PRODUCT STRATEGY AND PERFORMANCE AMONG REAL ESTATES FIRMS IN MOMBASA COUNTY

BY

CYNTHIA MUNANIE MANYETI

A RESEARCH PROJECT REPORT SUBMITTED TO THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT OF MANAGEMENT SCIENCE & ENTREPRENEURSHIP IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION

MOI UNIVERSITY

2024

DECLARATION

Declaration by the student:

I declare that this research project report is my original work and has not been presented in any other university.

Sign:………………… …………..   Date: ………………………..

Cynthia Munanie Manyeti

PGM/002/15

Declaration by the supervisor:

This Research project report has been submitted for examination with our approvals university supervisor.

Sign:………………… …………..   Date: ………………………..

Dr. Stanley Kavale

Department of Management Science and Entrepreneurship

Moi University

Sign:………………… …………..   Date: ………………………..

Dr. Andrew Kimwolo

Department of Management Science and Entrepreneurship

Moi University

DEDICATION

I dedicate this research project to my Dear husband, Japhet Noti Charo.

ACKNOWLEDGEMENT

First and foremost, acknowledge the Almighty God for His continued blessings to me, for the life and wisdom that He continues to grant me, and above all for enabling me to undertake this proposal with His endless love, above all. Along with to my very loving and caring mother and my father for the endless love and support they have given me. God bless you all. Lastly, thanks go to my supervisors Dr. Stanley Kavale and Dr. Andrew Kimwolo and my classmates together with my friends for their guidance and unlimited support, in finalizing my project.

ABSTRACT

Organizational performance refers to the ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results and survival at pre-determined time using relevant strategy for action. However, performance has proofed very elusive both for private and public organization. The general objective of the study was to investigate product strategy and its effect on the performance among real estate firms in Mombasa County. The specific objectives of the study were to determine the effect of product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy and product liquidation strategy and performance among real estate firms in Mombasa County. The theoretical framework of the study consisted of the Ansoff theory, the grand selection strategy theory, the generic strategy theory and the balanced score card theory. The study employed explanatory research design and the target population was 125 real estate firms in Mombasa County. The sample size was 97 real estate firms derived using the Taro Yamane sampling formula. Simple random sampling technique used to select the 97 firms. The unit of analysis was real estate firms while the unit of observation was the real estate firm managers. The study relied on primary data which was collected using a 5 Linkert scale structured questionnaire. A pilot study was conducted using ten questionnaires in Kilifi County. Data obtained was analyzed using SPSS and descriptive and inferential statistics was presented. Correlation analysis and Multiple Linear Regression Model was used to estimate the effect of the relationship between product strategy and performance among real estate firms in Mombasa County. Data was presented in tables and figures. The study established that: Product development ($r=.529$, $p=.000$); product differentiation strategy ($r=.564$, $p=.000$); product diversification strategy ($r=.380$, $p=.000$); product segmentation strategy ($r=.575$, $p=.000$) and product liquidation strategy ($r=.500$, $p=.000$) had a significant correlation with aviation performance. Multiple regression results established; Product development ($\beta=.517$, $p=.005$); product differentiation strategy ($\beta=.254$, $p=.010$); product diversification strategy ($\beta=.318$, $p=.001$); product segmentation strategy ($\beta=.517$, $p=.005$) and product liquidation strategy ($\beta=.517$, $p=.005$) had a positive and significant influence on aviation performance. The study recommended for; enhancement of product development through establishment of clear road maps that ensure products are accepted and adopted by the wider market; enhancement of differentiation strategy through adoption of clear differentiation philosophy by directing efforts on unique market positions which gives products an edge over competitors. The real estate's management should also invest in human skills on diversifying their products and services that provides variety of products so as to appeal to a large market and invest in HR skills that effectively identify high yield segments of customers that helps them create a competitive edge over their competitors. Lastly, the firms should review their segmentation strategies with a goal to deliver houses that meet the specific needs of customers.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

ANOVA	Analysis of Variance
BSC	Balanced Score Card
GDP	Gross Domestic Product
NACOSTI	National Commission for Science, Technology and Innovation
R&D	Research and Design
SPSS	Statistical Package for Social Sciences

DEFINITION OF TERMS

Organizational Performance Organizational performance refers to the ability of a firm to achieve its goals and objectives through the effective and efficient utilization of resources, including financial, physical, human, and intellectual capital, and the ability to adapt to changing environmental conditions (Richard, Ifeanyi, Muogbo, & Li, 2021).

Product Development Strategy: involves creating new or improved products to meet customer needs and preferences to increase customer satisfaction and gain a competitive advantage (Schoenherr, & Wieland, 2020).

Product Differentiation Strategy: creating differences in the firm's product offering such that it can be perceived as unique and distinct thus achieving competitive advantage and can be used to increase customer loyalty, boost sales, and improve profitability (Jiang, Li, & Li, (2021).

Product Diversification Strategy: expanding a company's product offerings into new or different markets to increase revenue and reduce risk by creating a more diverse product portfolio (Gupta, & Gupta, 2020)

Product Liquidation Strategy: involves discontinuing or phasing out a product or product line when a product is no longer profitable, is outdated, or is no longer aligned with the company's overall strategy (Kim, & Swaminathan, 2019).

Product Segmentation Strategy: involves making subtle adjustments to an existing product in order to adapt it to the requirements of a new demographic of buyers; these products are then marketed under new brand identities with the aim of increasing customer satisfaction and profitability by targeting specific segments with tailored products or services (Debnath, & Nair, 2021).

Product Strategy: long-term plan developed by a company to achieve its business objectives by defining the products or services it will offer, the markets it will target, and the competitive advantages it will seek thus developing a product roadmap (Meixner, Sailer, & Holzmüller, 2021).

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter covers the background of the study, statement of the problem, objectives of the study, research hypothesis, significance and scope of the study.

1.1 Background to the Study

The word "organizational performance" refers to an organization's capability of achieving a set of goals, such as high profit, quality product, huge market share, strong financial results, and survival within a predetermined amount of time by employing an appropriate plan for action. The word "organizational performance" refers to the social and economic results that come about as a result of the interaction between the characteristics, behaviors, and surroundings of a particular organization (Adler & Goldoftas, 2019). This suggests that the success of an organization is impacted by a diverse range of external factors over which a company has very little influence or none at all, depending on the circumstances. The performance of an organization can be measured using both financial and non-financial metrics as the basis for the evaluation. The financial performance, the product-market performance, and the shareholder return are the three distinct aspects of a company's results that are included in organizational performance. Organizational performance can be measured in terms of financial ratios (ROA, ROE or market outcomes), human resources related outcomes (job satisfaction, commitment) outcomes, or organizational outcomes (productivity, service quality, new products). Alternatively, organizational performance can be measured in terms of human resources related outcomes (job satisfaction, commitment). According to Irungu (2018), the success of an organization may be evaluated based on factors such as product sales, production efficiency, capacity building, timely fulfillment of orders, decrease in operating cost, satisfaction with consumers, and revenue utilization.

Performance within an organization is a crucial component that determines how successful it is in working toward the objectives it has established for itself. An indicator of whether or not an organization has been successful in achieving its desired goals is the organizational performance factor. In point of fact, organizational performance refers to several facets of the effectiveness and efficiency with which a company achieves quality and its goals. The concept of organizational performance can also be defined as the success of an organization, which is accomplished through improved employee performance and increased leadership competency. (Rehman, 2019). In order for their businesses to be successful in the marketplace, companies are always looking for ways to either improve their performance or ensure that it remains at a high level. Both non-financial and financial measures can be utilized to compile an accurate picture of an organization's success. According to Kaplan and Norton (2020), the balanced score card (BSC) is the new method of measuring performance that strikes a balance between a company's commitment to its customers, its internal procedures, its innovation, its financial indicators, and its capacity for ongoing learning and growth. Non-financial metrics can include employee performance as well as the perspective of employees regarding the performance of the firm, while financial measures can include an evaluation of profits. In addition, both objective and subjective metrics have the potential to be utilized in the process of measuring the performance of an organization. The utilization of accounting data to arrive at a conclusion on the performance of a business is an example of objective measurement. Subjective measures, on the other hand, involve the perceptions that managers have regarding the performance of their organizations. The evaluation of an organization's sales revenue, profitability, market share, and innovative capabilities are all important factors that contribute to the measurement of organizational performance, which is done to determine whether or not the targeted objectives have been accomplished (Kocoglu & Karakoc, 2021).

Organizational performance is comprised of three distinct facets of a company's final results: financial performance, which includes profits, return on assets, and return on investment; product market performance, which includes sales, market share, and shareholder return; total shareholder returns and economic value contributed; and product market performance. The actual output or results of an organization assessed against its intended outputs, which are its aims and objectives, is one definition of organizational performance. Another definition of organizational performance is the ratio of actual output or results to intended outputs. Productivity is just one component of an organization's performance, which is a broader indicator that might also include quality, consistency, effectiveness, efficiency, and possibly even other aspects. Performance in an organization is comparable to productivity in that it can be defined as the effective and efficient use of resources to accomplish goals; hence, it is vital to establish criteria of effectiveness and efficiency that are of equal importance. The level of an organization's profitability can be defined as the extent to which it is able to utilize its assets and the capital that is made available to it in order to generate benefits that are greater than the costs that are incurred. (Kinyua, 2020). It has also been considered the ability to generate profit from all of an association's, organization's, firm's, or enterprise's business activities. It provides an assessment of the productivity of the board in terms of the usage of authoritative assets in the process of enhancing the value of the business. Nikitta (2017) suggested that the only people who can make a profit are business visionaries who are able to accurately predict the future or whose predictions are proven to be accurate.

A product strategy is a high-level plan that describes what an organization wants to achieve with its product and how it intends to do it. The strategy should provide responses to important questions such as who the product is intended to serve (personas), the ways in which it will benefit those personas, and the company's goals for the product at various stages during its life cycle. (Hitt, Ireland, & Hoskisson, 2020). Product development, product differentiation, product diversification, product segmentation, and product liquidity strategies should all be included in a solid product strategy. A product development plan will either involve the creation of new products or the modification of existing products in order to give the impression that they are new. These products will then be offered to existing markets or to new markets. It is a term that refers to the processes and activities that are carried out in order to introduce new products to a market or to adapt existing products in order to generate new lines of business. It has the potential to contribute to an increase in sales and market share if it is carried out effectively (Di Benedetto, & Song, 2019). Product differentiation refers to the primary factor or factors that set a company's goods or services apart from those of its rivals in the market. When product differentiation is done well, it can result in increased sales as well as customer loyalty. A product differentiation strategy involves finding and communicating the unique attributes of a product or company while stressing the various contrasts between that product or company and its competitors. This is done in order to gain a competitive advantage over other similar products or companies. Product differentiation and the creation of a compelling value proposition are two essential steps in the process of making a good or service appealing to a certain market or demographic. It is possible for it to contribute to increases in sales and market share when it is done well, which in turn can lead to improvements in the performance of the organization (Griffin, & Page, 2020).

The term "product diversification strategy" refers to the business strategy of developing and selling a new line of products, a service, or a product division that employs the same or completely distinct sets of information, skills, machinery, and so on. This is typically done to enable survival or development and expansion of the business. Product diversification is a technique that enables organizations to considerably boost their revenue by capitalizing on their existing resources, consumer base, and brand recognition. This contributes to reducing the overall portfolio risk. The approach known as product segmentation occurs when a company decides to sell various iterations of a product to distinct subsets of consumers. A business is able to bridge the gap between these two extremes, gain more customers, and enhance their ability to retain existing customers when they implement a product segmentation strategy, particularly when the plan is structured around the core buyer personas. The product liquidation method entails selling a firm, either in its entirety or in portions, as well as the company's assets and products, and then withdrawing from the activities of the company (Khan, & Khan, 2019).

1.1.1 Global Real Estate Performance

Since the year 2000, the global real estate industry has been exhibiting an upward trend that is expected to continue until 2019. The real estate industry is experiencing fierce competition as a result of the increasing number of new entrants every day and the growing number of purchasers. It was anticipated that the total value of the worldwide market will increase from $2.7 trillion in 2020 to $3.7 trillion in 2021. (PWC, 2020). A robust economy that was able to avoid the global economic slump has been a driving force behind the favourable performance of the real estate market in the United Kingdom. (Sambasivan & Soon, 2017). The Brussels metropolitan area, which is home to around 2.5 million people, is a sizeable and strategically significant portion of the real estate market in Belgium. (Gunduz & Yahya, 2018). DB Real Estate Research (2003), on the other hand, says that the real estate market in Brussels and the rest of Belgium is one of the least active in Europe. This is because of the high transaction costs and taxes, as well as the large amount of bureaucracy and social economic legislation.

Due to the fact that the real estate market is contributing a significant portion to the GDP, the real estate industries in Portugal and Greece are successfully luring FDI, particularly Foreign Direct Investment. The continual identification of diverse real estate development regions, progressive legislative issues of government, and demand for housing are the three primary factors that have contributed to the rise in the sector. (Hussin & Omran, 2017). India is still working hard to regain their growth momentum, but they are anticipating growth at a rate that is relatively high. The prospects that are going to be available in the Indian market will entice more investors, which will assist the industry become more mature and transparent while also facilitating the adoption of more sophisticated forms of construction craftsmanship. (Tabishil & Jha, 2019).

The growth in real estate prices in Beijing, Shanghai, and Shenzhen is significantly outpacing China's average yearly income that is considered disposable. The fact that investors in China have fascinating investment prospects for the real estate market, which attract investment by foreign investors, is the primary reason why property prices rate in China are so high. (Al-Tabtabai, 2021). The consistent shifts in public policy that have been made towards the various real estate markets in Asia have contributed to the current boom in the region's real estate industry. (Hussin & Omran, 2018). Prices and rents fell sharply in Asian markets in 2008 and early 2009, just like they did in the West. However, the remarkable strength of the Chinese economy, which has been boosted by a number of fiscal and monetary stimulus measures, has helped real estate markets across Asia in the second half of the year. Fapohunda & Stephenson (2019) stated that low lending rates, robust demand, and speculation have been pushing property prices upward in several Asian cities, with some cases surpassing peaks that were attained in 2007. Both a lack of available housing and steadily rising home prices are two of the challenges that Singapore is currently confronting. There is a lack of apartments and strong demand from buyers, which is quickening price increase in Singapore. Some analysts are advocating for property cooling measures to be revisited as a result of this price growth. Because there was a limited amount of land in Singapore between the years 2007 and 2008, the demand for public housing had been expanding at a rapid rate. As a result, Singapore had a housing crisis.

The demand for real estate property in Dubai was significantly more than anticipated for a variety of reasons, one of which being the measures taken by the Dubai government in creating infrastructure and offering favourable economic policies. (Hsieh, Lee & Wang, 2021). A pattern was seen in Dubai in which local and international buyers came forward and invested in free hold real estate assets with the ultimate purpose of making profits for themselves and capitalising on Dubai's thriving economic environment. This trend was witnessed in Dubai. As a consequence of this, Dubai was one of the major cities that emerged into the spotlight after the economic recession. However, the city had a hard time establishing itself as a significant global city when it came to the construction of enormous real estate constructions. The value of real estate in South Africa increased to the equivalent of US$ 180 billion by the year 2020. In a similar vein, it was anticipated that throughout this time period, the size of the market represented by the segment would expand at a compound annual growth rate of 11.2 percent. Retail, hospitality, and commercial real estate are also rising at considerable rates, providing the much-needed infrastructure to accommodate South Africa's expanding requirements.

1.1.2 Real Estate Performance in Kenya

The real estate market in Kenya has exhibited both an increasing and a decreasing tendency during the course of recent history. Beginning in the early 2000s and continuing through 2018, an increase trend was observed, but beginning in 2019, a downward trend emerged. This is further compounded by the fact that the global economic crisis that is currently being experienced has a negative impact on the spending power of middle-class consumers. As a direct consequence of this, the demand for commercial and residential developments that have already been finished is continuing to be drastically reduced (KPDA, 2020). The contribution of Kenya's real estate market to the country's gross domestic product (GDP) has climbed at an exponential rate, rising from 10.5% in the year 2000 to 12.6% in 2012, 13.8% in 2016, and 20% in 2021. This growth can be seen as proof of the industry's explosive expansion. Westlands, Lavington, Kilimani, and Kileleshwa contribute the most to the overall market value with an average rental yield of 12 percent for unfurnished flats and 20 percent for furnished units, respectively. (Ndungu, 2019).

The real estate market in Kenya was expected to grow significantly this year, following the rise seen in 2019. Slow growth was seen in the field in 2017 and 2018. According to the KNBS Economic Survey 2020, the real estate market in Kenya grew by 5.3% in 2019, which is 1.2% more than the 4.1% growth rate seen in 2018. The Cytonn Q1'2020 Markets Review also showed that the real estate market had a moderate amount of activity. Average rental yields rose slightly in the residential and commercial office sectors, from 5% and 7.5 % in the fourth quarter of 2019 to 5.2 % and 7.8 %, respectively. Retail renting yields, on the other hand, fell by 0.1 percent points to 7.7 percent in the first quarter of 2020 from 7.8 percent in the last three months of 2019.

HassConsult, a company based in Kenya that does a quarterly property pricing index, recently published a report saying that house prices fell 0.2% from April to June. This is compared to a rise of 3.6% during the same time last year. Knight Frank's Kenya Market Update for the first half of 2020 shows that Nairobi's prime residential prices fell by 2.9% in the first half of 2020, compared to 1.8% in the first half of 2019. This brought the yearly drop to 5.1% in the year to June. During the same time period, prime residential rents fell by 6.55 percent, compared to 1.67 percent during the same time period in 2019. This brought the yearly drop to 7.62 percent in the year to June. (Kamau, 2020).

Knight Frank, a real estate management business, says in its 2017 Kenya Market Update Report that as many malls open across the country, Kenya's retail sector has grown at an exponential rate. Kenya's retail submarket is still growing in cities like Mombasa, Kisumu, Eldoret, and Nakuru. This is mostly because more people are moving to cities thanks to devolution, the middle class is growing and getting richer, and people's shopping habits are changing. Also, retail activities are becoming more organised. As Gathuru (2014) pointed out, the Kenyan real estate market has been very good for buyers from other countries, with profit margins of 20% to 30%, which is not possible even in markets like the US or Europe. There has been stable GDP growth of 5.4% per year over the last 5 years, compared to a sub-Saharan average of 4.1%. This growth is due to improvements in infrastructure like better roads, utility connections, and upgrades to key airports; demographic trends like fast urbanisation at 4.4% per year compared to the world's 2.5% per year; and high total returns averaging at 25.0% per year compared to 12.4% in traditional asset classes.

According to the Knight Frank's 2011 Prime International Residential Index (PIRI), which tracks how much high-end real estate markets fluctuate in price around the world, luxury real estate agents in Kenya had the largest increase in profits of any real estate agents anywhere in the world. When compared to other major cities, such as London (12.1%), Miami (19.1%), New York (3.1%), Singapore (4.7%), Moscow (9.8%), and Shanghai (-3.4%), the value of high-end real estate in Nairobi climbed by 25% and by 20% in the coast region of Kenya, respectively. (Mercy, 2012).

The real estate market in Kenya has been experiencing an upswing that began somewhere in the middle to late 2000s. This is due to the fact that the property market has responded to demand that has been brought about by a growing middle class with disposable income and in which people have become able to pay off the mortgages they have (Murithi, Makokha, & Otieno, 2017). In 2012, the real estate markets in Nairobi and Mombasa, which are, respectively, the largest and second largest cities in Kenya, earned two of the first and second rankings of 71 cities that were evaluated globally to outpace all of the other key international residential index sites. They were the only cities in the southern hemisphere to post property price growth in the double digits, despite a rise in lending rates and a slowdown in the global economy (Mugo, Muathe & Waithaka, 2017).

1.2 Statement of the Problem

According to the Kenya National Bureau of Statistics (2016), the real estate sector is one of the most important economic drivers in the country as it contributes approximately Ksh. 259.6 billion ($2.86 billion) or 8.8 percent of the country's GDP.

The contribution of the Kenyan real estate market to the country's gross domestic product has increased at an exponential rate over the past two decades, rising from 10.5% in the year 2000 to 12.6% in 2012 and 13.8% in 2016, and is projected to reach 20% in the year 2021. This growth can be seen in the graph below. In 2017, the profitability slowed down by 18.4% (Cytonn Investments, 2018). Mwaita (2020) added that the huge decline in real estate profitability by 49.5% in 2020 was majorly due to the withdrawal of external investors in the country. Gathuru (2014), noted that the real estate market in Kenya has been highly profitable, particularly for outside investors, with profit margins ranging from 20% to 30%, which is significantly higher than the markets in the United States of America and Europe. In comparison to other major cities, such as London (12.1%), Miami (19.1%), New York (3.1%), Singapore (4.7%), Moscow (9.8%), and Shanghai (-3.4%), the value of high-end real estate in Nairobi climbed by 25% and by 20% in the coast region of Kenya respectively. With a projected growth rate of more than 20% by the year 2025, Kenya's real estate market is expected to become one of the most rapidly expanding in the world.

In Kenya, the industry has been marked by both an increase and a negative trend over the past few years. Beginning in the early 2000s and continuing through 2018, an increase trend was observed, but beginning in 2019, a downward trend emerged. According to the KNBS Economic Survey 2020, the real estate sector in Kenya showed a growth rate of 5.3 percent in 2019, which is 1.2 percentage points more than the growth rate that was registered in 2018 (4.1 percent). The Cytonn Q1'2020 Markets Review revealed further that the real estate sector experienced moderate activity, with average rental yields improving marginally in both the residential and commercial office sectors to 5.2 percent and 7.8 percent respectively, up from 5 percent and 7.5 percent in the fourth quarter of 2019, respectively. However, rental yields in the retail sector dropped from 7.8 percent in the final three months of 2019 to 7.7 percent in the first quarter of 2020, a decrease of 0.1 percentage points. With these results, it's expected that the real estate firms will perform as well, but this has not always been the case.

Namusonge (2017) found that the development of new products had a beneficial effect on a company's overall financial performance. Muzny, & Simba, (2019) came to the conclusion that a differentiation strategy has a beneficial influence on the success of companies. According to Ngunjiri (2022), an increase in the amount of foreign direct investment in Kenya will result in a rise in the profitability of real estate companies in that country. Aliqah, (2017) and Maingi & Muathe (2021) revealed that differentiation strategy would lead to organizational performance. Maina (2016) revealed that product diversification strategy positively affects firm performance. Omosa, Muya, Omari, & Momanyi, (2022) and Maranga, Ngali, & Wepukhulu, (2022) both found out that product diversification strategy has positive effects on firm performance. Despite the wealth of current existing literature, there still exists a gap on product strategy and organizational performance. Therefore, this study sealed the gap by establishing product strategy and its effect on the performance among real estate firms in Mombasa County.

1.3 Objectives of the Study

1.3.1 Specific Objectives

The general objective of the study was to investigate effect of product strategy on the performance among real estate firms in Mombasa County.

1.3.2 Specific Objectives

The following objectives guided this study:

i. To determine the effect of new product development strategy on the performance among real estate firms in Mombasa County.
ii. To examine the effect of product differentiation strategy on the performance among real estate firms in Mombasa County.
iii. To examine the effect of product diversification strategy on the performance among real estate firms in Mombasa County.
iv. To investigate the effect of product segmentation strategy on the performance among real estate firms in Mombasa County.
v. To establish the effect of product liquidation strategy on project performance among real estates in Mombasa County.

1.4 Research Hypothesis

The following null hypotheses were tested in this study;

Ho_1: Product development strategy has no significant effect on the performance among real estate firms in Mombasa County.

Ho_2: Product differentiation strategy has no significant effect on the performance among real estate firms in Mombasa County.

Ho_3: Product diversification strategy has no significant effect on the performance among real estate firms in Mombasa County.

Ho_4: Product segmentation strategy has no significant effect on the performance among real estate firms in Mombasa County.

Ho_5: Product liquidation strategy has no significant effect on the performance among real estate firms in Mombasa County.

1.5 Significance of the Study

The study findings are of significance to policy makers in developing strategies to improve on the performance in the real estate sector. The strategies can be used by policy makers in establishing frameworks through which different stakeholders can interact in ensuring continued real estate firm performance. The study findings are of value as it provides an insight on how product strategy can influence performance of the real estate firms. The findings of the study are useful to scholars, students and academic institutions as a guideline in accessing an-updated information on product strategy and the performance of real estate firms in Mombasa County.

1.6 Scope of the Study

The study investigated product strategy and its effect on performance among real estate firms in Mombasa County. Specifically, the study covered product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy and product liquidation strategy. The target population of the study was 125 real estate firms in Mombasa County and it was conducted in April 2023.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

This chapter reviewed the concepts of real estate firm performance, product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy and product liquidation strategy. Theoretical framework, empirical review, critique of literature, research gaps and the conceptual framework was included.

2.1 The Concept of Real Estate Performance

Organizational performance includes three distinct aspects of company outcomes: financial performance, which includes profits, return on assets, return on investment, product market performance, which includes sales, market share and shareholder return; total shareholder returns; and economic value generated. The actual output or results of an organisation assessed against its aims and objectives is one definition of organisational performance. Another definition of organisational performance is how well an organisation meets its goals and objectives. (Hitt, et. al. 2020). The established indicators serve the aim of comparing the current and ongoing performance to the overarching business goals that would ideally be the indices to identify the intended level of performance. This comparison can be made in order to assess whether or not the desired level of performance has been achieved. Indicators of a company's financial health, such as return on investments and profits, are the kind of metrics that are used most frequently to assess a company's perfomance. If it is efficient enough, then it should exhibit profits, therefore the profitability of the firm is an efficiency indicator of an economy since it demonstrates whether or not the firm is efficient. (Mangâ et al., 2018). Several studies have been conducted to measure organisational performance based on financial and market criteria. These criteria include return on investment (ROI), market share, profit margin on sales, the growth of ROI, the growth of sales, the growth of market share, and overall competitive position. Other studies have assessed growth in ROI, sales, market share, and total competitive positioning. Gwadiva (2017) It has been hypothesised that a rise in the level of profitability in a real estate sector may signify an improvement in financial stability, and consequently, the wellness of the real estate sector. The success of real estate companies will be evaluated based on factors such as profit and market share in this study.2.2 The Concept of Product Strategy

A product strategy is a high-level plan describing what a business hopes to accomplish with its product and how it plans to do so. The strategy should answer key questions such as who the product will serve (personas), how it will benefit those personas, and the company's goals for the product throughout its life cycle.

2.2.1 The Concept of Product Development Strategy

A product development strategy offers the right foundation for the creation of new products as well as the improvement of the performance, cost, or quality of items that are already on the market. The process of developing a market opportunity and a set of product technology assumptions into a product that can be sold to consumers is referred to as product development or new product development. In order to create new products in response to opportunities in the market, there is a procedure that involves logically combining a series of actions. This process is called product development. A product development practise is a specified set of tasks, actions, and phases that specify the criteria by which an organisation iteratively transforms initial ideas into viable products or services. A product development practise may also be referred to as a product development methodology. These are tried and true business practises, and you can see them mirrored in the creation and launch of new goods in response to emerging market opportunities. (Wang, Gu, Wang, & Zhang, 2020). Product Development is a critical component in new product development activities that will lead to success. If done correctly, it has the potential to have a beneficial impact on market share, profitability, and an organization's capacity to survive in the long run. The term "new product development" refers to a set of business practises that are designed to assist organisations in the creation of high-quality, commercially viable goods that both satisfy the requirements of the target market and provide additional value to the customers of those businesses. Namusonge et al., (2017) consider the hypothesis that the practises of product creation have a large and beneficial impact on the company's financial performance bad market analysis, bad design (which results in weak goods), regulatory risks, weak and untested market assumptions, and delays in getting items to market all contribute to the rapid failure of a great number of companies. In order to build a highly technology product, the product development process must involve the participation of a large number of players, each of whom brings a unique set of knowledge and skills to the table. A new product will perpetually be developed with the goal of satisfying customers' requirements and desires. The contentment of consumers will ultimately result in the loyalty of customers, which will in turn result in increased sales and money for the producing organisation. (Griffin & Page, 2020).

2.2.2 The Concept of Product Differentiation Strategy

A product differentiation strategy is a method that companies establish by giving customers with something that is distinctive, different, and separate from the goods that their competitors may offer in the marketplace. Implementing a differentiation strategy with the purpose of gaining a competitive advantage is the primary goal of doing so.

The development of a company's strengths that can offer it a differential performance advantage over other companies in its industry is an essential component of differentiation strategy. The differentiation strategy is when a company tries to acquire a competitive advantage by raising the perceived value of their products or services in comparison to the perceived value of the products or services offered by other companies. (Porter, 1980). In order for businesses to successfully implement these strategies, they need to have an accurate understanding of the present competitive landscape in order to properly convince customers about the benefits of purchasing sustainable products. Finding out what distinguishes an organisation from its competition is the first and most important stage in the process of developing a differentiation strategy. Some of the things that have been mentioned as ways to separate one company from another include the market sector, the quality of the job, the size of the firm, the image, the graphical reach, and involvement with client organisations; the product; the delivery method; and the marketing approach. Differentiation strategies are employed by organisations in order to gain a competitive advantage, which, in turn, drives overall organisational performance. (Khan, & Khan 2019).

A differentiation strategy is one that produces products or services that give benefits that are distinct from those that are provided by competitors and that are highly valued by consumers. (Johnson, Scholes & Whittington, 2018) The organisation has a variety of options to select from when it comes to differentiating itself from its competitors. These options include product differentiation, service differentiation, personnel difference, channel differentiation, and image differentiation. (Kotler & Keller, 2020). Adoption of new technology, strategic product kinds, and quality products, amongst other things, have all been deemed to have significant impacts on the improved performance of organisations. Actually, a company that offers a product or service that is unique and difficult to imitate has the advantage over its competitors and is likely to generate more revenue than its competitors.

2.2.3 The Concept of Product Diversification Strategy

Igor Ansoff devised the product matrix in 1957, and one of its four marketing tactics was product diversification. Another of the product matrix's four techniques was product differentiation. The fourth and last approach in the matrix is called diversification, and it is when a corporation introduces a new product to a different market. When it comes to expanding a business, diversification can be used as an alternative to the other three strategies. The four most important types of diversification are known as conglomerate, horizontal, concentric, and vertical. (Collis, & Montgomery, 2020). The process of vertical diversification takes place whenever a corporation advances in the stages of the manufacturing process to reach new phases. When a company produces its raw materials or distributes its final items, this is what happens. By reducing the possibility that its products won't find a buyer, this type of diversification makes it possible for a business to reduce the financial risks that it faces. On the other side, horizontal diversification takes place when a business launches new products or services that are geared towards its existing customers. When a corporation implements this particular form of diversification, it is able to increase its output without having to recruit new workers or acquire new skills. When a corporation generates new products by making use of the technology and marketing procedures that it already possesses in order to extend and diversify its product range, this is an example of conglomerate diversification. (Brouthers, & Nakos, 2019).

Diversifying a company's operations can be beneficial for the business in a number of ways, including increasing its profitability. For instance, diversification helps reduce risks in the event that there is a slowdown in a particular industry. It enables there to be a greater variety of choices and options available for products and services. When executed effectively, diversification may deliver a substantial increase in both the value of a company's brand image and its profitability bottom line. The employment of diversification as a defence strategy is possible. A business can protect itself from the threat posed by rival businesses by diversifying the products or services it offers. Additionally, if the business operates in a market that is experiencing slow growth, diversification enables the business to make use of the surplus cash flows it generates. Although diversification is not the best option for everyone and every firm, it is a viable business strategy that should be considered by any organisation that has expansion as a primary objective. (Doherty, & Haugh, 2020).

2.2.4 The Concept of Product Segmentation Strategy

Product segmentation refers to the practice of a company providing distinct variations of a product to cater to specific demographics or target markets. Therefore, the company might possess a base product that offers essential features, along with multiple variations centered on that foundation that specifically serve various industries. Developing these iterations of a product could potentially require a significant amount of effort. It assists the company in perceiving it as a simple extension of the product range rather than a time-consuming development of a single product. (Kotler & Keller, 2020). If the company does not segment its offerings, it will either provide customers with fewer products than they require or more products than they require. Customers shouldn't have the impression that they are overpaying for something they don't require, even though more features aren't necessarily a bad thing; they shouldn't feel like they're paying too much extra for something they don't need. Because the company does not provide all of the things that they could require, it is as if the company is inviting them to hunt for a company that caters to their needs more specifically. Product segmentation enables the company to bridge the gap between these two extremes, gain more consumers, and enhance customer retention. This is particularly true when the product segmentation is constructed around the key buyer personas. Sometimes increasing market share, improving revenues, and lowering costs can be accomplished by offering slightly modified versions of a variety of products and services to different segments of a company's client base. (Wind, & Sharp, 2020).

The objective of a successful product segmentation strategy is to maximize revenue by increasing sales to a greater number of customers at a lower per-unit marginal cost of the production process. As sales develop, marketing professionals can examine the profitability of individual goods within a product family to uncover possibilities to discontinue certain products or to further refine the segmentation model. This evaluation can help identify if some products should be discontinued or whether the segmentation model should be refined. Marketing analysts are able to study what works for one product and then apply those learnings to other products if the product in question beats expectations. Product segmentation is the process of taking an existing product and making minor adjustments to it so that it may cater to the requirements of a distinct group of clients. These products are then marketed under a variety of different brand names. This is done in order to expand market share while simultaneously lowering the cost of generating whole new items. Market research is essential to the process of product segmentation since it helps identify the traits that will most appeal to specific target markets. During the manufacturing process, a company will build its product using a number of different iterations of the same fundamental model in order to satisfy the requirements of each of its target market segments. (Chen, Hu, & Xiong, 2021).

2.2.5 The Concept of Product Liquidation Strategy

The strategy of product liquidation entails the sale of a firm, either in its entirety or in sections, for the value of the assets it possesses. The process of liquidation is used by many owners of small firms as their exit strategy. In order to terminate business operations in a permanent manner, liquidation planning procedures are put into action. When a company goes into liquidation, one of two things will happen: either it will be sold to a rival or it will stop operating, and then all of its assets will be liquidated to pay off any debts that remain. The process of winding down a firm is referred to as liquidation, and it most commonly takes place when a company is insolvent, which means it is unable to meet its financial commitments when they come due. The term "liquidation" can also be used to refer to the process of selling items that have underperformed at a price that is lower than the cost to the company or at a price that is lower than the price that the company wishes. (Puthenpurackal, & Bhamidipati, 2019).).

The most extreme and unattractive form of retrenchment is liquidation, which entails the closure of a company and the sale of its assets. It is regarded as a measure of last resort due to the severe repercussions it entails, including termination of employment for both employees and the organization as a whole, loss of opportunities for future endeavors, and the stigma associated with failure. Frequent liquidations occur among numerous proprietorships, partnership ventures, and small-scale businesses. In the pursuit of liquidation, it may be challenging to sell assets due to the scarcity of potential purchasers. In addition, the company cannot anticipate adequate compensation because the majority of unusable assets may be deemed scrap. A liquidation strategy may be unappealing as a strategic alternative, but it is a wise choice when a "dead business is worth more than alive." (Geng, & Wang, 2020). When it is clear that the business will be liquidated, it is desirable to have a plan for abandonment. The most unpleasant technique that the company has selected is known as the product liquidation strategy. This strategy entails selling off the company's assets and ultimately bringing an end to the business activities in some way, shape, or form. Improving a company's overall financial performance can be accomplished by either shrinking or doing away with unproductive business units.

2.3 Theoretical Framework

The theoretical framework of the study was derived from the Ansoff theory, the grand strategy selection matrix theory, the generic strategy theory and the balanced score card theory.

2.3.1 Igor Annsoff Theory

The Ansoff Matrix is a paradigm that claims that in order for an organization to develop its presentation, it is necessary to attain product and market expansion through four different tactics. These techniques vary depending on whether or not a firm or product has previously or is now present in the market. The theory takes into account two different spheres of influence in its measurements: one measurement is based on the product being either new or current, and the second measurement takes into account the market as either new or existing. This approach aims to achieve market dominance by winning customers from competitors, attracting non-users, and having current users buy more by selling more of the existing products in an already existing market. Market penetration, which entails selling more of the existing products in an already exiting market, possesses the lowest risk. When it comes to product development, strategic businesses aim to differentiate products for existing markets that are comparable to one another. For instance, a business may try to adjust the packaging sizes or develop new recipes for existing products in the market that are comparable to one another. (Ahmed, & Ahmed, 2021). The introduction of new items into already established markets is one of the primary objectives of businesses, and consequently, the development of new goods is considered to be one of the several sorts of growth strategies. According to Kaskutas (2020), a strategy such as this one might need the development of a variety of various competences in addition to the production of updated products that could be presented to markets that are currently in existence. This theory came in handy for this investigation because it provided support for both the product development and the product diversification strategies.

2.3.2 Grand Selection Strategy Matrix Theory

The Grand Strategy Matrix is an approach that recognizes multiple options for strategy that firms have according to the strength of their competitive positions and the growth of their industries. The matrix is divided into four quadrants by an x- and y-axis, and each quadrant represents a combination of a company's competitive position and the growth of the market. The competitive position of the company is shown along the x-axis, with the left side representing low levels of competitiveness and the right side showing high levels of competitiveness. The y-axis depicts the expansion of the market, with the upper half representing a quick expansion and the lower half showing a gradual expansion. A list of strategic alternatives that, depending on where they land, may be beneficial to a corporation is contained within each of the four quadrants. (Davis, & Hersh, 2019).

Competitiveness at a high level and rapid market expansion can both be found in Quadrant 1. These businesses have a number of strategic alternatives available to them, including the development of new markets and products, market penetration, backward and forward integration, and concentric diversification. In the second quadrant, we find businesses that are struggling to compete in a market that is expanding at a rapid rate. Companies that find themselves in this predicament may think about developing their market and their products, penetrating their target market, integrating horizontally and vertically, liquidating their business, and selling off their assets. The competitive situation in Quadrant 3 is precarious due to the sluggish growth of the market. Businesses that find themselves in this position might think about retrenchment, related or unrelated diversification, conglomerate diversification, liquidation, or divestment as options. This quadrant is not a desirable position to be in, and businesses should concentrate their efforts on increasing their competitiveness so that they can move into the second quadrant. Companies who are in a strong competitive position within a market that is only slowly increasing belong in Quadrant 4. To strengthen their standing in the market, these businesses should prioritize the diversification of their operations in areas that are either connected or unrelated to one another, horizontal or vertical, within conglomerates, or through joint ventures. (Glaister, & Falshaw, 2019). The theory was applicable to this research because it lent support to three different product strategies: product development strategy, product diversification strategy, and product liquidation strategy.

2.3.3 Generic Strategy Theory

The Generic Strategies are a tool that can be utilized to ascertain the direction (plan) that a company or organization should take. Michael Porter proposes the usage of four distinct approaches from which a company or organization may select one. He is of the opinion that in order for a business to be successful and outperform its rivals, it must first determine what direction it will go. You have the option of selecting from the following four strategies: the cost leadership strategy, the differentiation strategy, the cost focus strategy, or the differentiation focus approach. The goal of the cost leadership approach is to attract a significant portion of the market (one that has a high demand) while maintaining the most competitive pricing. Within this cost leaders strategy, you have two options: either keep your expenses as low as possible, or ensure that you have a greater market share by charging prices closer to the market average. In either scenario, the goal is to maintain the lowest possible level of operating expenses for the business. Companies that are able to successfully implement this strategy typically have a sizeable amount of investment capital available to them, as well as efficient logistics and low costs in terms of both commodities and labor. (Porter, 2019).

The differentiation approach aims to target a large market that has a high demand for your product or service while also highlighting its distinctive qualities. The product is created to be as exclusive as is practically possible, which makes it more appealing than similar products that are given by the rival company. To be successful when utilizing this technique, one must be capable of excellent research and development, invention, and the delivery of high-quality work. It is essential to have an efficient marketing strategy in order to ensure that the target audience is aware of the benefits offered by the distinctive product. If you want to stay ahead of the competition in a market that is constantly shifting, you need to have the ability to be adaptable and flexible. Cost Focus aims to fill an underserved market segment (one with low levels of competition, often known as a "focused market") by providing the most affordable prices feasible. (Hitt, et. al., 2020). This means that you should focus on a specific niche market. If you know how these market groups work and what customers want, you can keep costs low (cost advantages). Making a Difference Focus goes after a niche market where there isn't much competition and the product or service is distinctive in some way. People who use this approach usually have a strong loyalty to the brand. To stay ahead of possible competitors, it's very important to make sure that the product stays special while the focus is on differentiation. Before you pick the right plan for your business, you should know what it does well and what it's good at. (Hill, et. al., 2019). For this study, the theory was useful because it helped with both the product differentiation strategy and the segmentation of products strategy.

2.3.4 The Balanced Score Card Theory

According to Kaplan and Norton (2020), the balanced scorecard system translates the strategy of an organization into performance objectives, metrics, targets, and initiatives. It is founded on four distinct but complementary points of view, and the idea of cause and effect serves as the connecting thread that holds everything together. It is a strategic management performance metric that is used to detect and improve various internal business operations and the impacts that these functions have on the outside of the organization. The Business Service Center (BSC) model was initially developed for for-profit enterprises but was subsequently adapted for use by nonprofit organizations and government agencies. The approach of the balanced scorecard encourages positive behavior inside a company by separating into four distinct areas those aspects that need to be evaluated. These four domains, commonly referred to as legs, include learning and development, business processes, customers, and financial matters. The Business Strategy Canvas (BSC) is a tool that is utilized to compile significant pieces of information, such as objectives, metrics, initiatives, and goals, which are the direct results of a company's four key tasks. (Ahmed, et. al. 2020).

Information is gathered and analyzed from the following four areas of a company's operations: The analysis of training and knowledge resources serves as a lens through which learning and growth are studied. This first leg addresses the accuracy with which information is acquired as well as the efficiency with which employees use that knowledge to turn it into a competitive advantage within the sector. Investigating how well items are made is one method for assessing how well business processes work. In operational management, gaps, delays, bottlenecks, shortages, and waste are monitored and analyzed for tracking purposes. The opinions of customers are solicited in order to ascertain the level of contentment that customers feel regarding the availability, pricing, and quality of items or services. Customers share their opinions regarding how satisfied they are with the products currently available. In order to gain an understanding of financial performance, financial statistics such as sales, expenditures, and revenue are utilized. The money amounts, financial ratios, budget variations, or income projections that make up these financial measurements could all be included. (Luo, Liu, & Cao, 2019). One of the most significant benefits is that it is possible to compile all of the information that has been collected into a single report, which helps save time, money, and other resources. In addition to permitting businesses to monitor their financial data, it also makes it possible for businesses to monitor their performance with regard to service and quality. Scorecards also make it possible for businesses to identify and eliminate inefficiencies. To put it another way, the balanced scorecard is a strategic management system that is completely integrated. It is a method of monitoring performance across an entire organization to keep track of progress and to ensure that goals are suitable. Additionally, it is a highly powerful instrument for aligning the members of a team. Because it provided support for the performance variable, which was the dependent variable of this study, the theory proved to be helpful in this investigation. Therefore, the BSC was the theory that served as the anchor.

2.4 Empirical Review

This part reviewed relevant literature on product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy and product liquidation strategy.

2.4.1 Product Development Strategy and Real Estate Performance

Proficiency in the field of new product development can significantly enhance the success of numerous firms. Enhancing operational efficiency in product launches has the potential to result in a twofold increase in companies' net profit. Companies must produce new items to replace outdated ones or present entirely new products that will captivate a broader market. Product development refers to the process of creating items that has novel or distinct attributes, hence providing fresh or supplementary advantages to the consumer. Product development encompasses the process of making changes to an existing product, such as its presentation or formulation, or creating a completely new product that meets the needs of a newly identified market. The effective performance of a new firm heavily relies on the development of new products, despite the fact that this process can be expensive, time-consuming, and may provide unclear outcomes. Ansoff (1987) popularized the notion of Product development, which he defined as the concentration on satisfying the demands of existing customers and broader client segments (Di Benedetto, & Song, 2019).

The integration of both product and process innovations plays a crucial role in driving company growth, particularly through the enhancement of innovative performance. Product development, often known as new product development, is the process of converting a market opportunity and a set of assumptions about product technology into a market-ready product. Product introduction is a systematic approach of entering a market in response to a market opportunity, achieved by strategically integrating a series of operations. Product development procedures (PDPs) refer to a specific and structured series of tasks, steps, and phases that outline the criteria by which a corporation consistently transforms initial ideas into marketable products or services. These are established methodologies that result in the creation and release of new products in response to emerging market prospects. Properly executed Product Development Processes (PDPs) can significantly enhance an organization's market share, profitability, and long-term survival, making them crucial for driving the success of new product development activities. Product development processes (PDPs) encompass methodologies that enable business organizations to produce high-quality and commercially viable goods that effectively cater to market demands and generate value for both the firm and its consumers. The product development idea has a significant influence on three key dimensions of organizational success: operational efficiency, financial outcomes, and marketing effectiveness (Khan, & Khan, 2019).

In order for a company to achieve success in new product development, it is essential to concurrently achieve two key objectives: maximizing profitability by addressing customer wants and decreasing the time it takes to bring the product to market. Although these objectives frequently provide contradictory requirements for a company, there is an increasing amount of evidence suggesting that a company can implement ways to effectively fulfill these aims. Esteemed corporations are renowned for clearly expressing their strategic plan and utilizing its research and development portfolio to attain alignment between their objectives for new product development and their existing resources and capabilities. Namusonge et al (2017) Suggests that the implementation of strategic product development strategies has a beneficial and noteworthy impact on financial performance. Effective products require a robust product development team to implement strategies that promote the success of created products. Product managers must possess a comprehensive understanding of the business consequences of product development decisions and the necessity of implementing appropriate product development methodologies (Nguyen et al., 2018). Frequently, product development managers promptly identify the factors contributing to subpar product performance and may address them separately. Nevertheless, it is possible for a confluence of these elements to coexist. Insufficient implementation of effective product development methods, such as risk management, product development strategy, research and development, and other related procedures, can result in the production of subpar products. This might result in inadequate market and need analysis, leading to the development of goods that do not meet client needs. New product development has a favorable effect on the financial performance of a firm. (Ulrich, & Eppinger, 2021).

2.4.2 Product Differentiation Strategy and Real Estate Performance

Product differentiation is commonly used by businesses to provide consumers with a diverse range of product options, allowing them to choose the product that best aligns with their preferences. Producers are motivated to create a diverse range of items with tiny variations in order to hinder the process of comparing prices (Bello, & Kumar, 2019). Product differentiation is nearly unavoidable in the majority of industries and business enterprises. In order to successfully obtain differentiation advantages, it is crucial to evaluate the excellence of the product. Firms should align the consumers' demand for differentiation with the firm's ability to provide such differentiation. Hence, the success of differentiation relies on both the demand and supply aspects of a product. Regarding the demand side, it is crucial to thoroughly comprehend clients' requirements and preferences for product qualities that render it exceptional or distinctive, as well as their readiness to pay for higher value. (Hitt, et. al. 2020).

The differentiation of physical items occurs on a spectrum, with highly standardized products at one end that offer limited diversity. On the other end of the spectrum are products that possess a great degree of differentiation, such as automobiles, commercial buildings, and furniture. However, there is a range of true variations that exist between the two extremes. (Kotler, 2020). A straightforward assertion that one's product is superior to those of competitors can, therefore, in certain circumstances, make all the difference. In every scenario, products can be sold with a variety of features, and their performance quality, compliance quality, and durability can range anywhere from high to poor to average to excellent. There is some anecdotal evidence to suggest that distinguishing the items offered by a company can result in improved profits for that company. Product strategies are concerned with fundamental decisions on products and product planning, such as how a company's goods or services compare to those of its competitors. (Kotler, 2020).

Another line of research that highlights the benefits of being different emerges from the resource-based theory approach. This research argues that a firm can only outcompete its rivals by positioning itself in a niche where it has exclusive access to the resources it needs for survival. Therefore, in order for a company to maintain an advantage over its rivals and remain competitive in the long run, it is vital for the company to preoccupy precious, non-substitutable, uncommon, and distinctive resources. A company should make it a priority to differentiate itself from its rivals at all times and look for resources that are unique and impossible to replicate in order to maintain its advantage over the market. The goal of the differentiation strategy is to gain a competitive edge by providing customers with one-of-a-kind items that are distinguished by important characteristics such as quality, innovation, and excellent service to customers. The product or the method of delivery can be differentiated to provide a competitive advantage. The ability to differentiate oneself from competitors can come from a product's brand, image, technology, features, customer service, and distribution network. Because of this, the company is able to achieve returns that are higher than the industry average by protecting itself against the competitive forces of replacement products, rivalry within the industry, and threat of new entrants. This is made possible by the brand loyalty that the company commands. (Kim, Park, & Jeon, 2019).

According to Pearce and Robinson (2007), this is a type of business strategy that tries to build a competitive advantage for a company by having its product or service being unique from other competitive products on the basis of features and product variables that are unrelated to cost and price. Specifically, this approach focuses on differentiating the firm's product or service from other similar products in terms of how it stands out from the competition. The difference would be something that is difficult to produce and even more challenging to replicate or reproduce. The company's primary focus is on attaining outstanding performance in a significant customer benefit category that is highly appreciated by a sizeable portion of the market. The company focuses on developing those qualities that will make a positive contribution to the intended difference. A company that aspires to be the industry leader in quality should provide goods that are comprised of the highest quality parts, which have been assembled and tested with the utmost care, and the quality gap should be clearly communicated. (Kucuk, & Krishnamurthy, 2019).

The pursuit of a differentiation strategy is often regarded as the most significant tactic for achieving a lasting competitive advantage for an organization and for improving the performance of the company as a whole. The creation of a product or service that is distinct from others is an example of differentiation. The aim of a differentiation strategy is for a company to set itself apart from other businesses in its industry by providing superior products or services to those offered by rival companies. According to Porter (1980), this method generates high levels of client loyalty if the product or service being offered is distinctive. Customers are more likely to feel loyal to a business and be willing to pay a premium price for its offerings if they view the product or service they are purchasing as being distinctive. Porter (1980) demonstrated further the relationship between business performance and the advantages that firms get from pursuing differentiation strategy. These advantages refer to firms realizing larger revenues in comparison to competitors as a result of the mark's trustworthiness, quality, and perception of the company product. It is important to note that even a differentiation strategy does not completely protect a company's approach from being imitated by its rivals over the long term.

Differentiation does not necessarily ensure a competitive advantage, particularly in situations when conventional items are able to satisfactorily suit the needs of customers or when rapid imitation by rivals is available. higher product flexibility, higher compatibility, cheaper prices, improved service, less maintenance, greater ease, and additional features can all be indicators of successful differentiation of a product. If a company's differentiation strategy is successful, they are able to charge a higher price for their product and develop client loyalty. This is because customers may grow emotionally tied to the features that differentiate one product from another if the approach is successful. proclaims that a differentiation approach will be highly effective to the degree that distinctive characteristics are difficult for competitors to replicate; however, the sources of uniqueness must be time-consuming, cost-prohibitive, and simply too burdensome for competitors to match. Therefore, when the company makes the decision to follow the differentiation strategy, it should pay careful attention. (Sun, Huang, & Wu, 2021).

2.4.3 Product Diversification Strategy and Real Estate Performance

Businesses have the ability to considerably boost their revenue through the process of diversification by capitalizing on their existing resources, client base, and brand recognition. The risks faced by your firm can be mitigated by diversifying its operations rather than placing all of its money into a single product or area. You may maintain a profitable business despite ups and downs in your industry by diversifying your revenue streams to account for shifts in society, the economy, and consumer preferences. Diversification enables you to make the most of the resources that are already available to your organization, which may otherwise be wasted. (Collis, & Montgomery, 2020). Your company can experience growth in a variety of different ways, and diversification is just one of those methods. It has the potential to provide significant returns for a business and firmly establish it as a participant in a highly competitive sector if it is well planned and executed. A terrible and expensive mistake that a company can make is to pursue a plan of diversification without first giving it sufficient thought and consideration. Before you even think about putting this strategy into action, you need to be sure that you have thoroughly researched and weighed all of the potential advantages and disadvantages, as well as identified the form of business diversification that would work best for your company. A corporation takes on a large amount of risk when it enters a market that it is not familiar with. Therefore, businesses should only consider diversification as a strategy if the chances for growth in their existing market are expected to be limited or remain unchanged in the foreseeable future.

Adding new items or services that are complementary to those already offered is an example of the concentrated form of diversification. Concentric diversification is a technique that is used when, for instance, a computer company that predominantly manufactures desktop computers starts making laptops. This is an illustration of how the approach works. The practice of offering new and unrelated goods or services to a current customer base is an example of horizontal diversification. A manufacturer of notebooks who decides to go out into the market for pens, for instance, is engaging in the practice of horizontal diversification. The process of introducing new products or services to a conglomerate that are not significantly related to one another and have no commercial or technological similarities is known as diversification. For instance, a conglomerate diversification strategy would be pursued by a corporation that specializes in computers and decides to branch out into the production of notebooks. Expanding an established company into new markets with complementary goods or services is an example of a strategy known as "concentric diversification." When a computer company that ordinarily produces desktop computers starts producing laptops, the business is engaging in a form of diversification known as "concentric diversification." (Kim, & Cho, 2020).

Providing new and unrelated goods and services to an organization's existing clientele is an example of horizontal diversification. A manufacturer of notebooks that decides to get into the pen business, for instance, is practicing a strategy known as horizontal diversification. The addition of new products or services that are fundamentally unrelated to one another and have no commercial or technical similarities is what is meant by the term "conglomerate diversification." Conglomerate diversification is a business technique that's used by companies like computer manufacturers when they wish to branch out into other product lines. To extend your company's market share in either an existing market or a new market segment, you can diversify your business horizontally by bringing brand new items or services to your current offering. This can be done in order to broaden your company's offering. This can be accomplished by the development of new items, the licensing of existing products, a merger, or the purchase of another company. Later on, we will delve into the differences between concentric and conglomerate horizontal diversification, which are the two types of horizontal diversification. (Hitt, et. al. 2020).

Vertical diversification, which is also known as vertical integration, is a growth strategy in which a corporation grows its product range by either the forward or backward integration of items inside its existing supply chain. Vertical diversification is also sometimes referred to as vertical integration. For instance, a business that already makes and sells automobiles could broaden its product offering by starting to sell tires. Both of the examples that were just presented are examples of backward integration. An example of forward integration would be a toy manufacturer that also owned a toy store or opened a toy store as part of their business. While backward integration makes use of the earlier stages of the supply chain, forward integration allows businesses to profit on the later stages of the supply chain than the company's existing operation does. One sort of horizontal diversification is known as "concentric diversification," and it entails adding new products or services to your product or service line that are closely related to the ones you already offer. As a result, you are increasing the proportion of the market in which your organization already has a presence. Concentric diversification gives you the opportunity to capitalize on your already established brand recognition, customer base, and loyalty, as well as your resources and distribution methods. The goal of this form of diversification is to increase revenue from existing customers while also drawing in new clients who may have been interested in your prior items but are more likely to be persuaded by your more recent products. (Kim, & Cho, 2020).

Conglomerate diversification is the process of introducing brand new items or services that have no link to your company's existing product line. This allows your company to enter a whole new market and appeal to clients who may not have been interested in your company in the past. The inclusion of an altogether new revenue stream in an entirely different market is one of the reasons why conglomerate diversification can result in a high return on investment (ROI) as well as strong growth. The words "defensive" and "offensive" diversification refer more to the reasons why a corporation would like to diversify than they do to the specific methods by which they would do so. Companies that diversify in order to remain competitive after their market segment has become saturated, their existing products have matured and are in decline, or they are losing ground to their competitors are said to be engaging in defensive diversification. (Hill, et. al. 2020).

2.4.4 Product Segmentation Strategy and Real Estate Performance

Product segmentation strategy is a marketing strategy that involves dividing a market into smaller segments based on specific characteristics or needs, and developing products or services that cater to each segment's unique needs and preferences. This strategy aims to increase customer satisfaction and profitability by targeting specific segments with tailored products or services. One example of product segmentation strategy is Nike's marketing approach, which offers a range of products targeting specific consumer segments, such as runners, basketball players, and golfers. Other examples include offering different versions of a product to different segments, such as offering different models of a car with different features and price points (Debnath, & Nair, 2021).

The concept of product segmentation refers to the practice of making various iterations of a product available to distinct subsets of consumers. Product segmentation is based on the idea that a company may manufacture a single product with only a few variations, market it to different customer groups (sometimes under different brand names), and thereby increase market share while simultaneously reducing the cost of developing radically different products. This is the core theory behind product segmentation. (Kottler & Keller, 2019). Market research is essential to the process of segmentation because it identifies the product attributes that are most appealing to specific target markets. After that, product development engineers will produce a variety of iterations of the same fundamental model in order to fulfill the desired characteristics of each market segment. If a company does not segment its offerings, it will either provide clients with fewer products than they require or more products than they require. Although the addition of new features isn't necessarily a bad thing, clients shouldn't have the impression that they're spending an excessive amount of money for something they don't require. Because you are not giving them with all of the things that they could require, you are encouraging them to hunt for a company that caters to them in a manner that is more particular. Product segmentation enables the company to bridge the gap between these two extremes, gain more consumers, and enhance customer retention. This is particularly true when the product segmentation is constructed around the key buyer personas. Being everything to everyone isn't necessarily the most successful approach to taking care of business. Sometimes increasing market share, improving revenues, and lowering costs can be accomplished by offering slightly modified versions of various products and services to different segments of a company's customer base. (Wind, & Sharp, 2020).

Product segmentation offers a corporation with a means for distributing the risk associated with selling an expensive product among a variety of distinct target customers. Instead of having one product, one market, and one supply-and-demand curve, the manufacturer can sell several variants of the product to different market groups at different pricing. This allows the producer to avoid having just one product. Even if one part of the population responds poorly, another part of the population might respond better than expected. In addition to this benefit, segmentation makes it possible to achieve economies of scale. Product segmentation is becoming increasingly common in major businesses. For instance, General Motors divides its offerings under distinct brands, such as Chevrolet, Buick, Hummer, and Cadillac, each of which is marketed toward a particular socioeconomic demographic. Although the majority of the parts in these several brands are interchangeable, saving GM money in the process, separate marketing strategies are used for each brand. Similarly, producers of smartphones divide their products into categories. Both the iPhone and Samsung's Galaxy class of Android phones are available in a variety of models, each with their own unique storage capacity, set of features, and price point. (Duboff, & Spaeth, 2019).

The objective of a successful product segmentation strategy is to maximize revenue by increasing sales to a greater number of customers at a lower per-unit marginal cost of manufacturing. As sales develop, marketing professionals can examine the profitability of individual goods within a product family to uncover possibilities to discontinue certain products or to further refine the segmentation model. This evaluation can help identify if some products should be discontinued or whether the segmentation model should be refined. Marketing analysts are able to study what works for one product and then apply those learnings to other products if the product in question beats expectations. Product segmentation comprises taking your existing product and making a few tweaks to it so that it may cater to the requirements of a diverse demographic of consumers. These variants of your product are then marketed under a variety of brand names. This is done in order to expand market share while simultaneously lowering the cost of generating whole new items. Product segmentation is dependent on conducting market research in order to identify the qualities that would resound most strongly with your target markets. (Chen, Hu, & Xiong, 2021). When it comes to production, businesses will create their product using a number of different iterations of the same fundamental model in order to cater to the requirements of each specific market niche. Depending on the sector, the several iterations of a product may incur a significant amount of additional time and labor costs. Think of it not as an investment of money and labor in the creation of a single product, but rather as an investment in the expansion of a variety of products. When everything is said and done, the company will have a range of goods that are descended from your initial product. Each of these items will have new target markets and potential customers, and they will all generate money (Hill, et al. 2020).

2.4.5 Product Liquidation Strategy and Real Estate Performance

The most unpleasant technique that the company has selected is known as the product liquidation plan. This strategy entails selling off the company's assets and ultimately bringing an end to the business activities in some way, shape, or form. Because it carries significant repercussions such as a sense of failure, the loss of future prospects, a tarnished image in the market, and the loss of employment for employees, it is the most important step in the retrenchment process as well as the last resort. When a company decides to pursue the strategy of liquidation, it runs the risk of having trouble selling its assets due to a lack of interested purchasers, and it also runs the risk of not receiving appropriate compensation for the majority of those assets. The following is a list of indicators that demonstrate why a company ought to adhere to this strategy: The failure of the corporate strategy, ongoing losses, outmoded technology, antiquated products and procedures, the business being unprofitable, bad management, and a lack of integration across the divisions all contributed to the company's downfall. (Puthenpurackal, & Bhamidipati, 2019).

Although the process of liquidation is unpleasant, terminating operations of a business that is already operating at a loss is the best decision that can be made rather than carrying on with business as usual and incurring even greater losses. According to Wang and Zhang (2019), the strategy of liquidation entails the sale of a company in parts or occasionally as a whole for the value of its physical assets rather than as a continuing concern. If the managers of a company want to minimize damages for all of the firm's stakeholders, they could choose to liquidate the company. When faced with the possibility of bankruptcy, companies that are liquidating their assets will typically attempt to devise a planned and orderly process that would result in the highest possible return and cash conversion while the company gradually gives up its market share. (Pearce & Robinson, 2020). The process of selling off an organization's assets piece by piece for what they are actually worth is known as liquidation. As a result of the widespread perception that liquidation represents an admission of loss, it can be an emotionally taxing business approach. Despite this, it could be preferable to call it quits rather than carry on losing significant sums of money continuously. The additional cash that is obtained through the liquidation process can then be invested in more divestments. As a result, it is a strategy that, when correctly implemented, can assist a struggling company in getting back on its feet. A well-organized and well-planned sale of an organization's assets at the highest feasible price in cash is what we mean when we talk about liquidation. (Gaviria, & Xia, 2021).

2.5 Research Gaps

Table 2.1: Research Gaps

Author	Study	Finding	Gap
Muzny, & Simba, (2019)	Product retrenchment strategy and performance	Product differentiation strategy influence performance	Missing product development strategy, product segmentation strategy, product liquidation strategy
Ngunjiri, (2022)	FDI and profitability of real estate firms	FDI positively influences profitability of real estate firms	Missing product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy, product liquidation strategy
Aliqah, (2017)	differentiation strategy and organizational performance	differentiation strategy leads to organizational performance	Missing product development strategy, product diversification strategy, product segmentation strategy, product liquidation strategy
Maingi & Muathe (2021)	differentiation strategy and organizational performance	differentiation strategy leads to organizational performance	Missing product development strategy, product diversification strategy, product segmentation strategy, product liquidation strategy
Maina (2016)	Product diversification and firm performance.	Product diversification strategy leads to firm performance.	Missing product development strategy, product differentiation strategy, product segmentation strategy, product liquidation strategy
Foltean, Trif & Tuleu, (2019)	Pricing on project performance	Pricing influences performance	Missing product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy, product liquidation strategy
Mayeda & Boyd, (2020)	Customer strategy on project performance	Customer strategy influences performance	Missing product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy, product liquidation strategy
Kim, & Swaminathan, (2019).	Product liquidation and channel structure.	product liquidation can lead to changes in the distribution channels	Missing product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy, firm performance
Gupta, & Gupta, (2020).	Performance implications of related and unrelated diversification strategies.	related diversification had a positive impact while unrelated diversification had a negative impact on firm performance	Missing product development strategy, product differentiation strategy, product, product segmentation strategy.

2.6 Critique of Existing Literature

Despite the many benefits of the BSC, scholars have identified a number of weaknesses that cannot be underestimated. One of the key criticisms of the BSC theory is its emphasis on a limited number of performance indicators, which are primarily financial in nature. While the BSC framework recognizes the need to measure performance across multiple dimensions, its implementation often results in an overemphasis on financial measures, such as revenue growth and profitability. As a result, non-financial measures, such as customer satisfaction, employee engagement, and innovation, are often overlooked (Ittner & Larcker, 2003). Also, the BSC theory focuses on short-term performance, at the expense of long-term strategic objectives. The BSC framework is designed to provide a snapshot of an organization's performance at a particular point in time, rather than providing a comprehensive view of its long-term sustainability. This short-term focus can lead to a myopic view of performance, where the emphasis is on achieving short-term financial goals, rather than building long-term value (Kaplan & Norton, 2008). Additionally, the BSC theory assumes a linear relationship between performance measures and outcomes, which may not be accurate.

The BSC framework implies that improving performance in one dimension will result in improved performance in other dimensions. However, this assumption ignores the complex interdependencies between different dimensions of organizational performance. For example, improving customer satisfaction may not necessarily result in increased profitability, as customer satisfaction may be achieved at the expense of increased costs (Simons, 2000). Furthermore, the BSC theory assumes a top-down approach to performance management, where performance measures are set by senior management and cascaded down to lower levels of the organization. This approach may result in a lack of ownership and engagement at lower levels of the organization, where employees may feel disconnected from the performance management process. This lack of engagement can result in resistance to change and a lack of commitment to performance improvement initiatives (Otley, 1999).

In conclusion, while the Balanced Scorecard theory has been widely adopted by organizations across industries, it is not without its flaws. This essay has provided a critique of the BSC framework, highlighting its overemphasis on financial measures, short-term focus, linear relationship assumptions, and top-down approach to performance management. To address these limitations, organizations may need to adopt a more comprehensive approach to performance management, which considers both financial and non-financial measures, takes a long-term view of performance, recognizes the complex interdependencies between different dimensions of performance, and involves employees at all levels of the organization in the performance management process.

2.7 Summary

The chapter covered the concepts of product strategy, product development strategy, product differentiation strategy, product diversification strategy, product segmentation strategy and product liquidation strategy. The theories reviewed in this section included Ansoff Theory, grand selection strategy theory, generic strategy theory and the balanced score card theory. The research gaps, the critique of literature, the summary and the conceptual framework was also included.

2.8 Conceptual Framework

The conceptual framework expresses the conceptualized relationship between the elements of the independent and dependent variables. The conceptual framework was derived from the theoretical framework and is shown below.

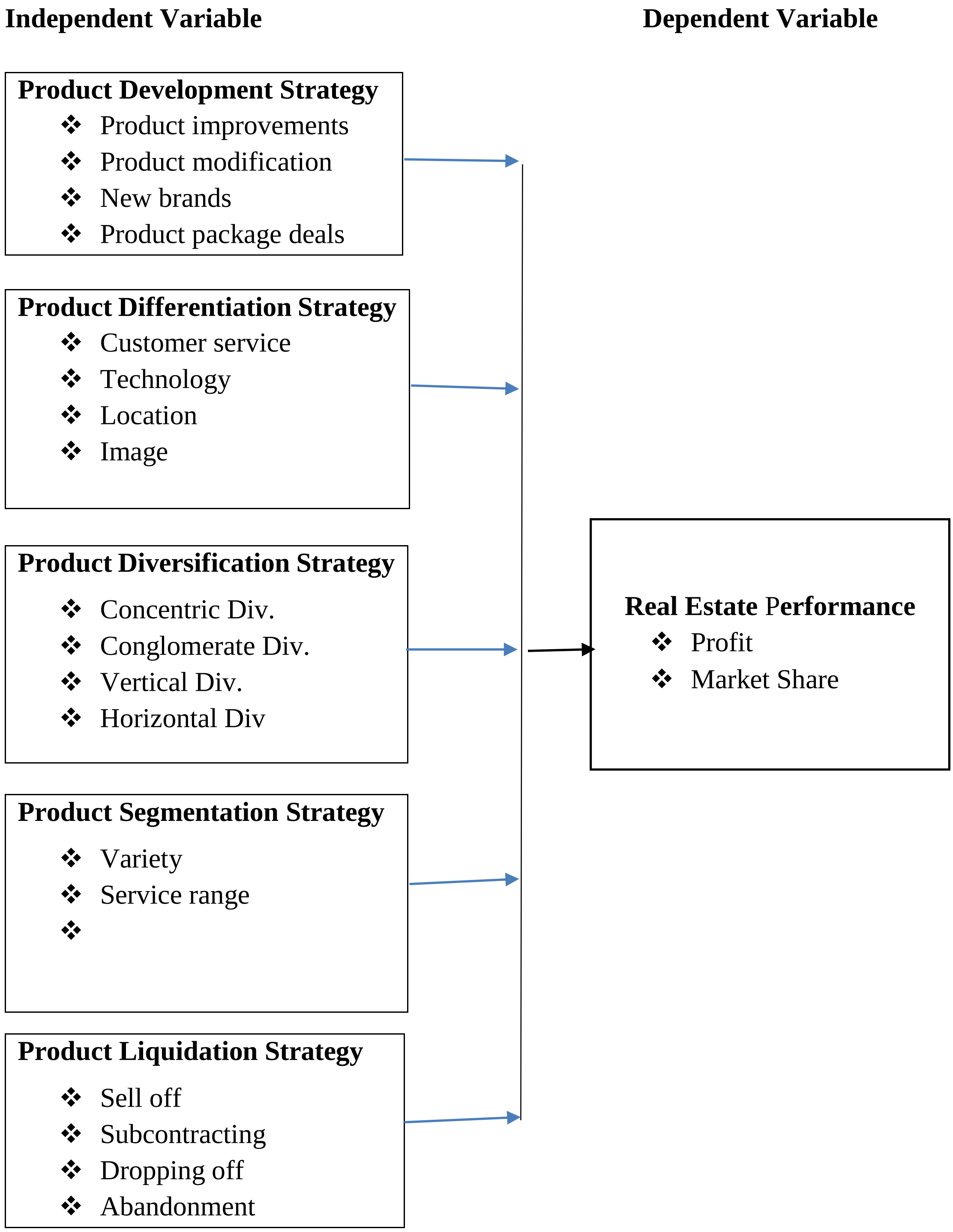

Figure 2.1: Conceptual Framework

CHAPTER THREE

RESEARCH METHOLOGY

3.0 Introduction

This chapter highlighted the research methodology. It covers the research design, the study area, the target population, sampling and sampling methods, data collection instruments and procedures, pilot study, data processing, analysis, presentation and ethical considerations.

3.1 Research Design

A research design is the overall strategy and organizational framework of an investigation that is conceived with the intention of obtaining responses to research questions. (Kothari, 2016). The study used an explanatory research design, a design appropriate for investigating a phenomenon that has not been well explained previously in a proper way. Because the nature of the investigation entails analyzing causal relationships between the independent factors and the dependent variable of the study, the selection of this research design was justified because of the nature of the study.

3.2 Target Population

The target population is a group that is identified as the intended audience for a piece of research and consists of participants who have comparable characteristics. You can also designate a target population as a subset of the entire conceivable human population by selecting them as your primary audience of interest. (Bryman, & Bell, 2015). The study targeted 125 real estate firms operating in Mombasa County as at December 2022. Mombasa County is second largest county in Kenya which houses the second largest city with both local and foreign investors.

Table 3.1: Target Population

Sub-county	Target Population	Percentage
Mvita	30	33
Likoni	13	14.4
Nyali	25	27.8
Jomvu	5	5.6
Kisauni	12	13.3
Changamwe	5	5.6
Total	**125**	**100**

Source: Real estate Association (2021).

3.3 Study Area

The study was done in Mombasa County covering all the five sub-counties of Mvita, Likoni, Jomvu, Changamwe, Kisauni and Nyali.

3.4 Sampling Technique, Sampling Frame and Sample size

This section reviews sampling, sampling frame and sampling design was used to determine the sample size of the study.

3.4.1 Sampling Technique

The term "sampling technique" refers to a method that, when used by researchers, enables them to draw conclusions about an entire population based on the findings obtained from a representative sample of that population rather than having to analyze each and every member of the community in question. According to Saunders, Lewis, and Thornhill (2015), the objective of sampling is to "gain a knowledge about some specific characteristics of the entire population based on the attributes of the sample. The research project used both a stratified sampling methodology to split the target population into the five sub counties and a simple random sampling method to select the sample size of 97 real estate firms for the investigation. Both of these methods of population sampling assured that every individual in the population had an equal chance of being chosen. The county was divided into five strata, which are the sub counties, using the stratified sample method, and the 125 real estate firms were selected using the random sampling method.

3.4.2 Sampling Frame

According to Saunders et al. (2015), a sampling frame is a source from which a sample is pulled and to which data was generalized. Additionally, a sampling frame is described as a source of information from which a sample is selected. This study's sampling frame consisted of real estate enterprises that were both registered and operational in Mombasa County as of the end of December 2022.

3.4.3 Sample Size

A sample refers to a subset or fragment of the population that is being studied. To optimize efficiency and cost-effectiveness, a subset of the population is chosen for the purpose of observation and analysis (Creswell, & Creswell, 2017). The study utilized the Neyman allocation sample equations to determine the sample size due to its simplicity, as demonstrated below:

$$n = \frac{N}{1 + N(e)^2}$$

In this study, the target population is represented by N, the sample size is represented by n, and the level of accuracy is represented by e. A 95% level of confidence was employed, which corresponds to a 0.05 possibility of deviation from the actual. Consequently;

$$n = \frac{125}{1 + 125(0.05)^2} = 97$$

Table 3.2: Sample Size

Sub-county	Target Population	Sample size
Mvita	30	30
Likoni	13	13
Nyali	25	25
Jomvu	5	5
Kisauni	12	12
Changamwe	5	5
Total	**125**	**97**

Source: Real estate Association (2021).

3.5 Unit of Analysis and Unit of Observation

The unit of analysis refers to the primary entity that a researcher examines in a study (Bryman, & Bell, 2015). The study focused on analyzing Real Estate firms in Mombasa County as the primary unit of analysis. The unit of observation refers to the specific item that a researcher directly observes, measures, or collects in order to gain knowledge about the unit of analysis (Creswell, & Creswell, 2017). The focus of this study was on managers of real estate enterprises operating specifically in Mombasa County. The management of the enterprises were chosen based on their possession of the desired knowledge about product strategy and performance within the real estate industry in Mombasa County.

3.6 Data Collection Instruments and Procedures

3.6.1 Data Sources

The study relied on primary data. Primary data collected from the first-hand experience and has not been used in the past (Patten & Newhart, 2017).

3.6.2 Data Collection Instruments

The researcher used structured questionnaires as a tool for data collection. The structured questionnaires were based on a 5 likert scale giving respondents a range of responses to pick. The scale was appropriate in measuring people's attitudes, opinions, or perceptions. Questionnaires are commonly used to obtain important information about the population as they are easy to formulate, collect data and analyze the data (Hair. et.al., 2013).

3.6.3 Data Collection Procedures

The study begun by acquiring an introduction letter from Moi University and a research permit from NACOSTI. The structured questionnaires were issued out through a 'drop and pick' method. The researcher requested for appointments for data collection visits in order to avoid peak hours of activities. The researcher distributed the questionnaires to the managers of the real estate firms at their work stations within Mombasa County then pick them at an agreed time within seven days.

3.7 Pilot Study

The purpose of piloting of research instrument is to establish the clarity of meaning and the comprehensibility of each of the items in the research instrument. Piloting helped in making adjustments to the instruments and also in establishing the reliability and validity of the research instruments. This study used 10 real estate firms in Kilifi County for a pilot study. Validity and reliability of research instruments were tested.

3.7.1 Validity of the Research Instruments

Validity refers to the extent to which information gathering instruments accurately assess their intended purpose (Bryman & Bell, 2015). Research validity pertains to the accuracy and effectiveness of data collection techniques in gathering the intended information as intended by the researcher. Validity is also established and described as the ability of a data collection device to gather the necessary information. The study employed both content and construct validity. The content validity of the questionnaire was evaluated by having the supervisor grade each item's capability in the instrument and giving their expert judgment on how relevant it was to the research. This was done by presenting the questionnaire to the supervisor. In addition, the study utilized KMO and Bartlett's tests to verify the validity of the research instruments by measuring the sampling adequacy and spherecity of the four independent variables. This was done in order to determine whether or not the research instruments were reliable. In their study, Hair et al. (2010) emphasize how important it is to use the KMO and Bartlett tests in order to evaluate the variability among the variables and test the construct validity of the study.

3.7.2 Reliability of the Research Instruments

The degree to which an instrument assesses an attribute consistently is an important component of its reliability. It also refers to the degree to which separate administration of the same instrument produces the same results under settings that are comparable (Kothari, 2017). The higher the level of reliability, the lower the amount of variance that an instrument produces in repeated measurements of an attribute. Cronbach's Alpha was utilized in this research project to analyze levels of consistency. If the measure gives a Cronbach alpha of more than 0.7, the study instruments were considered to be reliable. In this study, a test and retest was done to compute Cronbach alpha to show how best research instruments were reliable.

3.8 Data Processing, Analysis and Presentation

This section covers data processing, analysis and presentation.

3.8.1 Data Processing

According to Creswell and Creswell (2017), data processing involves the gathering and transformation of data into a form that is both useable and desired. This can be accomplished manually or automatically in accordance with a predetermined order of processes. The content of the questionnaire was examined to guarantee that it was accurate and contained no gaps.

3.8.2 Data Analysis

Data analysis is the examination of collected data from surveys or experiments in order to draw deductions and inferences. This process entails studying the received information and forming inferences based on it. Data analysis was done using SPSS program (Field, 2018). Descriptive statistics (mean, mode and standard deviation) and inferential statistics (correlation analysis, multiple linear regression analysis, ANOVA and Model summary) were generated to explain the relationship between the independent and the depended variables.

3.8.3 Correlation Analysis

Correlation analysis is a statistical technique employed in research to quantify the degree of the linear connection between two variables and calculate their association. In essence, correlation analysis quantifies the extent to which one variable is altered as a result of changes in another one. The correlation coefficient was evaluated on a continuum ranging from +1 to 0 to -1. The complete correlation between two variables is represented by either +1 or -1 (Bryman & Bell, 2015). The Pearson product correlation coefficient was employed to ascertain the strength and direction of the association between product strategy (independent variable) and real estate business performance in Mombasa County (dependent variable).

3.8.4 Multiple Regression Model

Multiple linear regression analysis was used to show the extend of the relationship between product strategy and the performance among real estate projects in Mombasa County. The multiple linear regression analysis model was as follows;

Y= $a+B_1X_1+B_2X_2+B_3X_3+B_4X_4+B_5X_5$ was used to determine the liner relationship between the variables

Where

Y = Real Estate Firm Performance

B_o= Regression Coefficients

X_1= Product Development Strategy

X_2= Product Differentiation Strategy

X_3= Product Diversification Strategy

X_4= Product Segmentation Strategy

X_5= Product Liquidation Strategy

3.8.5 Assumptions of the Multiple Linear Regression Model

a. Normality

A normality test was employed to ascertain the normal distribution of the data sets. The assumption of normality states that the test's distribution followed a bell-shaped curve with a mean of 0 and a standard deviation of 1. The curve was symmetric in shape (Saunders et al., 2019). It was presumed that the residuals of variables would exhibit a normal distribution. Specifically, the inaccuracies in forecasting the value of Y (the variable that depends on other factors) were distributed in a manner that closely approximated the normal distribution. This study employed the Kolmogorov-Smirnov test to assess the normalcy. The Kolmogorov-Smirnov (K-S) test assesses whether the sample data is derived from a population that follows a normal distribution. If the test results were statistically significant, shown by a $p<0.05$, then rejecting the null hypothesis would imply rejecting the assumption of normality for the distribution (Bell, Bryman & Harley, 2018).

b. Linearity

The linearity assumption was checked by using SPSS Statistics to make a scatter plot. The dependent variable was plotted against the independent variable, and the plot was then looked at visually to see if it was linear. In cases where the scatter plot didn't show a straight line between the variables, the data was transformed. Also, the t-Test was used to see if there was a significant linear link between the variables that were independent and those that were dependent (Kothari & Garg, 2014). Comparing the calculated value to the critical value of the t distribution helped decide if the null hypothesis was true or false in a two-tailed test. The decision criteria were that the null hypothesis would be rejected at α x 95% level of significance when the computed value and critical value was lower than $-t\alpha/2$ or larger than $t\alpha/2$. Rejecting a null hypothesis indicates the presence of a statistically significant linear correlation between the variables (Sekeran & Bounge, 2016).

c. Homoscedasticity

To minimize or eliminate heteroscedasticity, it is important to ensure that the data used in hypothesis testing follows an approximately normal distribution and is correctly transformed. Additionally, selecting the appropriate functional forms of the regression model and presenting variables through scatter plot graphs of the dependent variable (DV) will allow for the visualization of how the width of the scatter plot diagrams changes as the value of the independent variable (IV) increases. Heteroscedasticity refers to the condition where the variability of a dependent variable (DV) is not equal across different values of an independent variable (IV). The opposite of heteroscedasticity is homoscedasticity, which implies that the variability of the DV is equal across all values of the IV. The residual terms exhibited constant variance at each level of the predictor variables (Bell, et. al., 2018).

d. Multicollinearity

Multicollinearity is the presence of a strong relationship between two or more exogenous factors, where the independent variables show minimal relationship with each other (Hair, et al., 2013). To address multicollinearity, the initial step was determining the inter-correlations among the independent variables. Correlations of 0.9 and above were identified as suitable candidates for removal. Multicollinearity arises when the independent variables exhibit a high degree of correlation with each other (Hair et al., 2013). Consequently, if two or more variables exhibit a strong correlation, it indicates that they possess redundant information. In this work, the presence of multicollinearity was assessed using the Variance Inflation Factor (VIF). The VIF (Variance Inflation Factor) of a predictor determines the presence of a robust linear relationship between itself and the other variables. The VIF was the inverse of the tolerance. A VIF greater than 10 indicates the presence of multicollinearity. Nevertheless, the most dependable statistical assessment of multicollinearity involved evaluating the tolerance and Variance Inflation Factor (VIF) against the criteria of 0.1 and 10, respectively (Hair et al., 2013).

e. Independence of Errors

In order to investigate whether or not the errors were independent of one another, the Durbin-Watson statistic was calculated. Given that, we can make the assumption of independence below;

D = (ei−ei−1)2

ni =2

i=2

n ei

2 where ei = yi − a −

bxi (i = 1, 2 … . , n) are residuals. A value of D between 1 and 3 was usually considered to be accepted (Kothari & Garg, 2014). Serial correlation was tested using Durbin Watson test.

3.9 Ethical Considerations

The researcher acquired authorization to conduct the study from Moi University as well as a research permit from NACOSTI, which ensured that the participants had an understanding of the purpose of the research. The researcher ensured that full consent was sought from the participants, and participants were asked not to put their identities anywhere on the questionnaires. Additionally, the researcher guaranteed that the data acquired was treated with a high degree of confidentiality throughout the entire process. The information that was provided was not misappropriated or used for anyone's personal gain in any way, shape, or form, as the research was conducted only for scholarly reasons.

Table 3.3: Variable Definition and Measurement

Variable	Sub-variables	Measurement
Product Development Strategy	❖ Product improvements ❖ Product modification ❖ New brands ❖ Product package deals	5-point Likert scale
Product Differentiation Strategy	❖ Customer service ❖ Packaging ❖ Location ❖ Process	5-point Likert scale
Product Diversification Strategy	❖ Concentric Div. ❖ Conglomerate Div. ❖ Vertical Div. ❖ Horizontal Div	5-point Likert scale
Product Segmentation Strategy	❖ Variety ❖ Service range	5-point Likert scale
Product Liquidation Strategy	❖ Sell off ❖ Subletting ❖ Dropping off ❖ Sub-contracting	5-point Likert scale
Reals Estate Firm Performance	❖ Profit ❖ Market Share	5-point Likert scale

Table 3.4: Hypothesis Testing

Objective	Hypothesis statement	Method of analysis	Decision
To determine the effect of product development strategy on the performance of real estate firms in Mombasa County.	**H_{O1}:** Product development strategy has no significant effect on performance of Real Estate firms in Mombasa County.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis.
To examine the effect of product differentiation strategy on the performance of real estate firms in Mombasa County.	**H_{O2}:** Product differentiation strategy has no significant effect on performance of Real Estate firms in Mombasa County.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis.
To determine the effect of product diversification strategy on the performance of real estate firms in Mombasa County.	**H_{O3}:** Product diversification strategy has no significant effect on performance of Real Estate firms in Mombasa County.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis.
To investigate the effect of product segmentation strategy on the performance of real estate firms in Mombasa County.	**H_{O4}:** Product segmentation strategy has no significant effect on performance of Real Estate firms in Mombasa County.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis.
To establish the effect of product Liquidation strategy on the performance of real estate firms in Mombasa County.	**H_{O4}:** Product liquidation strategy has no significant effect on performance of Real Estate firms in Mombasa County.	Pearson Correlation Regression Analysis	If p-value < 0.05, Reject the null hypothesis.

CHAPTER FOUR

ANALYSIS, INTERPRETATION AND PRESENTATION OF FINDINGS

4.0 Introduction

This chapter cover the analysis of study response rate, demographic, descriptive analysis of research variables, Factor analysis, correlation analysis, regression assumption test results, Model Summary, Analysis of variance and Regression analysis.

4.1 Response Rate

The study received a total of 98 responses out of the 148 questionnaires administered representing 7.0% response rate. This indicates a good response for analysis as suggested by Kothari (2016) who is of the view that 65% response rate is sufficient for a study to continue.

4.2 Demographic Analysis

The study sought to understand the study participant's demographics relating to level of education and length of time worked in real estate firms. The findings are as presented in table 4.1 below;

Table 4.1: Demographic results

Level of Education	Post-Graduate	10	10%
	Bachelors	43	44%
	Diploma	32	33%
	certificate	12	12%
	High school/Secondary	1	1%
length worked in organisation	0-5 years	29	30%
	5-10 years	44	45%
	10-15 years	17	17%
	over years	8	8%

Source: Research data (2023)

Formal education is important in product strategies. The study results showed that majority of the respondents attained bachelors (44%) and diploma level of education.

The certificate and high school were a minority. Employee knowledge of the organization gained true years of experience is an important asset to the organization. It was observed that most of the respondents had 5 to 10 years' experience. Together, over five years' experience comprise of 60% (45+17+8). however, it is observed that about one third (30%) of employees are newly employed (< 5years) which is also a form of injecting new ideas into the organization

4.3 Factor Analysis

Factor Analysis is technique used to reduce the dimensions of the data and therefore refine the assesses the structure of the data.

Table 4.2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.820
Bartlett's Test of Sphericity	Approx. Chi-Square	1125.618
	Df	190
	Sig.	.000

Source: Research data (2023)

The results of the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and the Bartlett's Test of Sphericity are given in table 4.4 these results that the FA was appropriate. This is because the KMO obtained (0.82) is closer to 1.0 and the Bartlet's Chi-square (1125.618) is significant indicated by significant p-value of less than 0.0001.

Table 4.3: Total variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.344	39.734	39.734	8.344	39.734	39.734
2	2.381	11.338	51.072	2.381	11.338	51.072
3	1.467	6.985	58.057	1.467	6.985	58.057
4	1.341	6.387	64.445	1.341	6.387	64.445
5	1.081	5.145	69.590	1.081	5.145	69.590
6	.783	3.729	73.319			
7	.749	3.565	76.884			
8	.668	3.181	80.065			
9	.627	2.988	83.052			
10	.557	2.654	85.706			
11	.542	2.581	88.287			
12	.474	2.258	90.545			
13	.431	2.052	92.597			
14	.372	1.772	94.369			
15	.299	1.425	95.794			
16	.271	1.288	97.083			
17	.174	.830	97.913			
18	.151	.718	98.631			
19	.114	.543	99.174			
20	.106	.504	99.677			
21	.068	.323	100.000			

Extraction Method: Principal Component Analysis.

Source: Research data (2023)

The total variance extracted is shown in Table4.5. in FA, the total variance extracted is value representing the proportion of the variance in the original data extracted in the reduced datasets. In the results obtained (Table4.5), the total variance extracted is 69.590 percent of the original data. Again, the total variance results show the number of extracted components. In this analysis, it is seen that, five components had an Eigne value greater than one were extracted. Indicating that the twenty-one items represents a five-factor structure comprised of the expected five factors Extracted components

Table 4.4: Rotated Component Matrix

	Component					
	1	2	3	4	5	6
Product development_1	.794					
Product development_2	.915					
Product development_3	.905					
Product development_4	.854					
Product Diversification_2		.733				
Product Diversification_1		.758				
Product Diversification_3		.882				
Product Diversification_4		.881				
Product Differentiation_2			.774			
Product Differentiation_4			.860			
Product Differentiation_1			.757			
Product Differentiation_3			.772			
Product segmentation _1				.818		
Product segmentation _3				.731		
Product segmentation _2				504		
Product Liquidation_1					.750	
Product Liquidation_1					.787	
Product Liquidation_1					.779	
Product Liquidation_1					.766	
Firm Performance_1						.742
Firm Perfromance_2						.731

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.
Source: Research data (2023)

Table 4.4 shows the six components extracted representing the five IVs and one DV, From the rotated results, six clear structure emerged representing 6 components. In FA, items meant to measure a distinct construct loaded to one distinct component an indication of Construct Validity. For instance, the four items meant to measure the product development constructs loads to component one. Similarly, the 3 items meant to measure product segmentation construct loaded to component 2. one of the applications of the component matrix in FA is scale construction where items in the same component are averaged to form a construct representing that construct. Example the four items in component one were averaged to produce the product development construct for hypothesis testing. Thus, five constructs were produced and their reliability tested using the Cronbach's alpha coefficient (Table 4.4)

Table 4.5: Cronbach's alpha

Factor	Number of items	Cronbach's alpha
Firm performance	2	.699
Product development	4	.876
Product differentiation	4	.854
Product diversification	4	,798
Product segmentation	3	.932
Product liquidation	4	.887

Source: Research data (2023)

The results show that all the items met the reliability threshold of a Cronbach's alpha of greater than 0.7. The product segmentation construct had the highest reliability of 0.932 and product diversification Construct had the least Cronbach's alpha of 0,798. This shows the study instrument has internal consistent and can therefore replicate the findings if used under similar circumstances. This section focused on the measurement property of the instrument and the quality of the data collected. The FA confirmed the items in each construct by showing a clear factor structure (Rotated component matrix). the reliability results confirmed that the instrument demonstrated adequate internal consistence (reliability). The next section presents the descriptive results of the five constructs.

4.4 Descriptive Results

The study carried out a descriptive analysis on responses given by study participants relating to product development, product differentiation, product diversification, product segmentation and product liquidation. The findings are as presented in table 4.6 below;

Table 4.6: Descriptive results

Variable	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Product development	4.49	1.018	.999	.233	.265	.461
Product differentiation	3.96	1.027	.804	.233	.114	.461
Product diversification	3.83	.838	.896	.233	.859	.461
Product segmentation	4.31	.932	.762	.233	-.007	.461
Product liquidation	4.06	.687	-.788	.233	1.551	.461

Source: Research data (2023)

In statistics, the mean represents the value around which most of the observations lie. From the results in Table 4.7, the mean values are more than 3 indicating efforts in product strategy in most of real estate firms in Mombasa. The standard deviation shows the variation in response regarding the presence of favourable product strategy efforts from one across the firms. The standard deviation ranged from 1.018 to 0.687.

4.5 Correlation results

Correlation analysis was used to examine the strength and direction of the linear relationship between two or more variables. Findings are presented below;

Table 4.7: Correlation results

		Performance	Differentiation	diversification	segmentation	Liquidation	Development
Performance	r	1					
	Sig						
differentiation	r	.564**	1				
	Sig.	.000					
diversification	r	.380**	.484**	1			
	Sig.	.000	.000				
segmentation	r	.575**	.574**	.522**	1		
	Sig.	.000	.000	.000			
liquidation	r	.500**	.437**	.407**	.791**	1	
	Sig.	.000	.000	.000	.000		
Development	r	.529**	.520**	.458**	.424**	.388*	1
	Sig.	.000	.000	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed)., r= Pearson correlation sig; significant 2 tailed

b. Listwise N=98

Source: Research data (2023)

Correlation analysis is a procedure of evaluating association between variables. The correlation results in Table 4.7 shows that product strategies are being positively and significantly related with performance in real estate firms, similarly observed by Muzny and Simba (2019) who indicated that product strategy influences financial performance. Of the six measures of product strategy, product development showed the strongest bivariate association with firm performance (r=.529. However, product liquidation showed the weakest association with performance in real estate firms (r=767, p<.05). The observed positive association results suggest that product strategies are potential determinants of firm performance. It is on the basis of these correlation results that the five measures of product strategies are modeled as predictors of real estate performance in multiple regression framework. The findings are supported by Muzny and Simba (2019) who observed that product strategy influences financial performance.

4.6 Regression Analysis

Regression analysis was used to infer causal relationships between variables and assess whether changes in independent variables cause changes in the dependent variable.

4.6.1 Regression assumptions

Reliable models or hypothesis results are anchored on how well the models assumptions are met. The assumptions of normality of residuals are shown in figure 4. Although the distribution shows a heavy negative tail, the distribution is roughly better described by normal distribution with mean zero and standard deviation of 1.

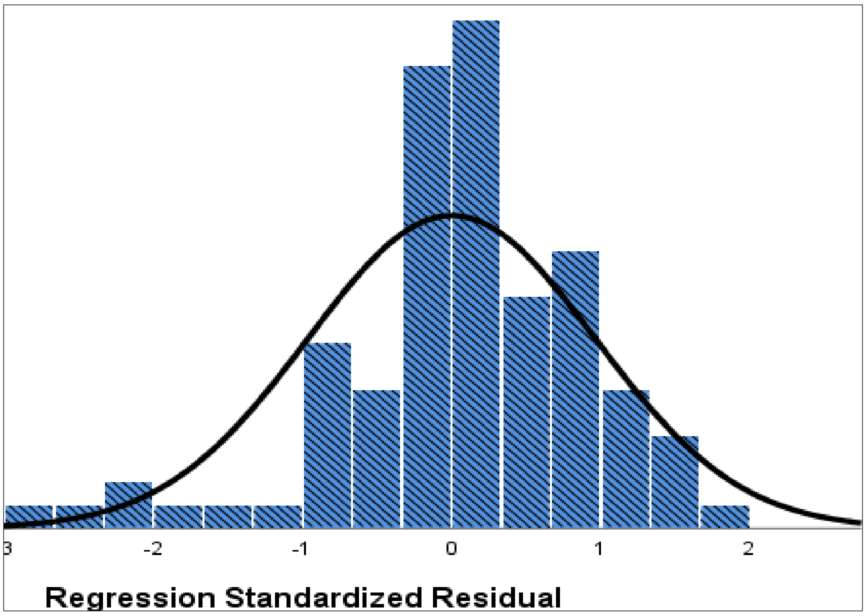

Figure 4.1: Normality test
Source: Research data (2023)

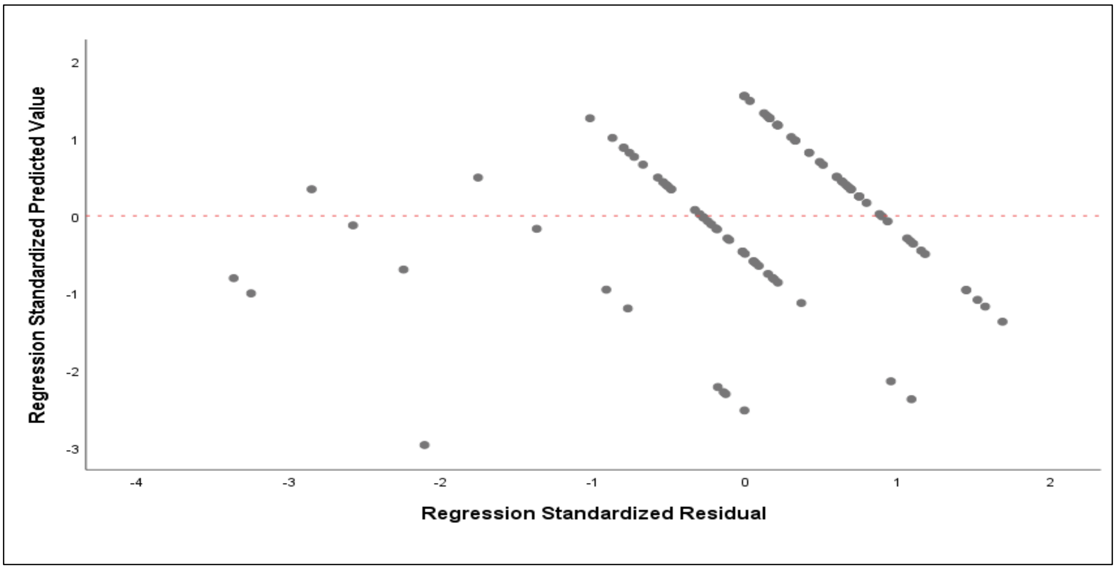

Figure 4.2: Constant variance
Source: Research data (2023)

The test of constant variance was tested using the residuals versus fitted values plots. The plot shows that the residuals are well distributed above and below the regression line indicating the constant variance assumption is met. No clear pattern emerge hence the assumption is met.

Table 4.8: Multicollinearity tests

	Tolerance	VIF
Product development	.589	1.699
Product differentiation	.671	1.491
Product segmentation	.286	3.496
Product diversification	.287	3.482
Product Liquidation	.345	2.900

Source: Research data (2023)

At long last, the assumption that there is no multicollinearity was tested with the help of the variance inflation factor. VIF. It may be concluded that there are not substantial multicollinearity issues between the independent variables in the model because the VIF values are lower than the threshold of 10.

4.6.2 Model Summary

A model summary was used to provide a concise and informative overview of the key characteristics and performance metrics of the model.

Table 4.9: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.919[a]	.845	.836	.40462945

Source: Research data (2023)

The R-square in the model summary results shows the variance explained by he set of independent variables in the model. The model summary results show that the IVs in the model accounts for 83.7 % of variance in performance.

4.6.3 Analysis of Variance

Table 4.10: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.937	5	16.387	100.091	.000[b]
	Residual	15.063	92	.164		
	Total	97.000	97			

Source: Research data (2023)

The ANOVA shows the suitability of the whole model that relate the IVS to the DV. The ANOVA results (Table 4.10)

4.6.4 Regression co-efficient

Table 4.11: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-8.375	.041		.000	1.000
Product development	.517	.059	.517	8.795	.000
Product differentiation	.254	.056	.254	4.563	.000
Product diversification	.156	.050	.156	3.098	.003
Product segmentation	.318	.069	.318	4.604	.000
Product Liquidation	.064	.050	.064	1.284	.202

Source: Researcher (2023)

$$\mathbf{Y} = -8.375 + .517X_1 + .254X_2 + .318X_3 + .156X_4 + .064X_5$$

The regression coefficient results in Table 4.11 shows the significance of each IV on DV, performance. The coefficient of product development is significant (β=.517, t=8.795, p<.005) concluding that product development has a significant effect on firm performance. The hypothesis H_{01} was therefore rejected. The findings concur with a number of previous findings. According to the findings of Namusonge et al. (2017), strategic product development processes have a favorable and significant impact on the financial performance of the company. A robust product development team is necessary for successful products because it is this team's responsibility to carry out activities that support the success of generated items.

Product differentiation has a significant ($\beta=.254$, $t=4.560$, $p<.01$). effect on firm performance. The hypothesis HO2 is thus rejected in favor of its alternative. Previous studies also found a significant effect of product differentiation on performance. Pearce & Robinson (2007) define differentiation strategy as a business approach aimed at establishing a competitive advantage for a company by offering a product or service that stands out from its competitors in terms of unique characteristics and attributes unrelated to cost and price. The disparity would be hard to generate and challenging to replicate or imitate. The company focuses on attaining exceptional results in a significant customer advantage domain highly valued by a substantial portion of the market.

Similarly, product diversification has a significant ($\beta=.318$, $t=4.606$, $p<.01$). effect on firm performance. The hypothesis HO3 is thus rejected in favor of its alternative. These findings are in line with past studies, By diversifying, you can sustain profitability even when there are fluctuations in the industry, economy, and consumerism as a whole. Diversification enables the optimization of your company's existing resources, which may be currently underutilized. (Collis, & Montgomery, 2020).

The regression coefficient results further showed that product segmentation is significant predictor of firm performance ($\beta=.517$, $t=8.795$, $p<.005$) the hypothesis H0 5 was therefore rejected in favor of its alternative. The findings concur with a number of previous findings. For example, Product segmentation, especially when built around the core buyer types, helps the company get more customers and keep the ones it already has. Being everything to everyone isn't always the best way to run a business. Giving slightly different versions of the same goods and services to different groups of customers can help you get a bigger share of the market, make more revenue, and cut costs. (Wind, & Sharp, 2020).

However, the regression coefficient results showed that product liquidation is not a significant predictor of firm performance ($\beta=.517$, $t=8.795$, $p<.005$) the hypothesis H06 was therefore not rejected in favor of its alternative. The findings do not concur with a number of previous findings. Gaviria and Xia (2021), for example, say that liquidation gives you extra cash that you can use for other divestments. So, if this approach is used correctly, it can help an organization that is falling apart get back on its feet. The process of liquidation is a planned and organized way for a business to get the most money for its assets.

Table 4.12: Hypothesis testing results

Hypothesis	t	p	Decision
$H0_1$	.000	1.000	Rejected
$H0_2$	8.795	.000	Rejected
$H0_3$	4.563	.000	Rejected
$H0_4$	4.604	.000	Rejected
$H0_5$	3.098	.003	Rejected
$H0_6$	1.284	.202	Not Rejected

Source: Research data (2021)

4.7 Summary of Key Findings

Ho_1: Product development strategy has no significant effect on the performance among real estate firms in Mombasa County. The study found that product development had a positive and significant effect on performance of real estate firms in Mombasa County. Namusonge et al (2017) found similar findings which showed that strategic product development practices have a positive and significant influence on financial performance. Successful products need a strong product development team to conduct practices that foster the success of developed products.

Ho_2: Product differentiation strategy has no significant effect on the performance among real estate firms in Mombasa County. The study found that product differentiation had a positive and significant effect on performance of real estate firms in Mombasa County. Pearce & Robinson (2007) supports the findings and states that product differentiation help businesses achieve superior performance in an important customer benefit area valued by a large part of the market.

Ho_3: Product diversification strategy has no significant effect on the performance among real estate firms in Mombasa County. The study found that product diversification had a positive and significant effect on performance of real estate firms in Mombasa County. In support to the findings, Collis and Montgomery (2020) diversification allows you to remain profitable during industry ups and downs, as a society, the economy, and consumerism fluctuate. Diversification allows a firm to maximize a company’s current resources, which may be underutilized.

Ho_4: Product segmentation strategy has no significant effect on the performance among real estate firms in Mombasa County. The study found that product segmentation had a positive and significant effect on performance of real estate firms in Mombasa County. Duboff and Spaeth (2019) similarly found that product segmentation provides a mechanism for a company to distribute the risk of selling a high-cost product across different target markets. Debnath and Nair (2021) established that the strategy leads to increase in customer satisfaction and profitability by targeting specific segments with tailored products or services. One example of product segmentation strategy is Nike's marketing approach, which offers a range of products targeting specific consumer segments, such as runners, basketball players, and golfers

Ho_5: Product liquidation strategy has no significant effect on the performance among real estate firms in Mombasa County. The study found that product liquidation had a positive insignificant effect on performance of real estate firms in Mombasa County. In contrast, Gaviria, & Xia (2021) established that that liquidation provides extra cash that may be utilized in other divestments. It is therefore a strategy that can help a declining organization back to its feet effectively executed. Liquidation represents an orderly and planned means of obtaining the greatest possible cash for an organization's assets

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The general objective of the study was to establish effects of product strategy on performance of real estate firms in Mombasa. This chapter presents the summary of findings. The conclusion and recommendations

5.2 Summary

A product strategy is a high-level plan describing what a business hopes to accomplish with its product and how it plans to do so. This study was based on Ansoff theory, the grand strategy selection matrix theory, the generic strategy theory and the balanced score card theory. Empirical studies on the effect of product strategies on firm performance on different fields were examined. The study was a quantitative descriptive study that used data from managers of the firms to meet the five research objectives.

5.2.1 Product development

The first objective investigated the effect of product development on firm performance. In this study, Product development was viewed as the stages involved in bringing a product from concept or idea through market release and beyond. Specifically, it is how the firms build out the product road map that help product adoption. This study found that Product development has a significant positive effect on firm performance.

5.2.2 Product differentiation

The second objective dug into product differentiation efforts in real estate firms. The overriding question is whether real estate firms in Mombasa distinguish their products or services from other similar ones available in the market. And if they do, does it help them perform than firms that do not differentiate. Based on empirical review of past studies and theories of differentiation, it was the view of this study that differentiation is critical and potential determinant of firm performance. It was evident from the analysis that product differentiation significantly influences firm performance. Therefore, Product differentiation is important because it helps organizations Create products or services that stand out from their competitors.

5.2.3 Product diversification

The third objective examined product diversification strategy and performance. Under this objective, the key question was whether there are positive outcomes of expansion of firms to new markets or introduce new products. Based on literature and principles of diversification, this study postulated that good and effective diversification plan has a number of positive outcomes including general firm performance. Empirical findings showed that the diversification efforts in the firms indeed have positive outcomes.

5.2.4 Product Segmentation

The nexus between Product segmentation and performance was investigated. The aim was to analyze if creating different versions of a product to appeal to different customers or markets results to positive outcomes. The study postulated that dividing a company’s products into different categories or segments based on the needs and preferences of customers results to positive outcomes. The empirical findings showed that these segmentation efforts result to positive firm outcomes.

5.2.5 Product liquidation

Market liquidation and performance was examined also to establish if the strategy of selling houses to pay back various claimants, such as creditors and shareholders, are positive steps towards better performance. The study postulated that the benefits of prudent liquidation help the real estate firms achieve competitive advantages through reduced deaths, avoid bankruptcy and simplify operations. Empirical results showed no significant contribution of liquidation strategies on performance in real estates.

5.3 Conclusion

1. Product development is one the avenues the real estate firms can adopt to overcome the performance challenges. Successful product development is anchored on how the firms build out the product road map that help product adoption.
2. Differentiating houses has positive effect on real estate performance and investing is producing houses and services that stand out from the competitors is important driver of performance in real estate firms in Mombasa.
3. Diversification skills are at the core of effective diversification and positive performance outcomes. It requires firm’s ability in identifying road map for improvement of their categories of houses for its huge clientele.
4. Real estate firms with HR teams that have skills in identify high yield segments of customers are at a vantage competitive edge over the firms

with poor such skills. Successful Product segmentation aid real estate firms to provide houses that meet the specific needs of their customers and target different markets for positive outcomes.

5.4 Recommendations

1. The management of real estate firms should have built on a clear product development road map that ensures the products (houses) are accepted and adopted by the wider market.
2. The management should have a clear differentiation philosophy by directing their effort to put product (or service) in a unique market position that gives them an edge over competitors. This differentiation should be the reason the customers choose the products of the firm and not of other competitor firms others.
3. Availing different houses for diverse markets help expand the market. The real estate's management should therefore invest in human skills on diversifying their products and services that provides variety of products so as to appeal to a large market.
4. The real estate management should invest in HR skills that effectively identify high yield segments of customers that helps them create a competitive edge over their competitors. The guiding principle behind the segmentation should be to guide firms provide houses that meet the specific needs of their customers and target different markets for positive outcomes.

5.5 Suggestion for Further Studies

1. The current study could not establish the expected positive effect of liquidation on real estate performance. In future the study should investigate the possible intervening variables or confounding variables.

2. The growth of real estate depends on the performance of other support sectors because they provide resources. In future the study should examine the influence of product strategy on performance in different sectors. As such as manufacturing

REFERENCES

Abuzayed, B., Al-Fayoumi, N. & Molyneux, P. (2018). Diversification and bank stability in the GCC, *Journal of International Financial Markets, Institutions and Money*, 57: 17-43.

Ada, M.O. & Cross, O.D. (2020). Diversification Strategy and Financial Performance of Nigeria Private Firms. *International Journal of Scientific Research and Management*, 8(07)

Adler, P. S., & Goldoftas, B. (2019). *Understanding the performance of complex organizations*. Oxford University Press.

Aliqah, K. M. A. (2017). Differentiation and organizational performance: Empirical evidence from Jordanian companies. *Journal of Economics*, 3(1), 7-11

Ansoff, I., Kipley, D., Lewis, O., Helm-Stevens, R. & Ansoff, R. (2019). *Implanting Strategic Management.* (3rd Ed). Switzerland; Palgrave Macmillan

Arte, P., & Larimo, J. (2022). Moderating influence of product diversification on the international diversification-performance relationship: A meta-analysis. *Journal of Business Research*, *139*, 1408-1423.

Bello, D. C., & Kumar, V. (2019). Impact of product differentiation on supply chain performance. *Journal of Business Research*, 95, 128-138.

Book: Kaplan, R. S., & Norton, D. P. (2020). *The Balanced Scorecard: Translating Strategy into Action.* Harvard Business Review Press.

Brouthers, L. E., & Nakos, G. (2019). Diversification and internationalization strategies of family firms: A systematic review and future research agenda. *Journal of Family Business Strategy*, 10(1), 5-21.

Bryman, A., & Bell, E. (2015). *Business Research Methods.* Oxford University Press.

Chen, H., Hu, Y., & Xiong, Y. (2021). A dynamic product segmentation model for personalized marketing. *Journal of Business Research*, 128, 512-522.

Chernatony, L. de, & Dall'Olmo Riley, F. (2019). Building brand identity in the age of social media: Emerging research and opportunities. *Journal of Marketing Management*, 35(3-4), 189-196.

Collis, D. J., & Montgomery, C. A. (2020). *Corporate strategy: Resources and the scope of the firm.* John Wiley & Sons.

Collis, D. J., & Rukstad, M. G. (2019). *Can you say what your strategy is?* Harvard Business Review Press.

Creswell, J. W., & Creswell, J. D. (2017*). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage Publications.

Cytonn. Retrieved from Cytonn: https://cytonn.com/blog/article/current-real-estate-trends-in-Kenya-and-how-they-affect-investors

David, F. R. (2017) *Strategic management: concepts and cases*. Pearson Prentice Hall, Upper Saddle River

Debnath, R., & Nair, A. (2021). Product Segmentation: Opportunities and Challenges in the Context of a Global Pandemic. *Journal of Business Research*, 133, 276-282.

Di Benedetto, C. A., & Song, M. (2019). Open innovation in new product development: A literature review and research agenda. *Journal of Product Innovation Management*, 36(6), 758-781.

Dickson, P. R., & Ginter, J. L. (2017). Market segmentation, product differentiation, and marketing strategy. *Journal of marketing*, 51(2), 1-10.

Doherty, A. M., & Haugh, H. M. (2020). Product diversification and firm performance: A resource-based view. *Journal of Business Research*, 108, 140-151.

Douglas, C., Ruramayi, T., Sinesisa, K. & Collen M (2020). Personnel Differentiation for Competitive Advantage in the Private Tertiary Education Institutions in Botswana. *International Journal of Marketing Studies*; 12, 1

Duboff, R. S., & Spaeth, J. P. (2019). *Market segmentation success: Making it happen!* Routledge.

Field, A. (2018). *Discovering Statistics Using IBM SPSS Statistics*. Sage Publications.

Gaviria, C., & Xia, Y. (2021). Product liquidation strategy under uncertainty: A scenario-based optimization approach. *International Journal of Production Economics*, 233, 107997.

Geng, N., & Wang, X. (2020). Product liquidation strategy in a dual-channel supply chain considering consumer return behavior. *Sustainability*, 12(7), 2785.

Grant, R. M. (2019). *Contemporary Strategy Analysis: Text and Cases Edition*. John Wiley & Sons.

Griffin, A., & Page, A. L. (2020). *New product development: A structured approach to consumer product development, design, and manufacture*. Routledge.

Guo, Y., Li, Y., & Wang, Y. (2019). Diversification strategy and firm performance: Evidence from Chinese listed firms. *Asia Pacific Journal of Management*, 36(1), 1-22.

Gupta, R., & Gupta, R. (2020). Examining the performance implications of related and unrelated diversification strategies. *Journal of Business Research*, 112, 318-330

Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2020). Strategic Management: Concepts and Cases: Competitiveness and Globalization. Cengage Learning.

Huang, X., & Lu, L. Y. Y. (2020). Quality differentiation and competitive strategy in the context of cross-border e-commerce. *Journal of Business Research*, 111, 145-157.

Islami, X., Latkovikj, M., Drakulevski, L., Popovska, M. (2020), Does Differentiation Strategy Model Matter? Designation Of Organizational Performance Using Differentiation Strategy Instruments – *An Empirical Analysis Theory and Practice*. Volume 21 Issue 1: 158–177

Islami, X., Mustafa, N. & Latkovikj, T. (2020) Linking Porter's generic strategies to firm performance. *Futur Bus J* **6**, 3 (2020).

Jiang, J., Li, J., & Li, X. (2021). A Study on Product Differentiation Strategy Based on Big Data Analysis. *Journal of Physics: Conference Series*, 1770(1), 012040

Kamweru, E., & Mr. Ngui, M. N. (2017). Effects of Interest Rates On the Performance of Real Estate Industry In Kenya: A Case Of Nairobi County. *International Journal of Finance*, *2*(6), 35–59.

Kanini, S., Kibati, P. & Muhanji, S. (2019). Product Diversification and the Financial Performance of Manufacturing Companies in Kenya. *IOSR Journal of Economics and Finance (IOSR-JEF)*,10(6):43-50

Khan, M. S., & Khan, S. (2019). Factors affecting new product development: A review paper. *Journal of Innovation & Knowledge*, 4(4), 170-176.

Kim, K.-J., Park, J., & Jeon, J. (2019). The effects of price differentiation and product differentiation on customer satisfaction and loyalty in the airline industry. *Journal of Air Transport Management*, 81, 101721.

Kim, M., & Cho, Y. J. (2020). How do firms diversify? A review of diversification strategies. *Asia Pacific Journal of Management*, 37(3), 609-634.

Kim, M., & Swaminathan, V. (2019). Product liquidation and channel structure. *Journal of Marketing Research*, 56(5), 824-838

Kocoglu, I., & Karakoc, E. (2021). Determinants of organizational performance in times of crisis: A study of Turkish SMEs. *Journal of Small Business Management*, 59(1), 38-57.

Kotler, P., & Keller, K. L. (2019). *Marketing management* (15th ed.). Pearson.

Kucuk, U., & Krishnamurthy, S. (2019). Towards a theory of product differentiation in the sharing economy. *Journal of Business Research*, 98, 405-414.

Lee, J. Y., Kim, J., & Park, Y. (2019). The effect of product diversification on firm performance: Evidence from Korean firms. *Asia Pacific Journal of Management*, 36(3), 631-655.

Lees, G., Winchester, M. & De Silva, S. (2016), Demographic product segmentation in financial services products in Australia and New Zealand. *J Financ Serv Mark* **21**, 240–250.

Li, Z., Li, J., & Wu, J. (2020). Optimal product liquidation strategy for a retailer under demand and salvage value uncertainty. *European Journal of Operational Research*, 281(1), 110-120.

Lin, W. T., Lin, Y. T., & Hung, C. C. (2021). How do firms select and implement their diversification strategies? The role of CEO's prior knowledge and firm size. *Journal of Business Research*, 135, 435-446.

Maina, M. W. (2016), Product Diversification Strategies as A Determinant of Perceived Firm Performance Among Real Estate Companies in Nairobi City County, Kenya.

Maingi, W. P & Muathe, S. M. (2021). Effect of Innovation Strategies on Performance of Real Estates Firms in Mavoko Sub-County, Kenya. *International Journal of Research and Innovation in Social Science* (IJRISS), 2454-6186

Maranga, D., Ngali, R., & Wepukhulu, J. (2022). M. (2022). Product diversification and profitability of listed commercial banks in Kenya. *International Academic Journal of Economics and Finance, 3 (7), 70, 88,* 2.

Meixner, M., Sailer, K., & Holzmüller, H. H. (2021). Product strategy in a digital age: A systematic literature review and future research directions. *Journal of Business Research,* 131, 1-15

Muzny, A. M., & Simba, F. (2019). Influence of turnaround strategies on organizational performance: A case of coast development authority, Kenya. *The Strategic Journal of Business & Change Management,* 6 (2), 225 – 243.

Namusonge A., Mukulu E., Mokaya S. (2017), Relationship between strategic product development practices and financial performance of telecommunication firms in Kenya. *Int. J. Acad. Res. Bus. Soc. Sci*.;7(11):309–326.

Ngunjiri, R. N. (2022). Foreign Direct Investment and Profitability of Real Estate Firms in Kenya. *Journal of Finance and Accounting*, 2(1), 10- 18

Ojoajogu, A. M., Kenechukwu, F. M., Yusuf, S. B. & Bala Malami, Z. (2020), Impact of New Product Development on Organisation Performance. *Journal of African Sustainable Development*. June, 2020 Vol. 20 No. 2

Omosa, H. M., Muya, J., Omari, S., Momanyi, C. (2022). Role of product diversification strategy on performance of selected tea factories in Kenya. *International Academic Journal of Innovation, Leadership and Entrepreneurship,* 2(2), 279-296

Omosa, M. H., Muya, J., Omari, S., & Momanyi, C. (2022). Role of product development strategy on performance of tea factories in Kenya. *Reviewed Journal of Human Resource Management*, 3 (1), 1 – 11

Preece, C. N., Miles, G., & Brown, J. (2021). A review of new product development: Strategies for success. *Business Horizons*, 64(4), 503-514.

Puthenpurackal, J., & Bhamidipati, K. (2019). Optimal product liquidation strategy under limited shelf-life: A dynamic programming approach. *Journal of Manufacturing Systems,* 50, 36-45.

Richard, O. C., Ifeanyi, C., Muogbo, U. S., & Li, Y. (2021). The relationship between organizational culture and performance: Evidence from a non-western context. *Journal of Business Research*, 126, 353-362.

Saunders, M. N., Lewis, P., & Thornhill, A. (2015). *Research Methods for Business Students*. Pearson Education Limited.

Schoenherr, T., & Wieland, A. (2020). The impact of supplier involvement on product development: a contingency perspective. *Journal of Product Innovation Management*, 37(1), 3-22.

Sijbom, R. B., de Jong, J. P. J., & Foss, N. J. (2019). Exploring the relationship between strategic agility and organizational performance: The role of organizational ambidexterity. *Journal of Management Studies*, 56(2), 288-318.

Sun, X., Huang, J., & Wu, J. (2021). The impact of product differentiation on firm value: Evidence from Chinese listed firms. *Journal of Business Research*, 133, 16-26.

Thompson Jr., A. A., Strickland III, A. J., & Gamble, J. E. (2018). *Crafting and executing strategy, text and readings (14th ed.).* New York: McGraw Hill Irwin

Udosen, I., & Oladimeji, M. S. (2019). The effect of diversification strategy on organizational performance. *Journal of Competitiveness,* 11(4), 120-131

Ulaga, W., & Reinartz, W. (2020). Customer solutions: A systematic review and research agenda. *Journal of Product Innovation Management*, 37(1), 75-99.

Ulrich, K. T., & Eppinger, S. D. (2021). *Product design and development.* McGraw Hill Education.

Wang, J., Gu, Y., Wang, S., & Zhang, S. (2020). The impact of employee creativity on organizational performance: A multilevel mediation model. *Journal of Business Research*, 113, 270-278.

Wang, L., & Zhang, M. (2019). Product liquidation strategy for a closed-loop supply chain under demand uncertainty. *Annals of Operations Research*, 273(2), 863-891.

Wind, Y. J., & Sharp, B. (2020). *Marketing, strategy, and competitive positioning* (7th ed.). Pearson.

Yao, Y., Wang, Y., & Zhu, X. (2021). Does unrelated product diversification destroy firm value? Evidence from China's private listed firms. *Journal of Business Research*, 129, 146-157.

APPENDICES

Appendix I: Introduction Letter

Cynthia Munene
P.O. Box 81135-
80100,
Mombasa.,
Kenya.

23/9/2022.

To
Manager
Real Estate Firm
Mombasa

Dear: Sir/ Madam

RE: REQUEST FOR PERMISSION TO CARRY OUT RESEARCH DATA

I am a student at Moi University Coast Campus pursuing a Degree of Business Adminstration (MBA). Pursuant to the pre-requisite course work, I would like to conduct a research investigating " Product Strategy and its effect on performance of real estate firms in Mombasa County", this will involve use of questionnaires administered to managers of the real estate firms.

I kindly seek your permission to conduct the research at the organization. Data collected shall be treated as confidential and strictly be used for academic pursposes. Thanking you in advance as I look forward for your cooperation.

Yours Faithfully,

Cynthia Munene
Student, School of Business and Economics

Appendix IIi: Questionnaire

Part I: Demographic Information

i) Indicate your Level of education

Post Graduate ( )

Bachelors ( )

Diploma ( )

Certificate ( )

High school / Secondary ( )

ii) Length worked in the organization

0-5 year ( )

5-10 years ( )

10-15 years ( )

over years ( )

Part 2: Objective based Questions

State the extent to which you agree with following statements relating to firm strategies adopted to enhance project performance in Real Estate. 5 - Strongly Agree, 4 - Agree; 3 – Slightly Agree, 2- Disagree and 1 -Strongly Disagree.

Product Development Strategy	**Options**				
	1	**2**	**3**	**4**	**5**
There is product improvements					
New products are developed					
Product modification is encouraged					
New product package/ deals are provided					
Product Differentiation Strategy					
Provision of customized services					
Property location is outstanding					
Process of getting service is simplified					
Favorable corporate reputation					
Product Diversification Strategy					
There is concentric diversification					
There is conglomerate diversification					

There is vertical diversification					
There is horizontal diversification					
Product Segmentation Strategy					
Different version of same product are offered					
Minor variations are made on products					
Product expansion is encouraged					
Product Liquidation Strategy					
When a product isn't performing well, we sell it off					
When a product isn't performing well, we sublet					
When a product isn't performing well, we drop it off					
When a product isn't performing well, we subcontract					
Real Estate Firm Performance					
We have experience profitability					
We have experience increased market share					

Appendix III: List of Real Estate Firms

1. Kruss Properties
2. D.K Real Estates Ltd
3. Nairobi Homes LTD
4. Urban point Properties
5. Arkaan Properties
6. Kilifi Properties LTD
7. Silcreek Realtors
8. Inuka Afrika Properties
9. Idime Real Estate
10. Amor Homes
11. Myspace Properties
12. Tristar property management
13. Brisk Homes Mombasa
14. Phina Valuers
15. Homeseekers LTD
16. Spectrum Homes
17. Benford Homes
18. D.K Real Estates Ltd
19. Nyali Simba Estate
20. Raha Leo Estate
21. Raha Breeze Properties LTD
22. Amo Properties
23. Residence Real Estate Mombasa
24. Mombasa Real Estates Agencies LTD
25. Goldwyne Consult
26. Realtor Love tone Kenya
27. Eureka Homes Ltd
28. Crescent Real Estate
29. 29.Arneel Homes Ltd
30. Charlkom smart Real Estate
31. Green House Properties
32. Harambee Estate
33. Bino Homes
34. Dahnan Properties Limited
35. Tazama Real Estate Agents
36. Mombasa Real Estate
37. Savoy Real Estates
38. Bliss Homes
39. Lefrancs Homes
40. Gate land Properties
41. e-Rated Properties Limited
42. Coral Property Consultants LTD

43. Lifestyle Holiday Home
44. Vescon Estate
45. Solian 3 Estate
46. Links Garden Estate
47. Al Rahman Estate
48. Bamusa Real Estate Agency
49. Willow Estate
50. Ijara Estate
51. Bamburi Brock Estate
52. Dk real estate
53. The Links Estate
54. Kagoya Real Estate Management & Property Agency
55. Miritini Maganda Estate
56. Estate Serviced Apartments, Utange, Mombasa
57. Danco Limited - Registered Property Valuers and Real Estate Consultants,
58. Kizurini Estate - Mombasa
59. Euro Trust Real Estate
60. Gichanga Estate
61. Kiembeni Green Estate
62. Bustani Estate
63. Real Estate consultations
64. Nassir Romeo Marie Real estate
65. Henry Inuka the Real Estate Consultant
66. Khamis agent (Real estate agent)
67. Salama Estate Agencies
68. Coastal Real Estate
69. Umoja Estate
70. Lavandross Real Estate
71. Zumo Real Estate Agents
72. JST Real Estate Managers
73. Daizy Real Estate Consultant
74. Seven Star Estate
75. Bustani Estate
76. Awkm Real Estates & Automobiles Agency
77. Samfrance Commercial Properties
78. ATT Real Estate
79. Mkomani Estate
80. Kinango Estate
81. Thuviland Real Estate & Agents
82. Awkm Real Estates & Automobiles Agency
83. Lake View Estate
84. Muiri Property Ltd
85. New Address Real Estate Agency Kenya
86. Miritini Estate

87. Salama Estate Mombasa
88. Rainbow Estate Mombasa
89. Vescon 2 Estate
90. Gateland Properties