EFFECTS OF STRATEGIC POSITIONING ON FIRMS PERFORMANCE: A CASE OF ANIMAL FEED MANUFACTURING FIRMSIN CENTRAL, RIFT VALLEY AND WESTERN KENYA

BY

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DECLARATION

Declaration by the Student

This research project is my original work presented to Moi University. The work has never been presented for a degree or any other award in any other University or institution of learning.

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DEDICATION

This research project is dedicated to my mother Christine Kadii Wafula and father Moses Wafula for their much support this far, and my siblings for their much assistance during study period.

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ABSTRACT

Strategic positioning of firms includes the devising of the desired future position of the firm on the basis of present and foreseeable developments, and the making of plans to realize that positioning. Strategic positioning is vital in ensuring the continuity of a firm. In Kenya, newly established manufacturing firms are currently facing major challenges to survive in this highly vibrant industry. There are increased levels of competition in the local animal feed manufacturing firms hence low diminishing market shares. The main objective of this study was to investigate the effects of strategic positioning on firms performance of animal feed manufacturing firms within Central, Rift Valley and Western Kenya Region. The Specific objectives were; to examine the effects of low cost on firm's performance, to establish the effects of market focus on firm's performance, to determine the effects of differentiation on firm's performance. The resource based view model was used as the theoretical foundation of the study. The study adopted an explanatory research design and was guided by Resource based View theory. The study targeted96animal feed manufacturing firms in Central, Rift Valley and Western Kenya Region and a census method was employed. Primary data was collected through self-administered questionnaires. Multiple regression analysis technique was used to analyze and test hypothesis. Results indicated that cost leadership and differentiation strategy has a significant and positive effect on firm performance. However, market focus strategy has no significant effect on firm performance. The study concludes that firms should utilize advanced manufacturing technologies to lower production costs, to take a step further to properly understand target customers and, existing and potential competitors as well as the inter-functional coordination of firm resources and activities, renew product and product designs and employ strategies to enhance brand image. In addition to that, observe economies of scale while sourcing raw materials develop new unique products, invest in product quality control measures and brand products. The study recommends that future researchers should strive to assess the role of strategic positioning on revenue generation of animal feed manufacturing firms in selected counties in Kenya.

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LIST OF ABBREVIATIONS

AKEFEMA	Association of Kenya Feed Manufacturers
AMT	Advanced Manufacturing Technologies
GDP	Gross Domestic Products
R&D	Research and Development
KAM	Kenya Association of manufacturers
KSHs	Kenya Shillings

DEFINITION OF OPERATIONAL TERMS

Firm performance: is the final achievement of an organization and contains a few things, such as the existence of certain targets are achieved, has a period of time in achieving the targets and the realization of efficiency and effectiveness (Johnson Richard and Devinney, 2006).

In this study the term has been used to refer to the achievement of organizational goals in terms of financial and growth perspectives

Strategic positioning: This is the act of devising of the desired future position of the organization on the basis of present and foreseeable developments, and the making of plans to realize that positioning through management of cost, product differentiation and market focus(Arnott, 2002)

In this study these refers to the strategies employed by animal feed manufacturing companies to enhance performance such as the cost leadership, differentiation and market focus strategies

Cost leadership

A firm sets to become the low cost producer. A low cost producer must find and exploit all sources of cost advantage (Porter 1985).

In this study these refers to all techniques employed by the firm to ensure it produces products at the lowest cost

Differentiation

A firm seeks to be unique along some dimensions that are highly valued by buyers. This can be based on the product and delivery system(Slater and Narver, 1998)

In this study this refers to the methods used by the animal feed manufacturing firms to produce unique products for different markets.

Market focus

This is where a firm focuses on a particular buyer group, or geographical market Johnson and (Scholes 2002).

In this study this refers to the marketing strategies employed by animal feed manufacturing firms to target either specific market segments or to mass market.

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter presents the background to the study, statement of the problem, objectives of the study, research questions, significance of the study, limitations of the study and scope of the study

1.1 Background of the Study

In this 21st century business environment, firms are faced with challenges of having to compete in a complex and dynamic context that is continuously being transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies (DeNisi, Hitt and Jackson, 2003) majority of these firms search for the best strategies in order to consolidate their position in the market. Maintenance of competitive position and application of appropriate strategy most frequently ensure company's survival in the market and good results of its performance (Athiyaman, 2005).

Firm performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Johnson Richard and Devinney, 2006). This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Johnson et al, 2006)

Positioning is concerned with the attempt to modify the tangible characteristics and the intangible perceptions of a marketable offering in relation to the competition (Arnott, 2002). Temporal (2005) states that strategic positioning is a planned initiative that convinces or persuades people to think about why they are different or better from what the competition has to offer

In the global arena, in highly dynamic and uncertain environments, in most companies, competitiveness have been regarded as a multi-dimensional construct comprising customer values, shareholder values and an organization's ability to act and react. Day and Wensley (2008) posit that strategic positioning and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position.

The resource-based theory (Barney, 1991), stresses the importance of the intangible resources and capabilities of the firm in the context of the competitive environment. In this way, the firms that devote their internal forces to exploit the opportunities of the environment and to neutralize threats while avoiding weak points are most likely to improve its performance than those that do not do the same and they are able to build a good reputation. The company's positioning strategies are its response to the situation in the competitive environment.

In Africa, according to Smarta (2004), the new wave of liberalization and competitive business environment has forced organizations to awaken from the slumber, overhaul their thinking and wear new caps to re-assess the external and internal environment. Organizations need to acquire new skills to develop a strategic vision for the future course of their business. Many organizations have adopted various strategies such as strategic alliances, diversification, mergers and acquisitions (Hax and Majluf, 2006). Positioning plays a pivotal role, since it links market analysis, segment analysis and competitive analysis to internal corporate analysis. For instance, in today’s ever changing of social networks, empowered customers and hyper competition, most organizations in South Africa have prepared to immediately implement holistic thinking for their marketing and positioning strategy (Duncan, 2005).

With an increase in global competition, technological advances, and fast informed customers, it is important for businesses to make a powerful impact on target audiences and markets. Strategic positioning is one of the most important trends adopted all over in most of the organizations. It is one such step toward an integrated approach to achieving efficiency by synergy (Amine and Cavusgil, 2001). The emergence of this concept has become one of the most significant examples of development in organization to enhance their performance. It has influenced thinking and acting among firms but also authorities, state owned companies and political parties, all facing the realities of competition in an open economy (Akan and Hofer, 2006).The animal feed manufacturing firms in Kenya have not been left behind, and they have also adopted various strategies in dealing with challenges brought about by globalization and liberalization. In the competitive manufacturing industry, positioning in most companies in Kenya reflects how consumers perceive the product’s/service’s or organization’s performance on specific attributes relative to that of the competitors. Thus, animal feed manufacturing firms have to either reinforce or modify customers’ perception or image. It is against this background that the study investigates the effects of strategic positioning on firms performance.

1.2 Statement of the Problem

Strategic positioning is a powerful tool that allows a firm to create an image and improve in its performance. In recent years the livestock and animal feeds industry in Kenya has witnessed increased emphasis on the cultivation of a culture which fosters the effective implementation of strategic programs. This growing attention stems from the belief that sound strategic and positioning practices provide an important source of competitive advantage in the livestock sector which is characterized by high levels of interaction between firms and their customers. A strong positioning culture leads to customer retention, which in turn, yields higher profitability (Ries and Trout, 2000).

Strategic positioning has been recognized as a vital tool to confront the competitive pressure in the market environment and also as a tool of improving the performance of firms (Kettunen, 2006). In Kenya, newly established manufacturing firms are currently facing major challenges to survive in this highly vibrant industry due to their experiences in being innovative (K.A.M, 2012).With these increased levels of competition, local animal feed manufacturing firms have had to strategically position and align themselves to capture new markets or retain existing market share. Animal feed manufacturing firms have chosen to extend their positioning to create a brand. Despite this, limited studies have been done on the how animal feed manufacturing firm's strategic positioning affects their performance. It is against this backdrop that this study is being carried out to assess the effect of strategic positioning on the performance of animal feed manufacturing firms in Central Kenya, Rift Valley and Western Kenya regions

1.3 Objectives of the Study

The main purpose of the study was;

To investigate the effects of strategic positioning on firms performance of animal feed manufacturing firms in Central, Rift Valley and Western Kenya. The study was guided by the following specific objectives;

i. To establish the effects of Low cost Strategy (Cost Leadership) on firm's performance of animal feed manufacturing firms within Central, Rift Valley and Western Kenya regions.

ii. To establish the effects of Market focus on firm's performance of animal feed manufacturing companies within Central, Rift Valley and Western Kenya regions.

iii. To determine the effects of Differentiation on firm's performance of animal feed manufacturing companies within Central, Rift Valley and Western Kenya regions.

1.4 Hypotheses

$H_{O1:}$ Cost leadership has no significant effect on firm performance

H_{O2}: Market Focus has no significant effect on firm performance

HO_3: Differentiation has no significant effect on firm performance

1.5 Significance of the Study

The study will be of value to:

The management of animal feed manufacturing firms in: Central, Rift Valley and Western Kenya and in the country as a whole by providing them with information and knowledge on how their strategies are contributing towards firm performance. This will enable them to adjust and concentrate on strategies that improve their market share, and give the firm a competitive edge. The findings of the study can also be replicated in other highly competitive sectors. Most importantly, this research further aims at offering some practical suggestions on the role of strategic positioning in order to gain competitive advantage and in enhancing firm performance.

The policy makers will obtain knowledge of the manufacturing sector dynamics and the appropriate positioning strategies; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the sector.

Future scholars may use the results of this study as a source of reference. The findings of this study can be compared with positioning strategies in other sectors to draw conclusions on various ways an institution can respond to poor organizational performance and competitive forces in the environment. It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining a competitive edge in their environment.

1.6 Scope of the Study

The scope of the study was to find out the effects of strategic positioning on firms performance. The study reviewed effects of low cost, focus and differentiation positioning on firms performance. The study was conducted among the animal feed manufacturing firms in Central Kenya Rift Valley and Western Kenya regions. The target population for the study was made up of all animal feed manufacturing firms in Central Kenya (Nairobi county and Kiambu county), Rift Valley (Nakuru County, Uasin Gishu County Nandi County, and Trans-Nzoia County) and Western Kenya (Kisumu, Kisii and Bungoma).The census method was used and conducted the research for two months in the months of August 2014-Septembert 2014.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is concerned with the review of literature related to the study. An overview of theoretical foundation of the study, the practice of strategic positioning in organizations, strategic positioning strategies and strategic positioning and organizational performance will be discussed. The study will also review the objectives in relation to the study and the knowledge gap.

2.1 The Concept of firm performance

Gibson et al.(2010) argued that firm performance is the final achievement of an organization and contains a few things, such as the existence of certain targets are achieved, has a period of time in achieving the targets and the realization of efficiency and effectiveness. On the other hand, firm performance refers to 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 (Koontz and Donnell, 2003). Therefore, achieving the desired performance is a major pre-occupation of senior managers in the competitive and slow growth markets, which characterize many businesses today and the sources of competitive advantage have been a major concern for scholars and practitioners. Most organizations search for the best strategies in order to consolidate their position in the market. Maintenance of competitive position and application of appropriate strategy most frequently ensure company’s survival in the market and good results of its performance (Athiyaman, 2005). As competition intensifies, many businesses continue to seek profitable ways in which to differentiate themselves from competitors (DeNisi, Hitt and Jackson, 2003).

2.1 The Concept of Strategic Positioning

The strategic position is concerned with the impact on strategy of the external environment, internal resources and competences, and the expectations and influence of stakeholders. Strategic positioning is the positioning of an organization (unit) in the future, while taking into account the changing environment, plus the systematic realization of that positioning. Together, a consideration of the environment, strategic capability, the expectations and the purposes within the cultural and political framework of the organization provides a basis for understanding the strategic position of an organization.

The strategic positioning of an organization includes the devising of the desired future position of the organization on the basis of present and foreseeable developments, and the making of plans to realize that positioning. The strategic positioning method is derived from the business world. The method is aimed at ensuring the continuity of the organization. The strategy determines the contents and the character of the organization's activities. Strategic positioning is outward-focused, more fully recognizing the competitive and market environment within which an organization operates (Hooley et al., 2004).

Positioning defines an organization's specific niche within its sphere of influence. With a strong strategic position, the organization is poised for ongoing success, sustainability, and distinct competitive advantage. Positioning more fully defines the organization's identity and helps to create distinction in a competitive environment. Organizations that are well positioned have a presence which allows them to achieve strategic goals in a seemingly effortless manner.

2.4Cost Leadership and Firm's Performance

The purpose of this strategy is the company's low-cost products offers in an industry. Cost leadership strategy takes place through experience, investment in production facilities, conservation and careful monitoring on the total operating costs through programs such as reducing the size and quality management. Accordingly, Porter (1985) suggested that cost leadership firms need to control costs tightly, refrain from incurring too many expenses from innovation or marketing, and cut prices when selling their products.

Cost Leadership, alternatively, creates excess returns by providing a basic, or commodity level, product at the lowest cost of production. Firms following this strategy accept cheaper components, use standard production processes, and seek high market share in order to reduce unit costs (Philips et al. 1983). Many customers will accept lower quality for a substantially lower price, and the firm which can optimize its production efficiencies can generate larger margins in a price taking business.

Focus on low cost production supports a cost leadership grand strategy when other activities are of relatively few costs. The factors associated with cost leadership include; inexpensive inputs, process efficiency and economies of scale all these are closely associated with manufacturing. Likewise, factors associated with product effectiveness or quality, such as specialized inputs, skilled labor-intensive processes, or new technologies are also closely related to manufacturing.

2.4.1 Pricing Strategy under Cost Leadership

Pricing is the process of determining what a company will receive in exchange for its products. Pricing is defined simply as the amount of money charged for a good or service. Pricing factors are manufacturing cost, market place, competition, market condition, and quality of product. Pricing is also a key variable in microeconomic price allocation theory. Pricing is a fundamental aspect of financial modeling and is one of the four Ps of the marketing mix. Price is the only revenue generating element amongst the four Ps, the rest being cost centers (McCollough, Berry and Yadav, 2000)

Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others. The needs of the consumer can be converted into demand only if the consumer has the willingness and capacity to buy the product. A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors.

A firm that uses a cost leadership strategy prices a product or a service at less than its normal, long range market price in order to gain more rapid market acceptance or to increase existing market share. This strategy can sometimes discourage new competitors from entering a market niche if they mistakenly view the penetration price as long range price (Justin, et al. 2004).

Ruiliang (2009) on his study on pricing strategies and firm performances under alliance brand through game-theoretic model demonstrated that optimal pricing and brand management strategies exist for firms in a competitive market. However, companies face the following obstacles in implementation of value based pricing strategies: deficits in value assessment; deficits in value communication; lack of effective market segmentation; deficits in sales force management; and lack of support from senior management, Andreas (2008).

2.4.2 Technology and Innovation

Technology is the making, modification, usage, and knowledge of tools, machines, techniques, crafts, systems, methods of organization, in order to solve a problem, improve the higher learning institutions, achieve a goal or perform a specific function. It can also refer to the collection of such tools, machinery, modifications, arrangements and procedures which can be used to improve organizational management in these feed manufacturing companies. Technologies significantly affect human ability to control and adapt to their natural environments. Social-networking tools can help to build connections with a firms client support communication activities. E-marketing campaigns expand the reach and success of recruiting and fundraising efforts, and drive down the cost of direct-mail campaigns. For instance in a university setting, automated, self-service programs reduce administrative requirements, streamline course registration and enhance academic life (Merriam, 2007).

Innovation is widely regarded as one of the most important sources of sustainable competitive advantage in an increasingly changing environment, because it leads to product and process improvements, makes continuous advances that helps firms to survive, allows firms to grow more quickly, be more efficient, and ultimately be more profitable than non-innovators. Innovation as measured by research and development

(R&D) and patents as well as by intangibles and intellectual capital should have a significant impact on the success, value, and long-run performance of technology firms. Low cost innovators especially focus on price sensitive customers segments and they enable an organization to serve customers who are out of reach of traditional business models. They also focus on radical rather than incremental offerings and design them precisely to please the chosen customers by keeping it simple and eliminating any other complexities that add cost. Low cost model also may begin with a cost target consistent with profitability; depend on a lean value to deliver on the customer value proposition.

Today technology has helped in advancing organization decisions, improving organizational performance and management in some of companies in Kenya. According to a report on the E-Readiness Assessment of Government of Kenya E-Government Directorate (2005), most of the organizations do not have adequate connectivity with information technology; such companies do not take advantages offered by the technology in this age on time. Other institutions who are IT compliant have their processes misaligned with the Information Technology. The argument can be interpreted to mean that if a company lacks a unique access to information technology, or exploits a unique information processing opportunity, it may not provide a competitive front within the market. Information Technology provides a number of low-cost business options to tap higher productivity and a special category for the larger operations which will be missing in organization lacking Information Technology.

2.4.3 Quality of Raw Materials

Anderson (2003) stated that if a product fulfills the customer's expectations, the customer will be pleased and consider that the product is of acceptable or even high quality. If his or her expectations are not fulfilled, the customer will consider that the product is of low quality. This means that the quality of a product may be defined as “its ability to fulfill the customer’s needs and expectations. Quality raw materials need to be defined firstly in terms of parameters or characteristics, which vary from product to product.

Raw materials are materials or substances used in the primary production or manufacturing of a good. In animal feed manufacturing companies, raw materials include maize germ, maize bran, wheat pollard, fishmeal cotton seed cake and sunflower cake just to name but a few. Firms may lower the cost of raw materials by sourcing their own raw material to reduce the supply chain or produce their own raw materials since most of these raw materials are by products from maize, wheat milling or sunflower oil. The objective of manufacture of owns raw materials are to create a good or service with excellent functional utility and sales appeal at an acceptable cost and within a reasonable time. The quality rate of products is calculated to include quality related losses (Pricket, 1999). Quality problems occur from low quality products and high amount of rework (Godfrey, 2002). There are different reasons for quality problems; equipment related, worker related, inventory related, environmental related. Similarly a company may choose to bulk source raw materials or have a long-term contract with suppliers so as to enjoy the economies of scale. If the raw material is not stored in the inventory appropriately, the quality of the raw material decreases. Low quality raw material cannot be processed as a high quality product. So if the raw material quality is low, the product quality will be low.

2.4.4 Process Engineering and Automation

Process engineering is a branch of chemical engineering that focuses on manufacturing and industrial processes. Professionals in this field combine principles from physics, biochemistry, and mathematics to develop more effective production processes. For example process engineering can be used to turn around a semi-automated feed milling company to a fully automated. This may include everything from raw materials sourcing to the type of accounting software used to track sales. The implementation of automation in manufacturing plants affects not only the operational performance of the factory, but also may have wide ranging impact on the workers. The industrial engineering and operations management literature examine the effects of automation primarily in terms of how they affect operational performance (Voss, 1988). Advanced manufacturing technologies (AMT) are programmable machinery or systems of programmable machines that can produce flexibly and with little direct human supervision a variety of products or parts (Dimnik and Johnston, 1993). These may refer to several types of technology, including not only computer-aided manufacturing, but also computer-aided design and engineering, manufacturing resource planning and computer aided process planning (Walton and Susman, 1987; Parthasarthy and Sethi, 1992, Ranta, 1992). The impact of automation on labor-related costs can be identified as arising from either labor saving or improvement in the utilization of labor (Ebel,1992).

The ultimate goal of process engineering can vary depending on the project. For some, the goal is to improve the quality and performance of the final product. For others, it is to maximize profit by refining the production process and improving efficiency. Some firms may use process engineering to improve relations along the supply chain. Finally, this process can help a facility improve safety or minimize environmental pollution during manufacturing.

2.5 Market Focus on Firm's Performance

Market orientation as an aspect of corporate culture that places the highest priority on creating and maintaining superior customer value (Slater and Narver, 1998); hence there is need to understand target customers and existing and potential competitors thoroughly, as well as the inter-functional coordination of firm resources and activities. Activities should therefore be customized to respond to customer needs across the whole organization. Focus strategy regardless of whether it is low cost or differentiation mainly attends to needs of a particular market segment. A firm pursuing this strategy can service isolated geographic areas to satisfy needs of clients with special issues, or tailor products to the unique demands of the customers. Majority of this firms profit from serving ignored or underappreciated customer segments.

2.5.1 Market Segmentation

According to Michael porter's generic strategies, the focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. By targeting a specific segment of the market or focusing on a group of customers, product range, geographical areas or service line, a firm is said to be undertaking focus strategy (David, 2000). This implies that this strategy is based on how well a firm is in adopting a narrow competitive segment or niche within a certain industry or niches that arise from factors like geographical area, buyer characteristics, and product specification or requirements. Hence the success of a focus strategy depends on an industry segment large enough to have growth potential as David (2000) argues that segmentation strategies are most effective when consumers have a preference and also in cases where the niche has not been pursued by rival firms.

Porter (1983) argues that firms in the same industry can choose different competitive scopes in the same segment, choosing either a broad target or a narrow target. Focus is achieved by personalizing a product and a firm may be able to personalize both price and product design if it succeeds in creating a unique product (Shapiro and Varian, 1999) According to Lahtinen and Toppinen (2006) the firm selects a segment of group of segments in the industry and tailors its strategy to serving them to the exclusion of others and achieves a competitive advantage in its target segment. Porter (1983) affirms that, focus strategy has two dimensions, in cost focus a firm seeks a cost advantage in its target segment, while in differentiation focus a firm seeks differentiation in its target segment with both dimensions of the strategy resting on the differences between a focuser's target segments and other segments in the industry. Porter (1983) further states that these target segments must have buyers with unusual needs or their production and delivery system that best serves the target segment should be different from that of other industry segments. Cost focus is concerned with differences in cost behavior in some segments, while differentiation focus relies on the special needs of buyers in certain segments.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

2.5.2 Customer Orientation

Customer orientation entails focusing on putting customers at the center of strategic focus (Mc Eachern and Warnaby, 2005). It is basically a process of putting customers at the heart of an organization by developing the appropriate vision of customers and their needs; a phenomenon that makes the organization perceive itself through the eyes of its customers: Mc Eachern and Warnaby (2005), Salavou (2005) and Nakata and Zhu (2006).A customer-specific strategy has clear ideas about customers and their needs, uses customers' characteristics to design the product market portfolio, stipulates specific customer care objectives, which communicate the aspirations of both customer and management (Nakata and Zhu, 2006) sets in place feedback systems that enable the organization to reach its customers and vice-versa. Client relationship should also employ effective customer education/information systems with a genuine concern for customers, who should not be considered as a monolithic group. There is a need to recognize the diversity of the customer segment and their needs (Salavou, 2005). Similarly there should also be a good understanding of the behavioral nature and consequences of consumption including knowing what customers know and want, and coming up with the best way to satisfy them (Samra- Frederick, 2003; Rouleau, 2005; Zander and Zander, 2005).

The firm should also be in a position to detect underlying customer concerns. Liu (1995) asserts that core customer problems lie outside management's purview until a shock event occurs to highlight the inadequacy of existing approaches and as a consequence, exposes the extent to which the organization is able to scan and interpret environmental signals. Lewis (1994) sees customer orientation as being central to the origin of an effective customer-focused program. Hence there should be a genuine desire to integrate customer interests into the decision mechanisms of the organization. Customer intimate firms should therefore view all customers as marketing opportunities and not market opportunities and develop a customer strategy including spending resources to build customer loyalty for the long run. For example a feed manufacturing company can install a telephone computer system capable of recognizing individual clients by their telephone numbers when they call and then the customer may be routed to a particular department depending on how they have been categorized.

2.6Differentiation on Firms Performance

Differentiation in business refers to the art of marketing a particular product or service in a way that makes it stand out against other products or services. This involves differentiating it from competitors' products as well as a firm's own product/service offerings. The concept was proposed by Edward Chamberlin in his 1933 Theory of Monopolistic Competition. Walters and Knee (1989), and Johnson and Scholes (2002) conducted a research and found out that distinctive marketing competencies are skills which businesses can develop to form the basis for competitive advantages over their competitors. This therefore means that differentiation strategy has the potential of creating competitive advantages to a firm which leads to improved firms performance.

Pearce and Robinson (2005) aver that differentiation strategies are based on providing buyers with something that is different or unique, that makes the company's strategic positioning, product or service distinct from that of its rivals. Superior value is created because the product is of higher quality, is technically superior in some way, comes with superior service, or has a special appeal in some perceived way. In effect, differentiation builds competitive advantage by making customers more loyal - and less price-sensitive- to a given firm's product/service. Additionally, consumers are less likely to search for other alternative products once they are satisfied (Hernant, Mikael and Thomas (2007).

Some of the differentiation strategies adopted by organizations to foster firm's performance evolve around interplay of various elements of the retail mix. These include: offering quality products, wide selection, assortment, strategic positioning, after-sales-service, quality service, convenient location, parking space, attractive design and layout, conducive atmosphere, sales incentives, convenient operating hours, own branding/value addition and a one-stop-shop Moore (2006). Economically valuable bases of product differentiation can enable a firm to increase its revenues, neutralize threats and exploit opportunities. Marketers are constantly searching for differentiation.

Unless a company has a genuine scientific or technological advantage, preferably one that can be protected by patent, competitors can more often than not match any incremental change in an ever-shortening time-scale. Cost reduction in an operation, may be by use of new tools and techniques in operational management, relocating production to areas of lower labour cost. A combination of both likewise creates advantage that can be sustained only over a relatively short time. Gerry, Kevan, and Richard (2008) assert that this is true of manufacturing and service industries alike while the generic of differentiation strategy involves creating a market position that is perceived as being unique industry- wide and that is sustainable over the long run. Such differentiation can be based on design or brand image distribution. In particular, differentiator firms create customer value by offering high-quality products supported by good service at premium prices.

According to Acquaah and Yasai-Ardekani (2006), differentiation firms are able to achieve competitive advantage over their rivals because of the perceived uniqueness of their products and services. Porter (1980) stated that, competitive strategies deal with the development of attributes that characterize a company and differentiate the value it creates and offers in comparison to its competitors. In addition, the core idea is about how the firm can compete well in the market place (Pearce & Robinson, 1994). Firms in most developing economies implementing the differentiation strategy do not focus on a single dimension but emphasize several dimensions such as image, customer loyalty, quality, innovation and level of service (Kim, Nam and Stimpert (2004).

The competitive advantage may be achieved when a firm either pursues a strategy of low costs or may be gained by a strategy of differentiating products and/or services so that customers perceive unique benefits that justify a premium price (Bates, Bates and Johnston, 2003). A firm following a pure low-cost strategy will therefore attract customers by offering lower prices. The firm which seeks to be unique follows a strategy of differentiation and obtains a premium price. The firm that achieves such a difference will be an above average performer if its price premium exceeds the extra costs in being unique (Sharp and Dawes, 2001).

2.6.1 Use of Trademarks

A trademark is a protected sign that is used to a company's product or service from those of competitors. The sign can be any word(s), graphics, images, or a figure that acts as a distinguishing feature. Trade marks can also be distinctive shapes, colors or sounds. The trademark owner can be an individual, business organization, or any legal entity. A trademark may be located on a package, a label, a voucher or on the product itself. For the sake of corporate identity trademarks are also being displayed on company buildings. The essential function of a trademark is to exclusively identify the commercial source or origin of products or services, therefore a trademark indicates source or serves as a badge of origin. Certain exclusive rights are usually attached to a registered trademark and trademark rights generally arise out of the use of, or to maintain exclusive rights over, that sign in relation to certain products or services, assuming there are no other trademark objections. From a legal perspective, trademarks are intended to help prevent unfair competition. Registration of a trademark makes it easier for a business to stop a business from imitating its rivals or their products.

Business firms are seeking to increase their market share and reinforce their competitive advantages by creating an ageless image in their customers mind; thus trademarks are not only a factor influencing market value of the firm but they are also a key variable in reaching aeonic success. Due to low protection for intellectual property in emerging markets, trademarks are crucial in such environments (Chin &Tsao, 2005). Similarly; evidence suggests research and development and promotion expenses along with copyright and trademark possession plays a vital role in valuing and assessing firm performance (Chin &Tsao, 2005). Aaker (1991) believes trademarks are a strategic vehicle in market mechanism solely due to their ability in creating competitive advantages.

2.6.2 Logos and Branding

Logos are either purely graphic (symbols/icons) or are composed of the name of the organization (a logotype or wordmark). Throughout history, logos have enabled the efficient identification of individuals (e.g., in ancient China, emperors used the dragon as a symbol of imperial power) and groups or movements (e.g., the cross is used on top of church buildings and the swastika on some Buddhist temples). However, logos can be more than simple tools for identification and differentiation. The Christian cross symbolizes sacrifice and life's victory over death, while in Buddhism the swastika embodies auspiciousness and good luck hence suggesting that logos can, among others, convey key information about the brand they stand for. Prior research on branding notes that logos act as the primary visual representation of a brand's general image and meaning (MacInnis et al., 1999; Swartz, 1983). This implies that logos can shape the brand's reputation (Olins, 1989) including consumers' attitudes, their purchase intentions (Woo, Chang-Hoan, HyuckJoon, 2008) and their brand loyalty (Müller, Kocher, &Crettaz, 2011). Brand logos also have an impact on the financial value of a company (Schechter, 2003).A brand's logo serves as a means for resolving the problem of in distinguishability. As one of the most salient visual elements of a brand (Wallace, 2001), logos facilitate the identification of the brand and its differentiation from competing alternatives (Janiszewski & Meyvis, 2001; MacInnis, Shapiro, & Mani, 1999).

Managers at many firms have made brand development a top priority as brands are one of the company's intangible assets (Morgan & Rego, 2009; Rao, Agarwal, & Dahlhoff, 2004).). Aaker1991 argued that successful branding leads to tangible outcomes since firms with strong brand equity can more easily expand demand for their products and services through internationalization and brand extensions. Branding goes a long way to include; intangible brand properties such as brand-name awareness, brand loyalty, perceived brand quality and favorable brand symbolism and associations (Feng Jui et al 2013).Customers can develop deep, meaningful relationships with a brand (Fournier, 1998; Park, Jaworski, &MacInnis, 1986; Schau, Muñiz, &Arnould, 2009; Thomson, MacInnis, & Park, 2005), this results in increased brand purchase (Park, MacInnis, Priester, Eisingerich, &Iacobucci, 2010), reduced customer price sensitivity (Ailawadi, Lehmann, & Neslin, 2003), and lower marketing costs (Mizik & Jacobson, 2008). Investors prefer to hold shares in well-known companies, and measure corporate performance by evaluating indicators, including brand awareness, R&D intensity, advertising intensity, profitability. Brand loyalty, awareness and image have a significant positive effect on a firm's profitability Kim et al. (2003).

2.6.3 Packaging as a Differentiation Strategy

Packaging is the science, art, and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Packaging contains, protects, preserves, transports, informs, and sells. In many countries it is fully integrated into government, business, and institutional, industrial, and personal use.

In nowadays competitive environment the role of package has changed due to increasing self-service and changing consumers' lifestyle. Firms' interest in package as a tool of sales promotion is growing increasingly. Package becomes an ultimate selling proposition stimulating impulsive buying behavior, increasing market share and reducing promotional costs. According to Rundh (2005) package attracts consumer's attention to particular brand, enhances its image, and influences consumer's perceptions about product. Also package imparts unique value to products (Silayoi & Speece, 2004), works as a tool for differentiation, i.e. helps consumers to choose the product from wide range of similar products, stimulates customers buying behavior (Wells, Farley & Armstrong, 2007). Packaging is a crucial component of the "marketing mix" for a product. It is the "least expensive form of advertising" and is of particular importance at the point of sale, as the package is the manufacturer's last chance to convince the customer to purchase the product (Sajuyigbe*et al,* 2013).

Packaging is a very important marketing strategy to glamorize product in order to attract the consumer's attention. Sometimes packaging is so important that it cost more than the product itself in order to lure the consumers to buy it (Sajuyigbe*et al,* 2013).Olayinka and Aminu (2006) see packaging as all activities of designing and producing the container or wrapper for a product. Kottler (2007) defines packaging as all materials products used for the containment, protection, hard delivery and presentation of goods. Packaging is the protecting products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005).Sajuyigbe; *et al*, (2013) points out that packaging is one of the inevitable communication tools that influences the buying behavior and enhance business performance.

Thus package performs an important role in marketing communications and could be treated as one of the most important factors influencing consumer's purchase decision. In this context, seeking to maximize the effectiveness of package in a buying place, the researches of package, its elements and their impact on consumer's buying behavior became a relevant issue.

2.6.4 Product Quality Strategy

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. They further define a consumer product as the product bought by the final consumer for personal consumption. Consumers buy products frequently, with careful planning, and by comparing brands based on price, quality and style. Borden, (1984) sees a product as about quality, design, features, brand name and sizes. Mohammad *et al*, (2012) also say that product is the physical appearance of the product, packaging, and labeling, information, which can also influence whether consumers notice a product in-store, examine it, and purchase it. Past researchers have clearly suggested that product influences have a significant impact on business performance (Ogunmokun and Esther, 2004). High-quality products allow firms to command premium prices or sell more of their products at a given price, which leads to a higher profit (Porter, 1985). With improved functions along the dimensions desired by target customers, high-quality products create unique images in the market, so the firm can achieve high levels of customer loyalty and satisfaction (Porter, 1985). In turn, the costs of maintaining existing customers and attracting new customers decrease significantly, which again leads to better performance (Anderson, Fornell, and Rust, 1997).

2.6.5 Distribution Channels

Jones, (2007) defines place as any way that the customer can obtain a product or receive a service. Bowersox and Closs (1996) give distribution as another name for place. According to them, it is the third element of the marketing mix, and it encompasses all decisions and tools which relate to making products and services available to customers. Kotler and Armstrong (2006), also define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers (Berman, 1996).

Amine and Cavusgil, (2001) agree that place has significant effect on business performance.

2.7The Overall Effect of Strategic Positioning on Firms Performance

The overall effect of strategic positioning on firms performance is as discussed below on the relationship between strategic positioning and firm's performance.

2.7.1 Strategic Positioning and Firm Performance

Day and Wensley (2008) posit that strategic positioning and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position. And in order to make the positional advantage sustainable, the company must continue to invest into the sources of advantage (Day and Wensley, 2008). According to Barney (1991), improved firm performance arises when the firm's resources are valuable (the resources help the firm create valuable products and services), rare (competitors do not have access to them), inimitable (competitors cannot easily replicate them) and appropriate (the firm owns them and can exploit them at will). Acquiring and preserving sustainable competitive advantage and superior performance are a function of the resources and capabilities brought to the competition (Barney, 1995).

The resource-based theory (Barney, 1991), stresses the importance of the intangible resources and capabilities of the firm in the context of the competitive environment. In this way, the firms that devote their internal forces to exploit the opportunities of the environment and to neutralize threats while avoiding weak points are most likely to improve its performance than those that do not do the same and they are able to build a good reputation. The company's positioning strategies are its response to the situation in the competitive environment. These are important, as with the implementation of the right positioning strategies, the company can sustain its positive growth and high rates of return, the two most important value drivers (Kotler; *et al.*, 2010). According to Reilly and Brown, (2009), a company can either position itself to deflect the effect of the competitive forces in the industry (defensive strategy) through investing in technology that will lower production costs or through increased advertising and creating a strong brand; or it will use its strengths to affect the competitive forces in the industry (offensive strategy). Both, the defensive and offensive competitive strategies can incorporate low cost and differentiation strategy.

The competitive strategy view and the resource-based view emphasize different sides of the same coin (Wernerfelt, 2004). The competitive strategy view focuses on the influence of industry structure on firm performance, whereas the resource-based view maintains the role of firms' heterogeneous resources in determining firms' sustainable competitive advantage. Strategic fit is
a core concept in strategy formulation, and the pursuit of strategic fit has traditionally been viewed as having desirable performance implications.

Firms formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement (Lewis, 2006). In this view, the strategic positioning of a firm reflects the firm's ability to generate competitive advantage. The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment (Porter, 1991). Consequently, resources cannot achieve an independent status in relation to firm performance. The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure (Spanos and Lioukas, 2001).

2.8Theoretical Foundation of the Study

2.8.1 Resource-Based View Theory

The competitive strategy view and the resource-based view are the two major perspectives or determinants of strategic position and firm performance (Spanos and Lioukas, 2001). The competitive strategy view, rooted in industrial organization literature, maintains an outside-in perspective where firm performance is determined primarily by environmental factors such as industry structure. In contrast, the more recent resource-based view argues that firm-specific resources and capabilities are the factors determining firm performance.

Industrial organization literature emphasizes the role of industry structure as the primary determinant of firm performance so that the unit of analysis is inevitably the industry. Porter (1991) relaxes this condition, allowing firms to choose their strategic position to gain sustainable rents, although individual firms cannot change industry structure. This change in the assumption allows the firm to be the unit of the analysis. Thus, the outside-in perspective represents a view where a firm performance is primarily determined by outside factors such as industry structure and firms can secure positions to exploit that structure (Fahy and Hooley, 2004).Companies formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement (Oliver, 2007).

Strategic positioning is thus the output of a complex understanding of market structure and conditions that determine the sustainability of firm performance (Petrick*et al.,* 2009).

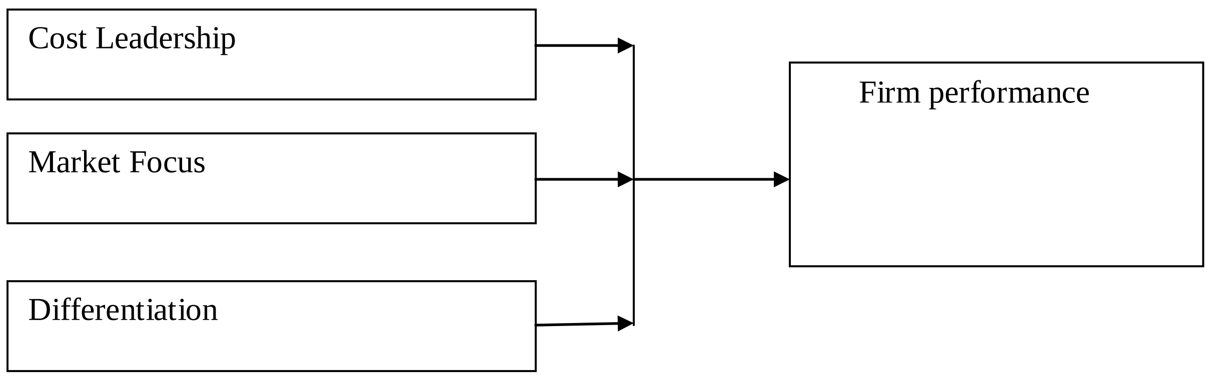
The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment. Consequently, resources cannot achieve an independent status in relation to firm performance. The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure (Pike and Ryan 2004).When resources fail to support a strategy or enhance a company's fit for an industry, they are useless. While in the aforementioned competitive strategy view, industry structure determines sustainable firm performance, resource heterogeneity is the basis of firms' competitive advantage in resource-based theory. A firm's resources characterized as valuable, rare, difficult to imitate, and difficult to substitute create distinct strategic advantages that the firm could exploit in order to improve its market position (Fahy and Hooley, 2004). While this view acknowledges that outside factors affect firm performance, internal resources are the core factors determining firms' sustainable competitive advantage (Fahy and Hooley, 2004). According to Day and Wensley (2008) positional and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position. And in order to make the positional advantage sustainable, the company must continue to invest into the sources of advantage (Day and Wensley, 2008).

2.9 Conceptual Framework

Conceptual Framework is defined as the result of when a researcher conceptualizes the relation between variables in the study and shows the relationship graphically or diagrammatically. It is therefore a linked set of variables that are backing up in the critical analysis. It is made of the dependent and the independent variables. The dependent variable in this study is firm performance conceptualized by market share, number of products and sales revenue Oliver, (2007). The independent variables of this study will be strategic positioning conceptualized by low cost, focus, and differentiation strategies. These constructs and relationships are presented in the following hypothetical framework as conceptualized by the researcher. This is as shown on figure 2.1.

Independent Variables **Dependent Variable**

(Strategic Positioning) **(Firms performance)**



Source: Michael Porter 1985

Figure 2.1 Effects of Strategic Positioning in Firms performance

2.9.1 Explanation of Conceptual Framework

2.9.1.1 Independent Variable

Cost Leadership

A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors. Cost leadership strategies are supposed to reflect on organizational goals (Porter 1985)

Differentiation

Differentiating the product offering of a firm means creating something that is perceived industry wide as being unique. (Porter 1985). This leads to creating your own market to some extent and can be achieved by differences in; design, brand image number of features or through use of new technology

Market focus

This is where a firm focuses on a particular buyer group, or geographical market. Low cost and differentiation are aimed at achieving their objectives industry wide, the focus or niche strategy is built on serving a particular target (customer, product, or location) very well. However, Market orientation strategy means achieving either a low cost advantage or differentiation in a narrow part of the market. (Porter 1985)

2.9.2 Dependent Variable

Firm Performance

This refers to the firm's success in the market. In this context firm performance measures identified comprise of indicators, such as: Revenue (sales); Profits or profitability; Cash-flow and Market share.

CHAPTER THREE

RESEARCH DESIGH AND METHODOLOGY

3.0 Introduction

The chapter describes the proposed research design, the target population, sample and sampling procedure, data collection instruments, data collection procedures, reliability and validity of the research instruments and the techniques for data analysis.

3.1 Study Area

The study aimed to collect data from counties where dairy farming by small scale farmers was concentrated and consequently counties from different regions were selected as follows; Central Kenyaregions which included; Nairobi and Kiambu counties, while Rift Valley region which included; Nakuru, Uasin Gishu, Trans-Nzoia counties and Western Kenya region which included; Kisumu, Kisii and Bungoma Counties.

3.2 Research Design

The studies adopted an explanatory research design. According to Cooper and Schindler(2000), an explanatory research design is concerned with finding out the; who, what, where, when and how much. The design was deemed appropriate because the main interest was to determine the viable relationship and describe how the factors support matters under investigation. This kind of study was used because it enabled the researcher to have an insight of the effect of strategic positioning on firms performance in the animal feed manufacturing firms in Central and Western Kenya. Central Kenya includes; Nairobi and Kiambu, while Rift Valley includes; Nakuru, Uasin Gishu, Trans- Nzoia, and

Western Kenya includes; Kisumu Kisii and Bungoma Counties Kenya. This design provided further insight into research problem by describing the variables of interest.

3.3Target Population

The study population is the companies from which the data would be collected (Patton 2006).. The population of interest in the study consisted of animal feed manufacturing firms in Central Kenya ; Nairobi and Kiambu Rift Valley; Nakuru, Uasin Gishu and Trans-Nzoia, Nandi, and Western; Kisumu, Kisii and Bungoma Counties in Kenya. These Counties have a total of 96 animal feed manufacturing firms (Association of Kenya Feed Manufacturers-AKEFEMA).This study focused on the 96animal feed manufacturing firms in these Counties as shown in table 1 below. Two top management personnel who were the branch managers and the operations manager or equivalent were selected as the respondents.

Table 3.1: Animal Feed Manufacturing Firms per County

Targeted Counties	Number of firms	Number of Respondents Per Firm (2)	Targeted population
Nairobi County	36	36 * 2 (respondents)	72
Kiambu County	19	19* 2 (respondents)	38
Nakuru County	16	16 * 2 (respondents)	32
Uasin Gishu County	15	15 * 2 (respondents)	30
Trans-Nzoia County	3	3 * 2 (respondents)	6
Nandi County	2	2 * 2 (respondents)	4
Kisii county	1	1 * 2 (respondents)	2
Kisumu County	3	3 * 2 (respondents)	6
Bungoma County	1	1 * 2 (respondents)	2
	96		192

Source: Association of Kenya Feed Manufacturers (AKEFEMA)

3.4 Census Study

A census approach was used where all the entire population was taken into account. This method was used depending on the degree of accuracy desired. Accuracy depends on the human element. Impartiality and lack of bias gives best results lack of both may lead to distorted results. (Whiteford, 1996) This method was used since the target population was small and manageable with a sample size of 192 respondents.

3.5 Data Collection Instruments and Procedures

This refers to the tools to be used for collecting data and how these tools will be developed. The data collection instruments that were used to collect data from the selected respondents were questionnaires. Selection of this tool was guided by the nature of data to be collected, time available and objectives of the study.

3.5.1 Questionnaires

The study used primary data which was collected through self-administered questionnaires. The structured questionnaires were used to collect data on the effect of strategic positioning on firm performance in the animal feeds companies in Central, Rift Valley and Western Kenya. The questionnaires consisted of both open and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis respectively. The questionnaire were administered through “drop and pick later” method.

3.6 Reliability of the Research Instruments

Reliability of the instruments was tested using the Cronbach alpha test. Bless and Higson-Smith (2005) highlight that reliability is "concerned with the consistency of measures", thus, the level of an instrument's reliability is dependent on its ability to produce the same score when used repeatedly. The researcher also used the test re-test method to determine the reliability. To ensure reliability of the instruments the researcher conducted a pilot study in five animal feeds companies in Nairobi before the actual study. The companies were not be included in the main study. The main purpose of the pilot study was to check on suitability and the clarity of the questions on the instruments designed, relevance of the information being sought, the language used and the content validity of the instruments from the responses given

3.7 Validity of the Research Instruments

According to Miles and Huberman (1994) validity on the other hand refers to whether an instrument actually measures what it is supposed to measure, given the context in which it is applied. In order to ascertain content and face validity, the questionnaires and interviews were presented to the supervisor in the University for review and advice. The validity of the instruments was carried out using Factor analysis. The contents and impressions of the instruments were improved based on the lecturer's advice and comments. The questionnaire was then constructed in a way that they related to each question. That ensured that all research questions were covered.

The questionnaire used in this study was given to the independent experts in consultation with a statistician to evaluate it for face and content validity as well as for conceptual clarity and investigative bias. In terms of using the information gathered through the questionnaire, it must be emphasized that no summative scores were used for interpretation purposes but rather the answers to individual items in the questionnaire. According to Polit and Hungler (2007), a pre-test is a trial run to determine whether an instrument solicits the type of information envisioned by the researcher.

3.8 Data Collection Procedures

The researcher obtained a letter of introduction from the University, School of Business and Economics. Once the research proposal was approved, a research permit from Ministry of Higher Education, Science and Technology through the National Council for Science and Technology was obtained then proceed to the animal feeds company administration to seek the consent to conduct the research. Once the permission was granted, the researcher arranged to visit the respondents within Central Kenya; Nairobi and Kiambu Rift Valley; Nakuru, Uasin Gishu and Trans-Nzoia, and Western Kenya; Kisumu and Bungoma Counties for familiarization purposes and to seek permission from the management concerning the intended date of data collection within their organization. When their participation was confirmed, a date was set and appointment booked with the organization authorities as well as the participants in the study. The participants were given time to respond to all the items in the questionnaires after which the questionnaires were collected for data analysis.

3.9 Data Analysis and Presentation

The data collected was analyzed using descriptive and inferential statistics. Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were then coded into numerical form to facilitate statistical analysis. Data was presented using tables, pie charts, percentages to summarize the respondent answers.

Inferential statistics employed the use of multiple regression analysis technique to determine the effect of independent variables on the dependent variable; it was used to measures the relative influence of each independent variable based on its covariance dependent variable and useful in forecasting. Usually, it is most appropriate when both the independent and dependent variables are interval, though some social scientists also use regression on ordinal data. Like correlation, regression analysis assumes that the relationship between variables is linear.

3.10Assumption of the Regression

Regression assumes that variables are normally distributed. Standard multiple regression can only accurately estimate the relationship between the dependent and independent variables if the relationships are linear. This was done using the Pearson correlation. Multi-collinearity was done using the VIF and finally the normality was done using the skewness. The assumption of the normality states that the error terms at every level of the model are normally distributed

In its simplest form multiple regression analysis involves finding the best straight-line relationship to explain how the variation in an outcome (or dependent) variable, Y, depends on the variation in a predictor (or independent or explanatory) variable, X. Once the relationship is estimated, it was possible to use the equation:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where:

X = The independent variables -

X_1 – Cost Leadership Strategy

X_2 _Market Focus Strategy

X_3 – Differentiation Strategy

Y = The dependent variable (Firm performance)

β= Independent Variable Coefficients

ε = Error margin

Analysis was done using Statistical Package for Social Scientists (SPSS) a computerized statistical package by encoding responses from questionnaires and interview guides. Presentation of this information was done using tables.

3.11 Ethical Consideration

The study acknowledged the importance of ethical issues and therefore observed ethical issues of confidentiality by not disclosing the identity of the respondent; integrity by using the data collected for academic purpose only, honesty by not altering the data collected and the respondents' right while dealing and getting information from them. The researcher ensured tolerance and patience throughout the research period. A letter was attached to the questionnaire explaining the purpose of the study and how the researcher would maintain privacy, confidentiality and anonymity during the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND INTERPRETATION

4.0 Introduction

This chapter presents analysis and findings of the study as set out in the research project methodology. The study findings are grouped as per the objectives of the study where the findings, interpretations and the discussion of the findings are given to ensure a clear understanding of the data collected.

4.1 Response rates

One hundred and ninety two questionnaires were distributed to the respondents out of which 188 were brought back giving a response rate of 98%. This number was deemed adequate and sufficient for purposes of data analysis as suggested by (Field, 2005).

4.2Demographic Characteristics of the Respondents

The study sought to determine the demographic profile of the surveyed respondents; the findings are represented in table 4.1. The findings of the study indicate that 74% of the respondents were male while 26% were female. Indicating that majority of the individuals who own animal feeds manufacturing firms in central, rift valley and western Kenya are drawn from the male gender and that only a small minority of the female are drawn to this business. This could be attributed to the nature of the business which is not a traditionally female oriented field and therefore could be less attractive to the female folk. The distribution of ownership therefore ensured that the study would get information on the study from the perspective of both genders.

The findings of the study indicated that majority of the respondents that is 39.4% had professional qualification, 35.1% had a bachelor’s degree, 11.7% had 0-level qualifications, and 8% had diplomas while 5.9% had postgraduate qualification. These revealed that the respondents had different levels of qualifications and therefore were a good group to provide the information that the study required.

The findings of the study indicate that a majority of the firm’s 47.3% had a capital base of below10, 000,000 shillings, 31.9% had a capital base of between 10,000, 000 and 20,000, 000 million shillings, 12.2 % had over 40,000, 000 shillings in capital base while 8.5 % had a capital base of between 20,000, 000 and 30,000, 000 Kenyan shillings. This is an indication that the Animal Feed Manufacturing Firms in Central, Rift Valley and Western Kenya operate at small or medium scale.

From the findings of the study, majority 96.8% of the firms had less than a 100 employees, 2.1% had employees between 100-499 employees while 1.1% had between 300-999 employees. This could be due to the fact that having a capital base of below 20,000,000 Kenya shillings and operating at a small to medium scale, the firms,only require a limited number of employees.

The findings indicate that a majority of the firms that is 32.4% had been operational between 6-10 years, 26.1% had been operated under 5years, 14.9% between 11-15 years, 8.5% for over 25years while 5.9% had operated for 21-25 years. This is an implication that a majority of the firms that participated in the study had just joined the industry giving an indication of a young and emerging industry. This could be could be attributed to the fact that demand for animal feeds has increased in recent times as Kenyans discover better ways of engaging in livestock farming.

Table 4.1 Demographic Characteristic of the Respondents

		Frequency	Percent
Gender	Male	139	73.9
	Female	49	26.1
Education	O-level	22	11.7
	Professional Qualification	74	39.4
	Diploma	15	8
	Bachelors	66	35.1
	Postgraduate	11	5.9
Capital_Base	Below 10,000,000	89	47.3
	10,000,000-	60	31.9
	20,000,000-30,000,000	16	8.5
	Over 40,000,000	23	12.2
No_of_Employees	Less than 100	182	96.8
	100-499	4	2.1
	300-999	2	1.1
Period_of_Operation	Under 5 years	49	26.1
	6-10 Years	61	32.4
	11-15 Years	28	14.9
	16-20 Years	23	12.2
	21-25 Years	11	5.9
	Over 25 Years	16	8.5

Source: Survey, (2014)

4.3 Descriptive Analyses

Descriptive analysis were performed on all variables, effect of lowcost, market focus, differntiation and firm's performance. The descriptive analysis include mean and standart deviation and skewness.

4.3.1 Low Cost Strategy

The study sought to determine use of low cost as strategy in positioning.The findings indicate that a majority 79.79% (mean = 3.9894) of the respondentsfocused on reducing overhead expenses by eliminating non value adding activities in delivery related logistics and sharing costs across all functions was the major way of lowering cost. Also most of the respondents indicated that they do not use advanced manufacturing technologies as this parameter had the lowest mean of 2.8032. Table 4.2 presents the summary of means and standard deviations for each item.

Table 4.2 Effects of Low Cost

	Mean	%	Std. Dev	Skewness
Utilizes computerized integrated information system	3.5213	70.43%	0.87421	-1.182
Uses advanced manufacturing technologies	2.3032	46.06%	0.75189	1.801
Observes economies of scale	3.7926	75.85%	0.47902	-1.407
Focuses on reducing overhead expenses	3.9894	79.79%	0.43863	-2.360
Maximizes on capacity utilization	2.8032	56.06%	0.86438	0.393

N=188;*Five -point scale: 1=strongly disagree; 5= strongly agree

Source: Survey data, (2014)

4.3.2Effects of Market Focus on Firm's Performance

The study sought to determine the effect of market focus on firm performance. From the findings, majority of the respondents 84.36% (mean = 4.2181) customizes firm activities to respond to customer needs across the whole organization and uses customer needs to stipulate specific customer care objectives while the minority 57.13% (mean =2.8564) serviced isolated geographical regions to satisfy needs of clients with special issues and tailored products to the unique demand of customers. Table 4.3 presents the summary of means and standard deviations for each item.

Table 4.3 Effect of Market Focus on Firm Performance

	Mean	%	Std. Dev	Skewness
Makes attempts to understand the customer	4.1915	83.83%	0.51245	-0.463
Activities customized to respond to customer needs to stipulate specific customer care objectives	4.2181	84.36%	0.51739	-0.457
Services isolated geographical regions to satisfy needs of clients with special issues	2.8564	57.13%	0.58099	0.186
Places highest priority on creating and maintaining superior customer value	3.9947	59.87%	0.39377	-2.703
Effective customer education/ information system with a genuine concern for customers,	3.7872	75.74%	0.50394	-1.600

N=188; *Five -point scale: 1=strongly disagree; 5= strongly agree

Source: Survey data, (2014)

4.3.3Effects of Differentiation

The study sought to determine the effect of differentiation in strategic positioning. The findings of the study are represented in the table 4.4 as illustrated below. The research findings indicated that 72.44% (mean = 3.6223) felt that renewing the design of the current and or new products through changes such as in appearance, packaging, without changing their basic technical and functional features is the major way of differentiating their firm as a positioning strategy to improve performance while 71.81% (mean = 3.5904) of the respondents noted that using firm's logo to brand all its products and ensures a strong brand image. The results were interpreted to mean that product differentiation strategies create product value by presenting the product in a form that will attract customers through packaging, appearance, and quality. At the same time, the firms have developed comprehensive, personalized database to build knowledge of customers. Table 4.4 presents the summary of means and standard deviations for each item.

Table 4.4Effect of Differentiation

Statements	Mean	%	Std. Dev	Skewness
Engages in renewing the design of the current and or new products.	3.6223	72.44%	0.66295	-1.183
Develops new products with components and materials totally different from current ones.	1.7447	34.89%	0.92426	1.557
Uses cutting age technology and product features to maintain a distinct image of actual product	2.6489	52.97%	0.7343	0.332
Has a developed comprehensive, personalized database to build knowledge of groups of customers,	3.5372	70.72%	0.6406	-1.189
Maintains a quality control presence at key supplier	3.25	65%	0.58158	0.237
Uses its logo to brand all its products and has a strong brand image	3.5904	71.81%	0.89402	-1.410

N=188; *Five -point scale: 1=strongly disagree; 5= strongly agree

Source: Survey data, (2014)

4.3.4 Rate Firm’s Level of Achievement

The study sought to determine the level of achievement of the firms in the last three years. The researcher did this by examining some particular financial items. The findings are represented in the table 4.5 below. The findings indicate that 55.85% (mean = 2.7926) had recorded an increase in their sales revenue over the past 3 years with 47.34% (mean = 2.367) posting increased sales growth. However 34.68% (mean 1.734) has increased their market share over the past 3 years.

Table 4.5: Firms Level of Achievement

	Mean	%	Std. Dev	Skewness
The firm’s sales revenue	2.7926	55.85%	0.74183	0.036
The firm’s market share	1.734	34.68%	0.94417	1.172
The firm’s total sales growth	2.367	47.34%	0.73737	0.833
General profitability of the firm	2.4309	48.62%	0.73164	0.284
The overall business performance and success	2.4202	48.4%	0.73055	0.405

N=188; *Five -point scale: 1=strongly disagree; 5= strongly agree

Source: Survey data, (2014)

4.4 Establishing Reliability and Construct Validity

4.4.1 Reliability Analysis

The study sought to determine the reliability of the of the study results. The findings are presented in table 4.6.The reliability of the responses of the questionnaire was tested using Cronbach a measurements. The reliability coefficient was 0.874. The reliability coefficient was above 0.70, which concurs with the suggestion made by Nunnally (1978) indicating that data was reliable enough for the study.

Table 4.6: Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.874	21

N=188; Source: Survey data, (2014)

4.4.2 Factor Analysis

The study conducted a factor analysis to determine which factors were suitable for the study. The findings are represented in the table 4.7. Construct validity measures “the degree to which a scale measures what it intends to measure” (Garver and Mentzer, 1999) and it is assessed by factor analysis in this research. In order to assess the construct validity, 16 items were examined by principal components extraction with varimax rotation. The Kaiser- Meyer- Olkin (KMO) has a measure of 0.839, which is above the threshold of 0.5 (Field, 2005). The Barlett’s test is significant in this study with $X^{2.}$= 178.426 (P-value <0.001. Therefore the KMO value of .839 and significance of Bartlett’s statistics confirm the appropriateness of the factor analysis for the data set. Tables 4.6 shows the factor loading for each item, any item that fails to meet the criteria of having a factor loading value of greater than 0.5 was to be dropped however none of the factor were dropped from the study (Liao et al, 2007) the study had the following measures (0.739, 0.734, 0.574, 0.809, 0.776, 0.839, 0.767, 0.809, 0.643, 0.629, 0.834, 0.769, 0.726, 0.720, 0.882, 0.714) all of which were above the threshold of 0.5 (Field, 2005). Therefore, confirming the appropriateness of the factor analysis for the data set.

The eigenvalue for each factor was greater than 1.0 (3.011, 3.148, 3.830), which implies that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by five factors was above 60 per cent. In other words, more than 60 per cent of the common variance shared by 16 items can be accounted or explained by these five factors. Based on above results, the construct validity is established.

Table 4.7: Factor Analysis for Independent variables

Variable	Scale items	Factor loading	Eigen values	% of variance
Low cost	Utilizes computerized integrated information system	0.574	3.011	26.415%
	Uses advanced manufacturing technologies	0.809		
	Observes economies of scale	0.739		
	Focuses on reducing overhead expenses	0.734		
	Firm maximizes on capacity utilization	0.776		
Market focus	Attempts to understand the customer	0.839	3.148	23.6%
	Activities customized to respond to customer needs	0.767		
	Services isolated geographical regions to satisfy needs of clients with special issues	0.629		
	Places highest priority on creating and maintaining superior customer value	0.643		
	Effective customer education/ information system with a genuine concern for customers.	0.809		
Differentiation	Engages in renewing the design of the current and or new products through changes.	0.769	3.830	19.265
	Develops new products with components and materials totally different from current ones.	0.882		
	Uses cutting age technology and product features to maintain a distinct image of actual product	0.741		
	Has a developed comprehensive, personalized database to build knowledge of groups of customers.	0.726		
	Maintains a quality control presence at key supplier.	0.720		
	Uses its logo to brand all its products and has a strong brand image	0.834		

N=188; Source: Survey data, (2014)

Tables 4.8 show the factor loading for each item (dependent variable), any item that fails to meet the criteria of having a factor loading value of greater than 0.5 was to be dropped however none of the factor were dropped from the study (Liao et al, 2007) the study had the following measures (0.915, 0.905, 0.905, 0.864, 0.803) all of which were above the threshold of 0.5 (Field, 2005). Therefore, confirming the appropriateness of the factor analysis for the data set.

The eigenvalue for each factor is greater than 1.0 (3.866), which imply that each factor can explain more variance than a single variable.

The cumulative percentage of variance explained by five factors was 77.313% In other words; more than 77% of the common variance shared by 5 items can be accounted or explained by these five factors. Based on above results, the construct validity is established.

Table 4.8: Factor Analysis for Dependent variables

Variable	Scale items	Factor loading	Eigen values	Percentage of variance
Firm Performance	The firm's sales revenue	0.803	3.866	77.313%
	The firm's market share	0.864		
	The firm's total sales growth	0.905		
	General profitability of the firm	0.915		
	The overall business performance and success	0.905		

N=188 ; Source: Survey data , (2014)

4.5 Relationship between the Variables

4.5.1 Relationship between the Independent Variables and Firm Performance.

A correlation test was conducted to determine the relationship between the independent variable and findings represented in table 4.9.The findings indicate that there was a significant relationship between low cost and firm performance ($r = 0.650$, $\rho < 0.01$). The strength of the relationship was fairly strong with a Pearson correlation of 0.650.This can be interpreted to mean investments measure in cost reduction yields increased results in firm performance.

Correlation results indicated that there was a significant relationship ($r = 0.323, \rho < 0.01$) between market focus and firm performance. The strength of the relationship is weak with a Pearson correlation of 0.323implying that market focus measures are important in enhancing overall firm performance.

The results also indicate that there is a significant relationship ($r = 0.546, \rho < 0.01$) between differentiation and market focus. This is a strong relationship with a Pearson correlation of 0.546 and is interpreted to mean that investments in differentiation yield positive results on firm performance.

Table 4.9Pearson Correlation Coefficient

	Performance	Low cost	Market focus	Differentiation
Performance	1			
Low cost	0.650**	1		
Market Focus	0.323**	0.308**	1	
Differentiation	0.546**	0.600**	0.357**	1

Note: ** Correlation significant at the 0.01(2-tailed test)

N=188; Source: Survey data, (2014)

4.6 Hypotheses testing

The study adopted the regression model to examine how each of the identified positioning strategies that is, low cost measure, market focus measure and differentiation measure contributed to the overall performance of the firm.The results are illustrated in the table 4.10.The model summary indicated that about 46.9% of the regression model could be accounted for in the regression model (R = 0.685) while the regression model indicated that the regression model had not been computed by chance (F= 54.091), P=0.000). This made the results of the regression model credible and reliable to illustrate the regression model.

Table 4.10 Model Summary

Model	R	R Square	Adjusted R square	Std. Error of Estimate	F	Sig
1	0.685[a]	0.469	0.460	0.50133	54.091	0.000

a. Predictors : Constant), Differentiation, Market focus, Low cost
b. Dependent Variable: Performance

Source: Survey data, (2014)

4.6.1 Effect of Cost leadership on Firm performance

The research hypotheses were tested using the significance level of the coefficients; the research aimed to test the hypothesis with an aim of accepting whether there was any effect by the variable of an organization on firm performance. The firstresearch hypothesis posited $\mathbf{H_{O1}}$: Cost leadership has no significant effect on firm performance. From the results (β = 0.491,p-value = 0.000).Therefore the null hypothesis is rejected and conclude that Cost leadership has significant effect on firm performance. This implies that for each unit increase in cost leadership, there is up to 0.491 unit increase in firm performance. Also the effect of cost leadership strategy is shown by the t-test value of 7.251 implying that the effect of cost leadership surpasses that of the error by over 7 times.

4.6.2 Effect of Market focus on Firm performance

The second research hypothesis$\mathbf{H_{O2}}$stated that Market Orientation has no significant effect on firm performance. From the results (β = 0.094,p – value =0.109. Since P value is greater than 0.001 the null hypothesis is accepted and concludes that market focus has no significant effect on firm performance. This indicates that for each unit increase in market focus strategy, there is up to 0.094 units increase in firm performance. The effect of market focus is stated by the t-test value = 1.612.

4.6.3 Effect of Differentiation on Firm performance

The third research hypothesis$\mathbf{H_{O3}}$posited that differentiation has no significant effect on firm performance. From the results (β = 0.218, p - value= 0.002).Therefore the null hypothesis is rejected and conclude that differentiation has significant effect on firm performance. However, there is up to 0.218 unit increase in firm performance for each unit increase in differentiation strategy. The effect of differentiation is more that the attributed error as indicated by the t- test value = 3.168.

From table 4.11 below, the VIF for all the estimated parameters was found to be less than 4 which indicates the absence of multi- Collinearity among the independent variables.

This implies that variation contributed by each of the independent variables was independently significant and all factors should be included in the prediction model.

Firm Performance = 0.491(Cost Leadership Strategies) + 0.094(Market Focus Strategies) + 0.218(Differentiation strategies)

Table 4.11: Regression Output on the Results of the Relationship between Strategic Positioning and Firm Performance.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-2.153	0.495		-4.350	0.000		
Low cost	0.836	0.115	0.491	7.251	0.000	0.630	1.586
Market focus	0.212	0.132	0.094	1.612	0.109	0.859	1.164
Differentiation	0.310	0.098	0.218	3.168	0.002	0.608	1.646

a. Dependent Variable: Firm Performance
b. Independent Variable: Differentiation, Market focus, Low cost

Significant at the 0.001 level; Source: Survey data, (2014)

Table 4.12 Test of Hypothesis Results

Hypothesis		**Beta**	**ρ - Values**	**Comments**
H_{O1}	Cost leadership has no significant effect on firm performance	0.491	0.000	Reject hypothesis
H_{O2}	Market Focus has no significant effect on firm performance	0.094	0.109	Accept hypothesis
H_{O3}	Differentiation has no significant effect on firm performance	0.218	0.002	Reject hypothesis

Source: Derived from Survey data ,(2014)

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

The results indicated that Cost leadership has significant effect on firm performance. This is in line with, Porter (1985) suggestions that cost leadership firms need to control costs tightly, refrain from incurring too many expenses from innovation or marketing, and cut prices when selling their products.

From the results, the study identified that there was no significant relationship between market focus and firm performance. This could be attributed to the fact that the segment that an organization chooses to focus on doesn't necessarily guarantee improvement in the firm performance but rather it's what the firm does that could contribute to its performance.

The Study identified that there was a significant relationship between differentiation and firm performance. These findings are in agreement with findings by Acquaah and Yasai-Ardekani (2006), who said by differentiation firms are able to achieve competitive advantage over their rivals because of the perceived uniqueness of their products and services.

5.2 Conclusion of the Study

The first research objective was to determine the effect cost leadership on firm performance. Based on the findings in the previous chapter, there was emphasis on reduction of overhead costs. This is indication that animal feed manufacturing firms are employing strategies to lower their cost of production. Animal feeds manufacturing firms following this strategy use cheaper components, use standard production processes, and seek high market share in order to reduce unit costs. Many customers will accept lower quality for a substantially lower price, and the firm which can optimize its production efficiencies can generate larger margins in a price taking business.

The second research objective was to determine the effect of market focus on firm performance. As evident from the findings, market focus has made it possible for firms to stipulate specific customer care objective by developing and customizing their activities so to respond to customer needs. However firms need to need to take a step further to properly understand target customers and, existing and potential competitors as well as the inter-functional coordination of firm resources and activities. Activities should therefore be customized to respond to customer needs across the whole organization. A firm pursuing this strategy can service isolated geographic areas to satisfy needs of clients with special issues, or tailor products to the unique demands of the customers. Majority of this firms profit from serving ignored or underappreciated customer segments.

The third research objective was to determine the effect of differentiation on firm performance. From the findings firms are continuously engaging in renewing the design of their current and new products. Moreover they have recognized the competitive nature of the industry they are operating in and have also put in place strategies that have led to a strong brand image and developed comprehensive, personalized database to build knowledge of groups of customers. Differentiation drives profitability when the added price of the product outweighs the added expense to acquire the product or service but is ineffective when its uniqueness is easily replicated by its competitors. Successful brand management also results in perceived uniqueness even when the physical product is the same as competitors. Similarly, there is still need for firms to invest utilization of cutting edge technology and in development of new products.

5.3Recommendations of the Study

The study processes the following measures for animal feed manufacturing firms in Central, Rift Valley and Western Kenya regions to help positively influence their performances.

The study recommends that under low cost strategy, animal feed manufacturing firms should utilize advanced manufacturing technologies to lower production costs, observe economies of scale while sourcing raw materials, employ strategies to reduce overhead costs and utilize advanced manufacturing technologies to reduce supervision costs. Moreover, they should also maximize on utilization of their installed capacity. This will enable organizations to lower their pricing to the customer giving them an advantage in pricing over their competitors.

In product differentiation, animal feed manufacturing firms should invest in development new products with components and materials that are totally different from current ones as this will give them an advantage since they will be offering a unique product in comparison to their competitors. This is in addition to branding of their products and investing in product quality control measures right from the key supplier facilities to inspection at each production stage for improved product quality with minimal defects.

Finally, the study recommends further research on determining the strategies adopted by the republic of Kenya to encourage investment in animal feed manufacturing as well as strategies adopted by the republic of Kenya to regulate quality of the products by the animal feed manufacturing firms.

5.4 Suggestions for further studies

The study recommends that future researchers should strive to analyze the following areas of research identified in the study to make research in these areas more comprehensive

i. Role of strategic positioning on revenue generation of animal feed manufacturing firms in selected counties in Kenya
ii. Impact of competitive strategies on the financial performance of animal feed manufacturing firms in selected counties in Kenya

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APPENDICES

APPENDIX I: DATA COLLECTION INTRODUCTORY LETTER

I am a Masters student of Business Administration of Moi University. As a partial requirement of the coursework assessment, I am required to submit a research report on: **THE EFFCETS OF STRATEGIC POSITIONING ON FIRMS PERFORMANCE: A CASE OF ANIMAL FEEDS MANUFACTURING FIRMS WITHIN CENTRAL, WESTERN AND RIFT VALLEY REGIONS IN KENYA.** I would highly appreciate if you could kindly complete the Questionnaire to assist me collect data. Your information alongside others will help me in my research and will be used strictly for academic purposes and will be treated as confidential, therefore, do not write your name on the questionnaire.

Thank you in advance,

Yours faithfully,

APPENDIX II: QUESTIONNAIRE

Please give answers in the spaces provided and tick (√) in the box that matches your response to the questions where applicable.

PART A: Demographic and Respondents Profile

1. Name of the Animal Feeds Company (Optional)

____

2. Gender:

Male ( )

Female ( )

3. What is the size of your organization in terms of capital base in Kenya Shillings? (Tick as applicable)

a) Below 10 000,000 ( )

b) 10 000,000 – 20 000,000 ( )

c) 20 000 000 – 30,000 000 ( )

d) Over 40,000,000s ( )

4. How many employees are there in your company?

a) Less than 100 ( )

b) 100 – 499 ( )

c) 300 – 999 ( )

d) 1000 – 4999 ( )

e) Above 5000 ( )

5. For how long has your company been in operation in Kenya?

a) Under 5 years ( )

b) 6 – 10 years ( )

c) 11 – 15 years ( )

d) 16 – 20 years ( )

e) 21 - 25 years ( )

f) Over 25 years ( )

SECTION B: GENERAL INFORMATION

KEY: SA: Strongly Agree A: Agree N: Neutral D: Disagree SD: Strongly Disagree

V: Very High H: High M: Moderate L: Low VL: Very Low

OBJECTIVE I: EFFECTS OF LOW COST

9. To what extent do you agree with the following statements regarding low cost and firm's performance?

Statements	SA	A	N	D	SD
The firm utilizes computerized integrated information system and information sharing practice to reduce errors and administrative costs					
The firm used advanced manufacturing technologies that require minimum supervision, decreasing variable cost component					
The firm observes economies of scale through sourcing and supplying of own raw materials					
The firm focuses on reducing overhead expenses by eliminating non value adding activities in delivery related logistics and sharing costs across all functions					
The firm maximizes on capacity utilization by utilizing its installed productive capacity					

OBJECTIVE 2: EFFECTS OF MARKET FOCUS ON FIRM'S PERFORMANCE

10. To what extent do you agree with the following statements regarding effects of focus strategy on firm's performance?

Statements	SA	A	N	D	SD
The firm makes attempts to understand the customer and recognizes the diversity of its customer segment					
Firm activities are customized to respond to customer needs across the whole organization and it uses customer needs to stipulate specific customer care objectives					
The firm services isolated geographical regions to satisfy needs of clients with special issues and tailors products to the unique demand of customers					
The firm places highest priority on creating and maintaining superior customer value					
The firm has effective customer education/ information system with a genuine concern for customers, and feedback systems that enable the organization to reach its customers and vise-versa.					

OBJECTIVE 3: EFFECTS OF DIFFERENTIATION

11. To what extent do you agree with the following statements regarding effects of differentiation on firm's performance?

Statements	SA	A	N	D	SD
The firm engages in renewing the design of the current and or new products through changes such as in appearance, packaging, without changing their basic technical and functional features.					
The firm develops new products with components and materials totally different from current ones.					
The firm uses cutting age technology and product features to maintain a distinct image of actual product					
Has a developed comprehensive, personalized database to build knowledge of groups of customers, and individual buyers to be used in customizing how products are developed, sold or distributed.					
The firm maintains a quality control presence at key supplier facilities, purchases superior quality components that raise the quality and image of final products and carefully inspects products at each production stage to improve quality and lower defects					
The firm uses its logo to brand all its products and has a strong brand image					

13. How can you rate your firm's level of achievement of the following financial items your firm in the last three years as compared to the previous years?

Statements	**VH**	**H**	**M**	**L**	**VL**
The firm's sales revenue					
The firm's market share					
The firm's total sales growth					
General profitability of the firm					
The overall business performance and success					

APPENDIX I: LIST OF ANIMAL FEED MANUFACTURING FIRMS IN: CENTAL, RIFT VALLEY AND WESTERN KENYA REGIONS.

	Firm Name	**Questionnaire No**	**Location**
1	CHANIA FARM PRODUCTS (K) LTD	1&2	THIKA
2	SIFA MILLERS	3&4	KIKUYU
3	OSCAR'S FOODS LTD	5&6	KIKUYU
4	NAIROBI MORDERN FEEDS LTD	7&8	NAIROBI
5	TASHA MILLERS LTD	9&10	NAIROBI
6	SIRARE FEEDS LTD	11&12	NAIROBI
7	TARIME SUPPLIERS LTD	13&14	NAIROBI
8	JACARANDA FEEDS LTD	15&16	THIKA
9	REAL FEEDS LTD	17&18	THIKA
10	DHAMI MILLERS LTD	19&20	THIKA
11	NJUCA CONSOLIDATED LTD	21&22	THIKA
12	CHANIA FEEDS MANUFACTURER LTD	23&24	THIKA
13	JUBILEE FEEDS LTD	25&26	THIKA
14	MAY FEEDS LTD	27&28	THIKA
15	RUIRU FEEDS	29&30	RUIRU
16	TREASURER FEEDS LTD	31&32	RUIRU
17	TRUST FEEDS LTD	33&34	THIKA

18	ARDHI FEEDS LTD	35&36	KITENGELA
19	DANMILL FEEDS LTD	37&38	NAIROBI
20	DANDORA MILLERS LTD	39&40	NAIROBI
21	ACACIA FEEDS LTD	41&42	KISII
22	PEROLLA ENTREPRISES	43&44	NAIROBI
23	JAZZILION ANIMAL FEEDS	45&46	NAIROBI
24	JOYWA ANIMAL FEEDS	47&48	NAIROBI
25	FAIDAMIX ANIMAL FEEDS LTD	49&50	NAIROBI
26	VICTORY ANIMAL FEEDS	51&52	NAIROBI
27	SIGONA ANIMAL FEEDS LTD	53&54	NAIROBI
28	FAST ANIMAL FEEDS	55&56	NAIROBI
29	BILL&BILL ANIMAL FEEDS	57&58	NAIROBI
30	WEMA ANIMAL FEEDS	59&60	NAIROBI
31	AFRI-ANIMAL FEEDS	61&62	NAIROBI
32	CARE-VET SYSTEM LTD	63&64	NAIROBI
33	RANGE PROCESSORS	65&66	NAIROBI
34	RUAI ANIMAL FEEDS	88&91	NAIROBI
35	BUNDA CAKES	72&93	ELDORET
36	BERUR ANIMAL FEEDS	88&91	ELDORET
37	INTERFARM AGRO SUPPLIERS	87&92	ELDORET
38	TAMU TAMU FEEDS	77&90	ELDORET
39	LANGAS AFYA FEEDS	78&89	ELDORET
40	DONNY FEEDS	80&86	ELDORET

41	JIRAN FEEDS LTD	76&85	ELDORET
42	ELDORET HOLDING LTD	71&84	ELDORET
43	AGRI FEEDS	83& 70	ELDORET
44	ARKAY INDUSTRIES LTD	73&75	ELDORET
45	KABIYET DAIRIES LTD	79&82	ELDORET
46	VITAX SERVICES LTD	74 & 81	ELDORET
47	REAL FEEDS SUPPLIERS LTD	96&97	ELDORET
48	KIBET FARMERS PRIDE	94&95	ELDORET
49	UNITED MILLERS LTD	98&99	KISUMU
50	MOI’S BRIDGE MILLERS LTD	100&101	MOI,S BRIDGE
51	EDEN FEEDS LTD	102&103	BUNGOMA
52	KITALE INDUSTRIES LTD	104& 105	KITALE
53	ORATA INTERNATIONAL	106&107	KITALE
54	DOMINION MILLERS LTD	108&109	KISUMU
55	LAKE FEEDS LTD	110&111	KISUMU
56	NGENIA FEEDS	112&113	LIMURU
57	GIHON ANIMAL FEEDS LTD	115&116	NAIROBI
58	HEMCO ANIMAL FEEDS LTD	117&118	NAIROBI
59	JUMBO ANIMAL FEEDS LTD	119&120	NAIROBI
60	NEEMA ANIMAL FEEDS LTD	69&121	NAIROBI
61	SUPER ANIMAL FEEDS LTD	69&121	NAIROBI
62	OMEGA ANIMAL FEEDS LTD	125&126	NAIROBI
63	PEMBE ANIMAL FEEDS LTD	127&128	NAIROBI

64	SIGMA FEEDS LTD	129&130	NAIROBI
65	IDEAL FEED MANUFACTURERS	131&132	NAIROBI
66	BELFAST MILLERS LTD	133& 134	NAIROBI
67	ECONOMY FARM FEEDS LTD	135&136	NAIROBI
68	PONEER FEEDS LTD	137&138	NAIROBI
69	METRO FEEDS	122&139	LIMURU
70	TOSHA PRODUCTS (K) LTD	140&141	LIMURU
71	LISHA FEEDS LTD	142&143	LIMURU
72	LIMA FEEDS LTD	144&145	LIMURU
73	TURBO FEEDS LTD	146&147	NAKURU
74	UNGA FARMCARE (E.A) LTD	148&149	NAKURU
75	MILLING CORPORATION OF KENYA	150&151	NAKURU
76	WONDER FEEDS LTD	152&153	NAKURU
77	ROYAL MILLERS LTD	154&155	NAKURU
78	NAKU-MORDERN FEEDS LTD	156&157	NAKURU
79	YETU ANIMAL FEEDS LTD	158&159	NAKURU
80	BUNDA CAKE FEEDS LTD	160&161	NAKURU
81	MWANZO FEEDS LTD	162&163	NAKURU
82	KAYS ANIMAL FEEDS LTD	164&165	NAKURU
83	WANN ANIMAL FEEDS LTD	166&167	NAIROBI
84	CROWN FEEDS	168&169	NAIROBI
85	JUMA FEEDS LTD	170&171	NAIROBI

86	TANYKINA DAIRIES LTD	172&173	KIPKAREN
87	WESTERN KENYA MILLERS (MUSEMBE FEEDS)	174&175	KIPKAREN
88	ALFA MILLERS LTD	176&178	NYAHURURU
89	JUPITER FEEDS LTD	179& 180	NANYUKI
90	MARIDADI ENTERPRISES LTD	181&182	KINANGOP
91	FORMULA ANIMAL FEEDS	183&184	NAKURU
92	MAISHA MILLERS LTD	186&187	NYAHURURU
93	PWANI FEEDS LTD	177&185	THIKA
94	NUTRI FEEDS LDS	188&189	NAKURU (SOLAI)
95	USHINDI FEEDS LTD	190&191	NAKURU(BAH ATI)
96	FARMCARE PREMIER FEEDS LTD	192&193	NAKURU