategies in place, any challenge that a company comes face to face with can be tackled easily by applying those that are appropriate for the situation. This ensures that companies are not caught off-guard. Varying situations call for new survival techniques. The marketing strategy must fit the needs and purposes of the selected target markets, be realistic given the organization’s available resources and environment and should also be consistent with the organization’s mission, goals and objectives (Kotler, 2003).

A marketing strategy identifies customer groups which a particular business can better serve than its target competitors, and tailors product offerings, prices, distribution, promotional efforts, and services toward those market segments. Ideally, the strategy should address unmet customer needs that offer adequate potential profitability. A good strategy helps a business focus on the target markets it can serve best.

Products and Services – With the increase in competition and faster diffusion processes, this results in the shortening of Product life cycles hence new product launches have to be thoroughly planned, test marketing becomes popular and also packaging plays an important role (Majumdar, 1996). Product strategies may include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product-service package containing unusually high-quality service. Also emphasized are innovation strategies, coming up with a range plan to create product variety as well as branding of products to differentiate them from competition (Atkinson and Wilson, 1996).

Promotion - Promotion strategies play a vital role in the creation of mutually beneficial exchanges between producers and consumers of goods, services or ideas. To be effective, the promotional strategy must be guided by the marketing concept such as focusing on consumer needs and integrating all activities of the organization to satisfy those needs (Engel et al, 1991). Such strategies include advertising and direct customer interaction. Good salesmanship is essential for small businesses because of their limited ability to spend on advertising. Good telephone book advertising is also important. Direct mail is an effective, low-cost medium available to small business.

Price – With the growing competition in the market, companies more often than not opt for niche strategies to serve specific areas in the market (Majumdar, 1996). They need to make a price-quality trade off to choose their consumers. The right price strategy is

crucial for maximizing total revenue. Generally, higher prices mean lower volume and vice-versa; however, small businesses can often command higher prices because of their personalized service. Some price strategies may aim at increasing a company's share growth or for market penetration purposes (Atkinson, 1996).

Distribution - The manufacturer and wholesaler must decide how to distribute their products. As competition becomes fierce, retailers and wholesalers will be wooed more assiduously. Loyalty in trade will go down. This calls for re-appraisal of the existing distribution channels and development of new channels as well as give thought to development plans and strategies (Majumdar, 1996). Working through established distributors or manufacturers' agents generally is easiest for small manufacturers. Small retailers should consider cost and traffic flow in site selection, especially since advertising and rent can be reciprocal: A low-cost, low-traffic location means spending more on advertising to build traffic.

The nature of the product or service is also important in setting decisions (Ferrell et al, 2003). If purchases are based largely on impulse, then high traffic and visibility are critical. On the other hand, location is less a concern for products or services that customers are willing to go out of their way to find. The recent availability of highly segmented mailing lists, purchased from list brokers, magazines, or other companies, has enabled certain small businesses to operate from any location yet serve national or international markets.

1.1.2 The Motorcycle Industry in Kenya

Though their history in Kenya's commerce is as old as that of cars, motorcycle use has remained relatively unpopular and limited to mostly companies and enthusiasts. However, over the past few years demand for motorcycles is on the increase with the need for more cost efficient means of transport and also as people discover new ways of generating incomes. Motorcycles aside from being affordable they are an environment friendly way to travel. The perennial congestion problems in Nairobi could be substantially eased if more people adapted this means of transport (The Advertiser, Nov 2005).

Fuel costs keep rising making transport more and more expensive. This makes it more convenient for companies to employ the use of motorcycles for official errands. For companies such as those dealing in security matters where patrolling is one of the major services they offer, use of motorcycles by their security guards is cost efficient instead of the use of motorcars. They are also popular with companies offering courier services.

Easy accessibility by motorcycles to areas where cars are not able to venture makes the use of motorcycles the better option. Sports such as motocross are slowly being accepted in the Kenyan culture.

It can therefore be seen that the potential of the market is immense; from farm use, to use by inspectors in the rural areas, to office errands and to that individual who wants a faster, cheaper and convenient means of transport to work. Evolution in the motorcycle industry has also seen the introduction of 3-wheeler cycles popularly known as 'tuk'

'tuks'. These have been a hit in areas such as Malindi, Mombasa, Machakos and Naivasha.

The challenges that the major motorcycle marketing firms have had to face over the years are the sudden influx of second-hand motorcycles in the market and the importation of cheap motorcycles. There is also an increase in the number of players in the industry (The Advertiser 2005). Some of these new players include Atur Shakti, Auto Selection, Abson Motors, Lecol, Amazon Motors, Rift Valley machinery, City motorcycles, Pentagon agencies, 1st Stop Electric Company among others. Marshalls Kenya that deals mainly in Honda motorcycles has been in operation but has only managed to maintain a relatively low market share over the years.

These new players pose a threat in destabilizing the market as they target price sensitive consumers. The consolation though is that existing motorcycle users usually are loyal to their brand. This should however not be a reason for sitting back and doing nothing. Measures to incorporate new marketing strategies then become necessary so as to survive challenges posed by the environment.

1.1.3 Car & General Ltd and Toyota E.A

Established in 1936 as Car & General Equipment Limited, Car and General was initially located in Nakuru before relocating to Nairobi in 1937 due to rapid expansion. Initial objectives were to import and distribute automotive parts, white goods and retreading. Tyre retreading, introduced in 1941 was actually one of the pioneers of local industry. In

1950, additional capital was raised to finance expansion and Car & General became a public company, floating its shares on the Nairobi Stock Exchange. In the mid 1960's, branch offices in Kampala and Dar-es-salaam were formed into separate subsidiaries, Car & General (Uganda) Limited and Car & General (Tanzania) Limited respectively. In the 1990's, it embarked on a restructuring business strategy that saw it divest from manufacturing a number products to become leaner and more focused on its current core business; the main product line being motorcycles.

Toyota started business in Kenya in 1963 with Westland Motors as a small petrol station. In 1986, Lonrho bought the share of Westland motors and relocated the Toyota business to where they are situated today, as one of the divisions of Motor Mart Group, named Toyota Kenya. In 1995, Motor Mart Group changed their name to Lonrho Motors E.A (LMEA). In April 1999, Toyota East Africa Ltd (TEAL) was established as a joint venture company with equal shareholding held by Lonrho Africa PLC and Toyota Tsusho Corporation (TTC) to become the sole appointed distributor of Toyota in both Kenya and Uganda. In July 2000, LMEA company with a dealership of Toyota as well as distributor of Yamaha, Fuso and Massey Ferguson was placed in receivership. This was only 15 months after TEAL was established in April 1999. Yamaha Motors Kenya is the official importer and distributor of Yamaha products in Kenya. The company is part of the large Toyota East Africa.

Car and General markets the following range of motorcycles: - Suzuki AX 100, TF 125, TS 185, DR 200, TVS XL Super HD, Max 100, Victor , Vesper LML Scooter and the

Piaggio 3-wheelers. Toyota E.A through Yamaha markets the following range of motorcycles: - AG 100, AG 200, DT 125, DT 175, YBR and Crux. Both companies operate branches within the country and have even gone a step further to serve markets with the East African region.

The sales figures for motorcycles have been growing steadily over time from 501 units as at June 2003 to a massive 1,141 units as at June 2006 showing increase in demand for use of motorcycles. Below are the sales figures for models marketed by the two companies:

BRAND	JUNE 2003	JUNE 2004	JUNE 2005	JUNE 2006
YAMAHA	250	331	583	660
SUZUKI	158	157	300	291
TVS/VESPA SCOOTER	93	148	100	190
TOTALS	501	636	983	1141

Fig 1: Sales per unit of brand of motorcycle
 Source: KMI reports 2003, 2004, 2005, and 2006

The figures above clearly show how the companies continuously and aggressively compete against each other for greater market share. In most instances the number one position keeps interchanging between the two.

1.2 The Research Problem

There has been the rising need for convenient means of commuting. Demand for motorcycle transport has been on the increase in Kenya. This is being fuelled by the perennial traffic jams and poor roads in the country. Our roads cannot cope with current

traffic that must be growing at a rate of over 10% pa (Marketing Africa, April 2005). There have been significant changes in the motorcycle industry in the past few years. The industry has seen the introduction of new technology with the coming in of 3-wheeler motorcycles. This has opened up avenues for new players to emerge. There has been an increase in the number of small players in the industry creating new challenges for the two major motorcycle marketing companies. Importation of cheap second hand motorcycles has also brought in some instability in the industry. This coupled with the low income earning of a majority of Kenyans, has created a lot of pricing competition for these price sensitive consumers.

It is evident though, that initial purchase of motorcycles was mainly by corporate bodies for their messenger or other office errands. This is still a major market for the motorcycle firms. However, the new emerging competition poses a great threat to this market segment. With the passage of time and changes in the environment, consumer preferences and attitudes towards a particular product also change. New users of a particular product emerge and hence companies need to keep developing and changing their marketing strategies.

Studies done relating to the motorcycle industry have mainly been on the transport sector such as a study on the Boda boda as a means of transport offered to the rural and urban low-capacity in Uganda (Howe and Davis, 2001). Another study was also done touching on the transport sector mainly focusing on matatus (Khayesi ,1999). Many studies have been done on strategic responses in the face of various environmental factors but mainly

in the area of Strategic Management. Examples include studies done by Muturi G.Njau (2000), Thiga S.W (2002), Kiptugen E.J (2003), Migunde F.A (2003), Lengopito F.D (2004) among many others. All these studies provided vital information in highlighting how firms adjust in order to survive in their environments. Very little on the other hand has been done on marketing strategies with a few studies done such as the case of a study done by Saronge F (2004) on Marketing strategies used by manufacturers of fast moving consumer goods in Kenya when launching new products.

This research sought to answer two main questions with particular reference to the major motorcycle marketing firms in Kenya. Firstly, what were the challenges posed by the changes in the macro-environment in which the firms operate in? Secondly, what marketing strategies have did each of the firms put in place so as to cope with these challenges?

1.3 Research Objectives

The research objectives for this study were to:

1. Determine the macro-environmental challenges encountered by the major motorcycle marketing firms in Kenya.
2. Establish the marketing strategies adopted by the major motorcycle marketing firms in Kenya to cope with the macro-environmental challenges.

1.4 Importance of the Study

Findings of this study will be important to a number of users.

Firstly, the industry players as it sheds light to the areas that they may have neglected and those that they should focus on to achieve maximum desired results. Secondly, to new players in the industry by allowing them to assess and forecast the future of the business. Lastly, to scholars, it will provide an opportunity for further research on other issues that may contribute to the growth of the motorcycle marketing industry in the country.

1.5 Overview of the Report

This report is organized into five main chapters. Chapter one covers in brief the introduction to marketing strategies and how they can be applied by companies. This chapter also highlights the trends that have been taking place in the motorcycle industry in Kenya over the past few years. Specific focus is on the two main motorcycle marketing firms in the country, namely Car and General Limited and Toyota East Africa. Chapter two is the literature review that highlights the environmental factors that affect business operations. The forces to reckon with are demographic, economic, natural, technological, political-legal and socio-cultural factors. Also covered in this chapter are the various marketing strategies that firms can adopt depending on their prevailing situation. This chapter also shows the link between marketing strategies used by companies to counter challenges posed by the environment.

Chapter three covers the methodology of the research, describing the nature of the research design, method of data collection and also how analysis of the data was conducted. Chapter four is analysis of the data collected during the study as well as its interpretation. The fifth and final chapter gives a summary of what the study has been able to ascertain, gives an in-depth discussion and the conclusions reached. It also highlights limitations encountered in the study and recommendations for further study.

CHAPTER 2: LITERATURE REVIEW

2.1 The Macro-Environment

Success companies recognize that the marketing environment is constantly presenting new opportunities and threats, and they understand the importance of continuously monitoring and adapting to that environment. Organizations are in constant two-way interaction with the environment such that they take resources from the environment, add value and return them back to the environment (Ansoff and McDonnell, 1990). With the rapidly changing global picture, firms must monitor six major forces namely political-legal, demographic, economic, natural, technological and socio-cultural (Kotler, 2003). These environmental factors are usually beyond the control of the firm and may sometimes present themselves as threats.

Political –Legal factors: Political factors can have a direct impact on the way business operates. Decisions made by government affect our every day lives and can come in the form of policy or legislation. The government's introduction of a statutory minimum wage affects all businesses, as do consumer and health and safety laws and so on. The addition or removal of legislature or regulatory constraints can pose major strategic threats and opportunities (Aaker, 1992). The current increase in global petrol prices is having a profound impact on major economies, it is estimated that £200bn has been added to the global fuel bill since the price increases started (BBC news 19/9/00).

The environment is composed of laws, government agencies and pressure groups that influence and limit various organizations and individuals. Sometimes these laws also create new opportunities for business (Kotler, 2003). The direction and stability of a country's political factors is a major consideration for management when formulating company strategies, since these factors define the legal and regulatory parameters (Pearce and Robinson, 1997).

Demographic factors: People make up markets (Kotler, 2003). Population changes also have a direct impact on all organizations. Changes in the structure of a population will affect the supply and demand of goods and services within an economy. There are a number of important issues to consider that include the size and population growth rate, age distributions of the population, educational levels, household patterns and also regional characteristics. Explosive population growth, as what is currently being experienced in the country has major implications for businesses. However, a growing population does not necessarily translate to growing markets unless these markets have sufficient purchasing power. These trends are highly reliable for the short and intermediate run.

Economic factors: Markets require purchasing power as well as people. The available purchasing power in an economy depends on current income, prices, savings, debt and credit availability (Kotler, 2003). These factors concern the nature and direction of the economy in which the organization operates (Pearce and Robinson, 1997). They affect the organization through economic growth, monetary policy, money supply, efficiency of

financial markets, interest rates, inflation, government spending, unemployment rates, disposable incomes and quality of infrastructure. All businesses are affected by economical factors nationally and globally. Interest rate policy and fiscal policy will have to be set accordingly. Whether an economy is in a boom, recession or recovery, it will also affect consumer confidence and behaviour (Kanuk and Schiffman, 1994).

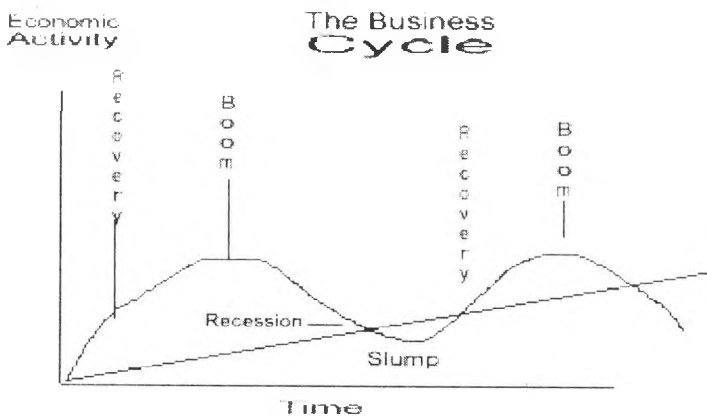


Fig 2: The Business Cycle

Source: www.learnmarketing.net

An economy which is booming is characterized by certain variables. Unemployment is low, job confidence is high and because of this confidence spending by consumers is also high. This has an impact on most businesses. Organizations have to be able to keep up with the increased demand if they are to increase turnover. An economy which is in a recession is characterized by high unemployment and low confidence and since there is high unemployment spending is low, confidence about job security is also low. Businesses face a tough time, consumers will not spend because of low disposable income. Many businesses start cutting back on. A truly global player has to be aware of economic conditions across all borders and ensure they employ strategies and tactics that protect their business (Aaker, 1992).

Natural environment: The rapid deterioration of the natural environment is a major global concern (Kotler, 2003). There are numerous campaigns to reduce pollution such as the campaign by oil companies to deface leaded petrol with the introduction of unleaded petrol. The continued rise in oil prices has created the need for alternative energy forms such as the recent introduction into the market of battery charged motorcycles that tend to pose no threat to the environment through pollution and are easily charged to run at the convenience of the rider.

Technological environment: Changes in technology is changing the way business operates. The Internet is having a profound impact on the marketing mix strategy of organizations (Aaker, 1992). Technological revolution means a faster exchange of information beneficial for businesses as they can react quickly to changes within their operating environment. This is one of the, most dramatic forces shaping peoples lives. The economy's growth rate is affected by how many major new technologies are discovered (Kotler, 2003).

It is important to monitor the pace of change, the opportunities of innovation, varying research and development budgets and also increasing regulations.

This can help a firm in ensuring that its operations and products are not rendered obsolete. Creative technological adaptations can suggest possibilities for new products, for improvement in already existing products or in manufacturing and marketing (Pearce and Robinson, 1991). The motorcycle industry in Kenya has seen the introduction of tri-

cycles popularly known as 'tuk tuks' as an advance in technology and coping with changing times.

Socio-Cultural factors: Society shapes our beliefs, values and norms. These forces shape who we are as people and the way we behave and what we ultimately purchase. Changes result from efforts by individuals to satisfy their desires and needs by controlling and adapting to the environment. The social- cultural factors that have an impact on organizational performance include social mobility, educational beliefs, values, culture, income distributions and attitudes towards work (Pearce and Robinson, 1997).

For example, Kenyans attitudes today are changing towards their diet and health. As a result there is an increase in the number of people joining fitness clubs and a massive growth for the demand of organic healthy food. As society changes, as behaviours change, organizations must be able to offer products and services that aim to complement and benefit people's lifestyle and behaviour.

2.2 Marketing Strategies

Marketing strategy can be defined as a set of guidelines and policies used for effectively matching marketing programs (the four P's) with target market opportunities to achieve organizational objectives (Cravens et al, 1996). Being selling companies in Kenya, we will consider not only the four main P's- Product, Price, Place and Promotion, but also, two other P's associated with service companies that include People and Physical evidence or surroundings.

The product is the core of the marketing strategy. Strategies that relate to new product success include overall fit with organization's strengths and a defined opportunity in the environment. There are at least six marketing strategy options related to the newness of products (Ferrell et al, 2002). These are innovation, new product lines, product line extensions, improvements or changes in existing products, repositioning and cost reductions.

Brands that have been successful over a long time period offer some useful insights regarding product strategies (Cravens, 1991). Branding is the identification a product maintains through a name, symbol or design (Ferrell et al, 2002). Understanding concepts such as brand loyalty and brand equity, co-branding and brand licensing are critical to properly developing and managing a product strategy. Product strategy is the most important element of the marketing mix. It matters little if pricing, promotion and distribution exceed customer expectations if the product does not match the needs and wants of the target market. The role of branding will become even more important as products jockey for positions in crowded markets.

Price is the value placed on goods and services what customers are willing to pay for a product or service (Kibera and Waruingi, 1998). By defining a price, marketing managers must think of how their product will be valued by customers (Dolan, 1995). The role of price in marketing strategy depends on the target market, the product and the distribution strategies that are selected by management (Cravens, 1996). Managers developing a pricing strategy should base their decisions on a careful consideration of several factors

such as costs, demand, customer impacts and competitor prices. Pricing strategies provide general and consistent approaches for firms as they come up with prices for their products.

Psychological pricing strategies put the actual price in as positive light as possible under the circumstances (Ferrell et al, 2002). These include Prestige pricing where firms set their prices at the top end of all available products in a category so as to promote an image of exclusivity and superior quality, Odd/Even pricing which gives an impression that the seller did everything possible to get the price as fine (and thus as low) as he possibly could, Reference pricing where products are priced just slightly below most of the competitors to allow comparison between sale prices and regular prices and finally Price Bundling which brings together two or more complementary products for a single price.

There are also specific price strategies that can be used for existing products (Cravens, 1996). These include High-Active Strategy where a high price charged to customers who may be seeking an affluence image, High-Passive Strategy when customers in the market are concerned with product quality and performance hence high prices charged, Low-Active Strategy where price is an important factor in the buyer's decision and Special pricing Strategies which include price segmentation strategies, distribution channels pricing strategy, price flexibility strategy, and PLC pricing. On the other hand, pricing strategies for new products are Market Penetration pricing Strategy and Market Skimming pricing Strategy (Kotler, 2003).

The practice of 'price skimming' involves charging a relatively high price for a short time where a new, innovative, or much-improved product is launched onto a market. The objective with skimming is to "skim" off customers who are willing to pay more to have the product sooner; prices are lowered later when demand from the "early adopters" falls. The success of a price-skimming strategy is largely dependent on the inelasticity of demand for the product either by the market as a whole, or by certain market segments (Kotler, 2003). High prices can be enjoyed in the short term where demand is relatively inelastic. In the short term the supplier benefits from 'monopoly profits'. but as profitability increases, competing suppliers are likely to be attracted to the market (depending on the barriers to entry in the market) and the price will fall as competition increases. The main objective of employing a price-skimming strategy is, therefore, to benefit from high short-term profits (due to the newness of the product) and from effective market segmentation.

Penetration pricing involves the setting of lower, rather than higher prices in order to achieve a large, if not dominant market share. This strategy is most often used by businesses wishing to enter a new market or build on a relatively small market share. This will only be possible where demand for the product is believed to be highly elastic, i.e. demand is price-sensitive and either new buyers will be attracted, or existing buyers will buy more of the product as a result of a low price. A successful penetration pricing strategy may lead to large sales volumes/market shares and therefore lower costs per unit. The effects of economies of both scale and experience lead to lower production costs,

which justify the use of penetration pricing strategies to gain market share. Penetration strategies are often used by businesses that need to use up spare resources (Cravens, 1996). A penetration pricing strategy may also promote complimentary and captive products. The main product may be priced with a low mark-up to attract sales (it may even be a loss-leader). Customers are then sold accessories (which often only fit the manufacturer's main product) which are sold at higher mark-ups. Before implementing a penetration pricing strategy, a supplier must be certain that it has the production and distribution capabilities to meet the anticipated increase in demand.

A firm can also decide to position its product on quality and price (Kotler, 2003). There can be competition between price-quality segments. The figure below shows 9 price-quality strategies: -

		PRICE		
		High	Medium	Low
PRODUCT QUALITY	High	1. Premium Strategy	2. High -Value Strategy	3. Super -Value Strategy
	Medium	4. Overcharging Strategy	5. Medium-value strategy	6. Good-value Strategy
	Low	7. Rip-off strategy	8. False-economy strategv	9. Economy strategy

Figure 3: Nine Price-Quality Strategies

Source: Philip Kotler, Marketing Management, 2003, Pg. 472

The diagonal strategies 1, 5 and 9 can all co-exist in the same market as long as the market consists of three groups of players; those insisting on quality, those insisting on price and those who balance the two. 2, 3 and 6 are ways to attack the diagonal positions. If quality-sensitive customers believe these competitors, they will sensibly buy from them

and save money. Strategies 4, 7 and 8 amount to overpricing the product in relation to quality.

Distribution is a vital part of making goods available to consumers when, where and in the form required (Needham et al, 1999). It consists of individuals and organizations that make products and services accessible to the ultimate customer. Several strategic decisions need to be taken such as the selection of specific distribution channels and the level of distribution intensity. This may include the following: -

- Exclusive Distribution Strategy - limiting the number of intermediaries handling the product or service. This is commonly associated with prestige products.
- Selective Distribution Strategy - use of more than a few but less than all the intermediaries who are willing to carry a particular product. It is desirable when customers need the opportunity to comparison-shop, and after-sale services are important.
- Extensive Distribution Strategy - placing the goods or services in as many outlets as possible such that the customers can conveniently get to them.

Distribution and supply chain management have moved to the top of the list when it comes to achieving a sustainable advantage and true differentiation in the market place (Majumdar, 1996). A solid distribution system, while costly to construct (in both money and time), will generate profits for years to come (Ferrell et al, 2002).

Marketing theory distinguishes between two main kinds of promotional strategy - "push" and "pull"(Engel et al, 1991). A "push" promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. The producer promotes the product to wholesalers, the wholesalers promote it to retailers, and the retailers promote it to consumers. These strategies are appropriate where there is low brand loyalty in a category, brand choice is made in the store, product is an impulse item and product benefits are well understood (Kotler, 2003). A "push" strategy tries to sell directly to the consumer, bypassing other distribution channels.

A "pull" selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers. A pull strategy is appropriate when there is high brand loyalty and high involvement in the category, when people perceive differences between brands and when people choose the brand before they go to the store (Kotler, 2003). Companies in the same industry may differ in their emphasis on push or pull strategies.

Promotional activities are necessary to communicate the features and benefits of a product to its intended target markets (Kotler, 2003). Promotion mix decisions are also affected by product price, because lower-priced products tend to have a lower profitability per unit that would dictate advertising while higher-priced products include a level of margin that makes covering the costs of personal selling feasible. Advertising

which is usually one of the most visible components of integrated marketing communications, is paid, non-personal communication that is transmitted through the mass media (Ferrell et al, 2002). It may be of the form of product or institutional advertising.

Sales promotion may be an activity or object that acts as an incentive or inducement providing added value for a buyer. It can be targeted towards resellers, sales persons or consumers. In general, it attempts to persuade or encourage product trial and purchases.

Sales promotion is commonly referred to as “Below the Line” promotion. It can be directed at the ultimate consumer (a “pull strategy” encouraging purchase) or the distribution channel (a “push strategy” encouraging the channels to stock the product).

This is usually known as “selling into the trade”. Methods of sales promotion include price promotions commonly known as “price discounting”, Coupons, Gift with purchase, Competitions and prizes, Money refunds, Frequent user / loyalty incentives and Point-of-sale displays.

Personal selling is paid personal communication that attempts to inform customers about products and persuade them to purchase these products. It is oral communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to "close the sale". It is one of the oldest forms of promotion. It involves the use of a sales force to support a push strategy (encouraging intermediaries to buy the product) or a pull strategy (where the role of the sales force may

be limited to supporting retailers and providing after-sales service). The main disadvantage of personal selling is the cost of employing a sales force. Sales people are expensive.

Publicity and Public relations is used to create and maintain positive relationships between an organization and its stakeholders. It can improve the public's general awareness of a company and create specific company images. The role of public relations is to identify the relevant publics, influence the opinions of those publics by reinforcing favourable opinions, transforming perhaps neutral opinions into positive ones and changing or neutralizing hostile opinions. The various techniques available to influence public opinion include Consumer communication, Business communication, Internal employee communication, External corporate communication and Financial communication

The people or personnel factor is important because personal interaction between customers and the firm's employees strongly influences the customer's perception of service quality and hence the product (Rust et al, 1996). For this reason, human resources management policies are considered to be of particular strategic importance in the delivery of high quality services. This brings out the importance of "internal marketing".

Companies today are also investing highly in their physical surroundings. These and other visible cues have a profound effect on the impressions customers form about the quality of the service they receive (Rust et al, 1996). The "servicescape" such as the

ambience, background music, seating comfort and the physical layout of a service facility can greatly affect a customer's satisfaction. Just as in the case of meeting someone for the first time we strive to make positive impressions, it is also important for businesses to create that ideal first impression that will make customers want to give the company their money and keep coming.

CHAPTER 3: METHODOLOGY

3.1 The Research Design

The research at hand looked into the operations of the two major motorcycle marketing firms in Kenya. From the Kenya Motor Industry (KMI) reports, it was easily deduced from the number of sales annually that the Yamaha and the Suzuki brands are the leading brands in the industry hence formed a basis as to why the two firms. Toyota E.A is the appointed dealer for Yamaha motorcycles while Car & General is the appointed dealer for Suzuki and TVS motorcycles in Kenya and also Piaggio three wheelers.

3.2 Data Collection

Primary data was used for this study. Data was collected through personal interviews conducted by the researcher (see appendix II attached for the interview guide). The interviewer was presented with the opportunity to interview a senior manager from each company. At Car and General, the interviewer was able to interview Mr David Chesoni, the General Manager (Trading Division) who is in charge of developing strategies covering their motorcycle range. At Toyota EA, the interviewer was able to interview Mr Maurice Omollo, the Sales Manager (Yamaha division) who runs the operations of the whole range of Yamaha products.

The interviews were carried out at their head offices that are both based in Nairobi.

Operations in both cases are centralised hence need to travel to their respective branches did not arise.

3.3 Data Analysis

This being a case study, data was collected from two study units namely Toyota EA (for Yamaha motorcycles) and Car and General (for Suzuki and other models). They are both recognised in the industry as being main players in the marketing of motorcycles. This therefore allowed for in-depth exploration of the issues at hand through use of open ended questions that allowed for further probing. The data collected through interviews conducted was qualitative. This data was then analysed using content analysis. This was accompanied by a detailed and comprehensive narrative summary of the answers obtained from each interview that was conducted in each of the respective firms.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This study sought to obtain information as per two main objectives identified as determining the macro-environmental challenges encountered by the major motorcycle marketing firms in Kenya as well as the marketing strategies these firms have adopted so as to cope with the challenges. The nature of data obtained in the study was qualitative hence analysed using Content analysis. The data obtained was analysed and presented in the order of the objectives as stated above.

4.2 Macro-Environmental Challenges

As per the first objective, the study sought to determine the macro-environmental challenges that both Car & General and Toyota EA faced as regards marketing of motorcycles that they are associated with; Suzuki for the former whereas Yamaha for the latter. In all aspects of the macro-environment; political-legal environment, economic environment, technological environment, socio-cultural environment as well as demographics, both companies faced some challenges that were similar. These challenges that both firms faced are highlighted as follows.

As regards the political-legal environment, the recently introduced registration regulations posed a challenge. With vehicles required to be duty paid in full before they leave the port, this has brought about delays in the registration of new units. It may not be directly applicable to motorcycles but the introduction of the new system has led to

delays in the process of registration for both motor vehicles and motorcycles. This has resorted to the firms holding large quantities of duty paid stocks so as to reduce the lengthy process and satisfy their customers.

The introduction of strict regulations to the public transport sector such as enforcement of use of safety belts, the legally accepted number of passengers a vehicle can carry as well as the introduction of speed governors saw a rise in demand for alternative means of transport as a strain was created to the existing public transport sector. With these regulations came about hiked prices in terms of fares and more and more people were forced to seek cheaper and more economical means of transportation.

There is also the lack of necessary laws governing the importation of motorcycles. There is no control enforced by the Kenya Bureau of Standards as regards to product quality of the motorcycles that should be allowed into the country. This has led to the importation of cheap and mainly poor quality motorcycles by small players in the market that have brought unfair competition. In most cases, these small time players do not even provide back up spares and parts and hence the major motorcycle companies have to deal with misconceptions created that when motorcycles breakdown, it's the end of their useful life since they do not have spare parts.

Some years back, government spending was not as supportive of many businesses, the motorcycle industry being included in the list. However, recent donor funded tendering processes have enabled the government be transparent and astute in its spending budget.

Instead of purchasing motor vehicles for its administrators, the government has been encouraged to purchase motorcycles that are not only cheaper in price and running costs, but also convenient for areas that are not easily accessible due to poor infrastructure.

Demographically, the continuous increase in population and rural to urban migration has resulted in a serious strain on the public transport sector. With more people working and others seeking employment opportunities in the major towns, this definitely means more people to transport from one point to another. The effect is even made worse due to the poor road network systems in the country at the moment. The large population is composed mainly of educated youth most of whom have caused an increase in unemployment levels as formal work opportunities are scarce.

Despite being a vice, unemployment has created lots of opportunities for the informal sector as businesses evolve. These businesses have created markets for the motorcycle marketing firms such is the case of the 'boda boda' business where businessmen have started opting for the motorcycle in place of the bicycle. Small businesses that require a faster and reliable method of delivering their goods have been able to achieve cost effective means through use of motorcycles.

The past few years has seen an improvement in performance of the Kenyan economy. The economy has experienced fall in interest rates. The impact of this is that borrowing has been made easier for individuals. Currently various banks are trying to out do each other by giving personal loans at relatively competitive rates as well providing asset

financing. This easy accessibility to credit by individuals has increased their purchasing power making it easier for individuals to acquire various goods.

The shilling has also been growing in strength against the dollar over some period of time. A weak dollar has made importation of goods to the country cheaper and easier. This has seen the two main motorcycle marketing companies growing in business as stocks of units have been increased. They have also been able to maintain prices for the motorcycles at a reasonable rate over a period of time. This, however, has also encouraged the influx of second hand motorcycles.

An area that is of great concern is infrastructure. Kenya still has a long way to go in terms of developing its infrastructure as witnessed by the congestion that is a characteristic feature of the main towns especially Nairobi. Poorly maintained and dilapidated road networks lead to increased running and operational costs for businesses. It has worked to the favour of motorcycle use as they are considered ideal in manoeuvring all areas inaccessible by normal vehicles whether tarmac or not. Traffic congestion also makes the use of motorcycles a cheaper and faster means of getting to ones destination.

Technology is ever changing and with it comes various developments. Today, the internet is easily and readily available to everyone at an affordable rate. Information is therefore accessible to all. Consumers can quickly and easily get information concerning products from the internet without actually visiting the particular retailer. In as much as the companies have embraced the technology by having their own websites and emails

through which added business comes from, the technology has brought about stiff competition from those who opt to import directly from overseas suppliers either for their own personal use or for resale hence the emergence of small players in the market.

Advancement in technology encourages companies to move on with the times and be updated in terms of the products they supply to customers. Both companies have embraced new technology by marketing of four-stroke motorcycles that are considered more environment friendly than the two-stroke motorcycles that have dominated the market for a number of years. Keeping up to date with these latest trends in the world as concerning green marketing has been a motivating factor for this move as eventually all two-stroke motorcycles will be phased out.

The socio-cultural environment is mainly concerned with a society's beliefs and attitudes. Many Kenyans do not highly regard the use of motorcycles especially for personal use. They tend to regard them only applicable for office use. This is evidenced by the larger percentage of motorcycle sales by the two companies being corporate sales with a smaller portion being sales to individuals. There are also cases of motorcycle riders being bullied out of the road especially by errant public service vehicle drivers. Motorcycle riders also feel let down by the government which has never considered designating particular roads to be used by motorcycle riders hence have to fight it out with cars on the main roads.

The changing lifestyles of consumers has however seen an increase in demand for motorcycles especially in the rural set up as teachers who are highly regarded, upgrade

from the use of bicycles to motorcycles. The positive attitude has been supported by the fact that government resorted to purchase motorcycles for use by school inspectors around the country. The popularity of use of motorcycles by farmers has also helped to shape the thinking of those in the rural areas as they appreciate it as a convenient means of transportation especially because of the fact that there are poor road network systems in those areas.

A challenge that was unique to Car and General was the tight control of public transport routes by informal groups. This has affected the sale of the piaggio 3-wheeler that they added to their product range. While the government has continued to turn a blind eye on the situation, these cartels have grown to the extent that anyone wanting to operate in certain routes has to seek their 'blessings' hence creating an obstacle to persons who would like to venture into taxi business.

The company has been forced to lobby with players in the industry such as the Matatu Owners Association and Matatu Welfare Association so as to seek a sustainable long term solution. Though it is still an on going process, the recent stern stand by the government against informal groups has reasonably improved the situation and the company hopes to make more sales than it is doing at the moment. The situation is still very volatile and it is hoped that the government will continue to take serious measures against these informal groups.

4.3 Marketing Strategies

As per the second objective, the study sought to determine the marketing strategies that these motorcycle marketing firms have adopted to cope with the named challenges. Both companies applied various marketing strategies based on the six marketing mix variables that were under study namely product strategies, pricing strategies, distribution strategies, promotion strategies, people strategies and physical evidence strategies.

As regards product strategies, both Toyota East Africa and Car and General took pride in the introduction of four-stroke motorcycles into the market. These motorcycles are environmentally friendlier than the two-stroke motorcycles that have been dominating the market since they minimise pollution effects. Car and General took diversification a notch higher with the introduction of the piaggio three-wheeler that has become so popular in taxi business.

Each company also came up with its own product package for potential customers. In the case of a Yamaha customer, Toyota provided a free helmet on purchase of motorcycle, short safety riding and maintenance courses and insurance is done in-house so as to speed up the registration process. In the case of a Suzuki customer, Car and General gave a free helmet too and two labour free services. Branding as a product strategy was applied by both companies in signage, on company vehicles, their brochures and also on business cards. The two firms also emphasised on creating and maintaining brand loyalty by establishing customer relations departments to follow up on existing customers and ensuring their satisfaction with the products.

Product repositioning featured as a product strategy for Car and General. Through its advertising campaigns, they have been trying to reposition some of its brands that were normally considered as only meant for use by businesses. Its campaigns have been targeting individuals to purchase the Suzuki AX 100 that can serve not only business use but also for leisure purposes by those who would want the convenience of getting where they are going faster.

Both companies prided themselves in dealing with superior quality goods hence fixed prices at about 10% higher than prevailing market prices. They in essence apply two main price-quality strategies; namely premium strategy and high-value strategy. For what are considered as luxury motorcycles, both companies used prestige pricing strategies to promote exclusivity. They also encouraged repeat purchases by offering attractive discounts to repeat customers.

The introduction of the piaggio 3-wheeler to the market saw Car and General adopting market skimming pricing strategy whereby a relatively high price was charged for the product upon its launch to the market. Profits were enjoyed in the initial stages of marketing of the product. With the emergence of competition over time, they have had to revise their prices downwards.

Car and General took on differential pricing by putting in place an internal hire purchase scheme for acquisition of motorcycles. This was mainly to attract individual clients. With many Kenyans facing unemployment and circumstances forcing them to resort to self-

employment, purchase through the hire purchase has encouraged them to grow their businesses. They have also gone a step further by collaborating with banking institutions and retail centres such as the African Retail Traders (ART) to offer asset finance.

As regards distribution strategies, both companies apply selective distribution strategies. Both have the head offices in Nairobi with branches in Mombasa. Car and General recently opened another branch in Kisumu and plans are underway to open another in Nakuru. Selective distribution is seen as the main strategy used by the two firms since after-sale services are important. They also have dealers strategically positioned around the country in the larger towns. These dealers have to satisfy a particular capital requirement in order to obtain the dealership.

Car and General took a step further by forming a partnership with a major supermarket, Nakumatt, as a strategic outlet for its motorcycles. By doing so, they are adopting extensive distribution strategy to ensure that their products are in as many outlets as possible to be reached conveniently by customers. This has been done specifically for the Suzuki AX 100 street motorcycles.

In the case of promotional strategies, both companies generally tended to apply a mix of both pull and push strategies. Car and General applied pull strategies to a higher extent through major use of advertising via print media by carrying out various adverts on a monthly basis. In search of new customers, they also incorporated a push strategy by

using their sales force. The company ensures that each sales person has an action plan for a particular period and meetings are held weekly to give a report on progress.

Toyota EA on the other hand placed more emphasis on push strategies with particular emphasis on personal selling in marketing the Yamaha motorcycles. They effectively use an extensive and well defined monthly program of appointing certain team members to follow up on particular market segments. Advertising was also applied by the company, though occasionally.

In creating positive relations with the public, both companies engaged in activities that made them more visible and brought them closer to the consumer. The firms sponsored events such as Toyota supporting the motocross sporting events, exhibiting products at major cultural and annual shows such as the Total motor show and donating products to be won on a popular TV show “Who’s smarter now”. Car and General is also a frequent participant and exhibitor in cultural shows such as the concour de elegance and often donates some of their products to various institutions as was in the case where a three wheeler was donated to an *institution of higher learning for use by blind students*.

Both companies appreciated the fact that despite dealing with goods, they needed to apply certain strategies associated with pure service companies. Being in a competitive market, they focused on recruiting the right people to do the job and offered necessary incentives to their employees such as having attractive commission programs in place. Car and General conducted annual performance appraisals, a program that has been

carried out since 2004. Toyota EA prided itself in holding frequent team building activities externally to encourage their staff interact with one another and form strong bonds that translate into team effort. The two firms also carried out frequent training sessions to update their staff on product knowledge and various skills applicable in their line of duty.

To compliment all their marketing efforts, both companies over the years have continuously been making capital improvements to their showrooms so as to have profound effect on their customers once they walk in into their premises. Use of clear sign boards, beautiful potted plants, background music and open-office set ups featured in both companies. Both companies have invested in ultra modern workshops to ensure that after sale service is performed to the highest standards and leave their customers fully satisfied with their products.

CHAPTER 5: CONCLUSION

5.1 Summary, Discussions and Conclusions

The first objective of the study sought to determine the macro-environmental challenges encountered by the major motorcycle marketing firms in Kenya. The results indicate that a number of challenges faced were common to the two companies studied. There was the issue of registration regulations causing unnecessary delays. There are no separate procedures as with those carried out on motor vehicles, hence when there is a hitch or problem facing motor vehicle registration it trickles down to motorcycles too.

Introduction of regulations to the public sector saw a rise in demand for alternative means of transport. Lack of protection from the government, whether through laxity or ignorance, has failed to prevent the industry from the influx of second-hand motorcycles that in most cases are poor quality. If motor vehicles have to go through an inspection process, motorcycles also need to go through the same process and get issued with quality certificates.

Government spending has increased with donors encouraging and supporting use of cost-effective means of transport. This on a positive note has seen government spending on costly capital items deducing to reasonable levels hence funds can be utilised in other viable projects. The increase in population positively means a larger market to target. With that came increase in unemployment levels. There is also the issue of a strain on the public transport sector. This however, led to creation of opportunities for new businesses

as more people strive to become self employed and adopt cheaper and convenient means of transport.

A booming economy has greatly improved purchasing power of Kenyans. Easy availability of funds from banks has encouraged people to venture into new businesses as well as engage in expansion of existing ones. Any business minded person is therefore attracted to a product promising cost cutting measures especially with the great concern of poor infrastructure in the country. Technology is ever changing and without want, affects most businesses. It has led to the adoption of environment friendly motorcycles by the firms. Easy accessibility of information through use of the net has worked to both the advantage and disadvantage of the firms. More and more customers are well informed of the products and can easily make their own comparisons.

A macro-environmental factor that has the potential of seeing the motorcycle industry growing tremendously is the attitude of Kenyans towards the product. The image that most people have towards use of the motorcycle is prejudiced. Individual persons who truly appreciate the savings one can make through owning a motorcycle site disrespect by other motorists on the road as a major reason as to why they would not invest in one. There is also the notion that what you drive (or ride) defines your status in society and there are certain images that most Kenyans would like to uphold. It is therefore in my opinion that the two companies focus on changing the attitudes of Kenyans to their benefit through all marketing activities possible.

Car and General further faced a unique challenge posed by the influence of informal groups controlling the transport sector. This greatly influenced the performance of the piaggio three-wheeler range of products that they recently introduced into the market that mainly serve as public transport vehicles. Being an issue that is out of their control, the government needs to enforce its support for the industry by ensuring adequate security for businesspersons to freely and openly operate without fear.

The second objective of the study sought to establish the marketing strategies adopted by these motorcycle marketing firms to cope with the macro-environmental challenges. The results indicate that both Car and General and Toyota EA tend to apply similar marketing strategies. Both companies pride in stocking a wide product range to cater for the needs of each individual customer whether for farm or town use. To make their products attractive, they each offer complete packages upon the purchase of a motorcycle. This makes them 'stand out from the crowd' as customers would rather deal with a firm that caters to their every need as pertains to the product.

The companies prided themselves in dealing with quality products. Toyota EA is the appointed dealer of Yamaha motorcycles while Car and General is the appointed dealer for Suzuki and TVS motorcycles as well as the Piaggio 3-wheeler. With the assurance of dealing in quality and genuine products, they can afford to price their products at a slightly higher margin compared to market rates. Their established reputations also make it possible for them to partner with financing institutions to provide asset financing such as what Car and General has taken advantage of.

Having been in operation for a number of years, the companies have been able to expand and establish dealer networks in various towns other than branches. Necessary support is given to dealers so that they stock their goods and provide essential back-up service to clients. Promotion strategies play a great role for motorcycle marketing firms with Toyota placing emphasis on personal selling and Car and General using much of advertising. Personal selling seemed to favour corporate clients while advertising attracted individual customers. Both strategies can therefore be applied hand in hand.

Apart from establishing that they each had the right calibre of motivated staff in their teams, the companies ensured that the working environment is conducive which in turn results in satisfied customers. Beautification of showrooms and workshops to be comparable with international standards was a strategy shared by both companies. A first impression created on a customer's initial encounter with the firm greatly influences the final outcome, a purchase or not.

5.2 Limitations of Study

The main limitation faced while doing the study is the fact that there are numerous small players in the market who seem to wield considerable influence in the market yet their performances are not documented in the KMI (Kenya Motor Industry) reports which collects sales figures per month from each company to give a representation of how many units were sold.

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LETTER OF INTRODUCTION TO THE RESPONDENTS

Sylvia D. Anyika
School of Business
University of Nairobi
P.O. BOX 30197
Nairobi

Dear Respondent,

RE: MARKETING STRATEGIES APPLIED BY THE MAJOR MOTORCYCLE
MARKETING FIRMS IN KENYA

I am a post graduate student at the University of Nairobi, School of Business. In order to fulfil the degree requirements, I am undertaking a management research project on the above subject. Your company has been selected to form part of this study. This is to kindly request you to assist me collect the data by taking some time for a face-to-face interview on issues relating to the subject. The information you provide will be used exclusively for academic purposes and it will be treated with strict confidence.

Your co-operation will be highly appreciated.

Thanking you in advance.

Yours Sincerely,
Sylvia Anyika
MBA Student
University of Nairobi

Dr. Martin Ogutu
Lecturer/ Supervisor
University of Nairobi

INTERVIEW GUIDE

Name of company:

Position in the company:

Kindly give a brief introduction as to how the motorcycle industry has performed over the past few years.

The macro-environment is composed of the following factors; Demographics, Economic, Technological, Natural (Ecological), Political-Legal and Socio-Cultural.

1. a) Have changes in the country's demographic factors over the years posed any challenges to the business? Please explain how.
 - In terms of population growth, population distribution, education levels, consumer patterns.
- b) How has the company been able to cope with these changes? Kindly highlight the marketing strategies that have been applied successfully.
 - Product strategies, price strategies, distribution strategies, promotional strategies, people strategies, physical facilities.
2. a) Please highlight the economic changes that have taken place in the country over the years and how these changes have posed a challenge to the motorcycle industry.
 - Interest rates, inflation, purchasing power, unemployment, government spending, infrastructure.
- b) What specific marketing strategies has the company adopted to cope with the challenges posed by the economic factors?
 - Product strategies, price strategies, distribution strategies, promotional strategies, people strategies, physical facilities
3. a) Has the natural (ecological) environment been a force to reckon with in the industry? If so, what challenges has it created for the firm?

- Threat of pollution

b) In what ways has the company tackled the challenges through use of marketing strategies?

- Product strategies, price strategies, distribution strategies, promotional strategies, people strategies, physical facilities.

4. a) What technological changes have contributed to the growth of the industry over the years? What challenges have come about with such changes?

- New products, information.

b) What marketing strategies has the firm adopted to cope with the above technological changes?

- Product strategies, price strategies, distribution strategies, promotional strategies, people strategies, physical facilities.

5. a) How has the political environment played a challenging role to the motorcycle industry? What legislature, if any, has been put in place that has created a challenge to the industry?

- Laws, influence of government agencies and pressure groups.

b) How has the firm been able to cope with the above challenges through the use of marketing strategies?

- Product strategies, price strategies, distribution strategies, promotional strategies, people strategies, physical facilities.

6. a) What socio-cultural changes in the country have created challenges to the industry?

- Beliefs, values, consumer attitudes, lifestyles.

b) What marketing strategies has the company put in place to address them?

- Product strategies, price strategies, distribution strategies, promotional strategies, people strategies, physical facilities.