EFFECT OF STRATEGIC POSITIONING ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN MOMBASA COUNTY

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ABSTRACT

Strategic positioning is vital for organizations to sustainably survive in a highly dynamic working environment. Strategies are key focus for profitability in any organization as they enhance their performance and competitive advantage over their main rivals. This study sought to determine the effect of strategic positioning on organizational performance of commercial banks in Mombasa County. The specific objectives included determining the effect of market positioning strategy and product positioning strategy on the organizational performance of commercial banks in Mombasa County. The study was anchored on Market positioning theory, the Delta Model theory and Performance theory. The study used survey method. The target population of this study consisted of 150 managers in the 25 commercial banks in Mombasa that included operations managers, finance managers, information technology managers, marketing and sales managers, product development managers and corporate managers. The researcher used these respondents to draw the sample size. The study adopted primary and secondary methods of data collection. Descriptive analysis was done in terms of standard deviation and means. In this study, data presentation was done by use of frequencies and percentages. The relationship between the variables was determined by use of multiple regression analysis method. The study established that commercial banks operating in Mombasa used various product positioning strategies to identify themselves uniquely in the market. In order to stay competitive, banks must come up with strong marketing strategies that ensure customers only keep the image of their products; however, these measures must portray best of the product being advertised. Product positioning is paramount in fostering competitive advantage.

Key Words: Market Positioning Strategy, Product Positioning Strategy, Organizational Performance

INTRODUCTION

In this present century economy, firms deal with uncertain and dynamic environments. In order to be successful, they are required to position themselves strategically to handle and take advantage of the ever-changing markets. Firms must be ready to handle issues such as global competition for them to maintain a competitive advantage. Success and Sustainability of any organization in a competitive environment is determined by its choice of strategy (Yongmei, 2017). According to Beckman and Roscnfield (2015) in the competitive strategy the key is to identify a desired position in the industry and at that point, develop the capabilities and structure the activities of the firm to fit the requirements of that position. A firm that establishes and sustains a distinctive place for itself and its offerings in the market, is said to be successfully positioned (Al Ries & Trout, 2016).

Miller (2016) indicated that performance of an organization is the capacity of an organization in accomplishing its objectives successfully by use of the accessible physical and human resources. The concept of performance emanates from the concepts of efficiency and effectiveness. A business organization must produce the right products and services and it must produce them using the fewest possible inputs if it is to have a strong performance (Yongmei, 2017). Businesses aim at performing well in various areas of the organization. They strive to do well financially in terms of achieving high profitability and good returns on investment. Another area is where companies strive to achieve high market share by producing products that are on demand and offer them at competitive prices in the market. They also strive towards value creation for their shareholders by ensuring continuous and sustainable value of growth and shareholders return (Buchanan, 2014).

According to Hooley, Broderick and Moller (2018) positioning strategy can be defined as the choice of a target market segment being the customers a company will pursue to serve and the choice of advantage of differentiation that defines how it shall compete with competitors in the segment. Lee, Kim and Won (2018) explained positioning strategy as designing the image of the company and offering to occupy a unique position in the mind of the target market. The major objective is to locate the brand in the minds of consumers to make the most of the prospective benefit of the firm. Positioning is a creative undertaking which involves differentiation whereby an existing product in an overcrowded market place of similar products is given a distinct position in the minds of the targeted customers. Positioning strategies can be derived from competition, application and object attributes, types of consumers involved or by the particular characteristics of the product. These traits represent different approaches in developing positioning strategies, though they all have a common goal of depicting a favorable image in the minds of the consumer (Jain, 2017).

Minhas and Jacobs (2016) researched on strategic positioning and quality determinants in banking service in Turkey. The study revealed that banks...
position themselves in terms of price, market niche, technological innovative, excellent product service quality, bank for SMEs and mortgage bank, credit availability, delivery system, promotion, and reputation and for differentiation. Hua (2016) researched on the effect of strategic positioning on performance of Airline industry in Korea observed that truly price competitiveness, production and service cost advantage, operation cost advantage, unique products and services, unique business processes and unique technology were used to improve performance of Airlines.

Taglioni and Winkler (2016) noted that in United Kingdom, a change of strategic position is a key element of the Government’s strategy for manufacturers, when they state that their strategy is to help more manufacturers to move up the value chain and to reap the benefits of high-skilled, knowledge-intensive manufacturing operations. Similarly, a distinguishing characteristic of the highly successful home furnishing company IKEA, is that the customers themselves assemble much of the furniture they purchase. Neither of these examples necessarily fit the trajectory of strategic position advocated by the UK Government, but the success of each company suggests that their executives are making well informed decisions. In United Kingdom there is a much greater awareness of the strategic potential of manufacturing operations and, as a consequence, concepts and methods employed in the development of manufacturing are changing.

In Africa, Hinson, Abdul-Hamid and Osabutey (2017) carried out a study on how product positioning influences an organization performance in Ghana and found out that positioning must establish a position for the product firm in the customers’ mind and should be distinctive providing one simple consistent message and must set the product/firm apart from competitors. They added that it should be noted that a firm cannot be all things to all people and therefore must focus. To be successful in the long term, the operations of a firm must be completely different from those traditional business counterparts. Hlatshwayo (2015) in South Africa noted that brand positioning is an important aspect of any business, as brands are a means of acquiring customers and building a strong reputation in the marketplace. Corporations deemed successful are not only producing positive results due to revenue generated, but also because they have established competitive brands both internally and externally. A well communicated and positioned brand guarantees customers, as customers will relate to the product and have a desire to purchase the product.

Adigbole and Osemene (2019) in Nigeria indicated that for some marketers, positioning is strictly a communication matter where when the product or service is given the objective is to influence consumer perceptions of reality. He added that positioning is more than just advertising and promotion. This implies that positioning strategies could be considered and developed in a number of ways. It can be derived from object characteristics, competition, application, types of consumers involved or the characteristics of the said product. Adigbole and Osemene (2019) further said that all these qualities represent a different approach in developing positioning strategies, even though they have the common objective of projecting a favorable image in the minds of the consumer.

Wambui (2018) indicated that the banking sector in Kenya has witnessed increased competition in the recent past which has forced banks management to go back to the drawing board to seek new ways of expanding their businesses and reach new markets more exhaustively. The core of strategic positioning is customer bonding which includes the attraction, satisfaction and retention of customers. When strategically positioning itself, a company reflects on the choices it makes, the kind of value it will create and how that value will be created differently from the competitors. Ole Kulet, Wanyoike and Koima (2019) indicated that due to the increased competition any telecommunication firm in Kenya that desires to archive superior organizational performance must adopt strategies that position itself in market dominance. What an
organization does towards winning and delivering a world class service to its clientele within its market forms the most important first step towards defining strategic positioning. The appeal to the client, contentment of the client and their maintenance is all that constitutes a strong client bonding.

Statement of the Problem

Banks and other firms in the financial sectors are facing an unpredictable business environment characterized by the changing customer needs, many delivery choices, technological changes and innovative products (Central bank of Kenya Report, 2018). The banks have realized that increased competition in this industry dictates the development of strategies to compete so as to enhance performance (Wambui, 2018). Kenya has witnessed increased competition in this sector in the recent past which has resulted to banks management going back to the drawing board to seek new alternative ways of expanding their businesses and reach new market niches exhaustively (Ole Kulet, Wanyoike & Koima, 2019). The continual change taking place leads to changes in customer demands thereby necessitating commercial banks to reposition themselves so that they meet the needs of the external environment in order to remain competitive against their rivals, (Lado et al., 2016). Kim, Nam and Stimpert (2014) noted that the pace and intensity of change in the global business environment have become much more pronounced during the past two decades hence the need for strategic positioning.

For an organization to become profitable it must put in place strategies that position itself in market dominance and improve the firm’s overall performance. However, there are many strategic positioning failures that can be attributed to compatibility problems among stakeholders. These might include partners of unequal size, collaboration experience, or managerial style hence the need for ensuring that there are good plans for strategic position (Blankson, Ketron & Darmoe, 2017). Strategic positioning has been recognized as a vital tool to confront the competitive pressure in the organizations’ environment and also as a tool of improving the performance of these firms. With a strong strategic position, an organization is poised for ongoing success, sustainability and distinct competitive advantage (Hua, 2016). For organizations to blossom in the current highly competitive atmosphere they are obliged to take up strategies that would enable to positively respond and become accustomed to the transformations and challenges in their operational atmosphere (Munene, 2017).

Studies have been done in regard to strategic positioning and organizational performance; globally, Riasat, Nisar, Haider and Saif (2015) focused on the relationship among strategic positioning, strategic customer relationship management (CRM) and organization's performance in Malaysia and concluded that to gain and sustain competitive edge organizations are trying to create supremacy on their rivals with effective positioning and customers’ relationship management. However, this was a global study and its focus was on strategic positioning, strategic customer relationship management (CRM) and organization's performance while the present study focuses on strategic positioning and organizational performance. Locally, Kiviti (2018) focused on the effect of market positioning strategies on performance of KCB bank group ltd, Kenya and noted market positioning strategy had a positive effect on the performance. However, the above study though a local study focused on one aspect of strategic positioning which is market positioning strategies while the current study focused on strategic positioning and organizational performance. Therefore, there existed a gap in the focus of strategic positioning and organizational performance, thus the study sought to fill the gap by focusing on strategic positioning and organizational performance of commercial banks in Mombasa County.
Objectives of the Study
The study sought to determine the effect of strategic positioning on organizational performance of commercial banks in Mombasa County. The study was guided by the following research objectives.

- To evaluate the effect of market positioning strategy on the organizational performance of commercial banks in Mombasa County.
- To establish the effect of product positioning strategy on the organizational performance of commercial banks in Mombasa County.

LITERATURE REVIEW
Theoretical Framework
Market Positioning Theory
Market Positioning theory was developed by theorists Ries and Trout in 1969. They were both directors of marketing services. The most significant about positioning is the hearts of clients is always the marketing environment. They published their first article predicting the forthcoming era in communication and marketing sector. They stated that the upcoming era would put more focus on not only product features but also on establishing a position in the minds of prospective customers. They were able to advice top management of different organizations to evaluate objectively their offerings from customer’s point of view and relate to what is already in their prospects minds, that it, to take advantage of positions already owned (Wirtz & Lovelock, 2017). Temporal (2016) stressed that strong positioning programs were cumulative in nature, flexible yet consistent.

The most significant phenomenon is not to make different things, however, human mind manipulation. Positioning is based on the hearts and the minds, that is, client’s preference. The positioning means aspects which include establishing current positions, filling the gap strategy, having a single location strategy, having positioning analogies and classification of brand positioning (Temporal, 2016). Market positioning theory distribution of information from varied sources can be attributed to the era of information explosion, which has a significant impact on business operations (Muthengi, 2015). Market Positioning theory is important in this study as it places emphasis on manipulating the minds of individuals so as to enable organizations position themselves effectively in the market. The theory was relevant in this study as it helps in determining the effect of market positioning strategy on the organizational performance of commercial banks.

The Delta Model Theory
The Delta Model is a strategy framework that was developed in the year 2003 by Dean Wilde, along with other members of Dean & Company, and Arnoldo Hax of the MIT/Sloan School of Management. The most basic foundation of the model is that the authentic significance of whichever strategy is to accomplish client bonding. Bonding encompasses the attraction, gratification, and safeguarding of the consumer (Hax & Wilde, 2003). Three extremely discrete strategic preferences for achieving these goals have been identified, which are preferred to give a picture of the diverse strategic positioning alternatives not merely for the reason that it is an image representation that is simple to keep in mind, but also since it symbolizes the Greek alphabetical letter Delta, meaning transformation and change. These three strategic preferences for client bonding are referred to as the best product position strategy, the total customer solutions position strategy, and the system lock-in position strategy (Hax, 2010).

The Delta Model strategy visualizes client bonding as the real driving power. It believes that an organization is indebted to its clientele because they are the intimate storehouse of all the organization’s deeds. Within management and consequently at the centre of strategy, inhabits the client we have to serve in a unique style if we anticipate to benefit from better-quality performance and this is archived by attracting, gratifying and retaining the client (Hax & Wilde, 2003). The Delta Model strategy makes available an
elaborate set of strategic positions that ensures there is high client bonding. There are three discrete strategic preferences which provide different approaches to achieving high degree of customer bonding. They include; products that are currently existing in the market and ensuring that your distribution channels are well secured (Ole Kulet, Wanyoike & Koima, 2019). Delta Model emphasizes on customer bonding and creating better relations with the customers and thus it was relevant in this study as it help in determining the effect of product positioning strategy on the organizational performance of commercial banks.

Performance Theory

The theory was developed by Mento, Locke and Klein (1992). The theory defined goal being set for the future for subsequent performance of an individual or organizations. It argues that when individuals or organizations set more difficult goals, then they perform better. On the other hand, if the set goals are easy then performance of an individual or organization decreases. When a person or organization is committed to achieving goals and do not suffer from any conflicting goals. Then, the achievement of the goal is positive. According to Mento, Locke and Klein (1992) there are five basic principles that guide Performance theory; these include: clarity, challenge, commitment, feedback, and task complexity. In addition, goal setting help in developing action plan designed to guide people and organizations. Consequently, this helps in making it a major component of personal development and management literature. Performance theory encompasses all aspects of building organizations with efficiency (Locke & Latham, 2016).

Performance theory is applicable and more importantly many organizations prefer it over other performance management tools as observed by (Ketchen & Shook, 2017). Performance theory suffers criticism. First, it has been brought out as being time consuming and expensive to apply because there are various factors need to be addressed to achieve the goals by businesses. These include selections of right people with skills and knowledge and making training for career development and organizational productivity a necessity and incurring expenses. Performance theory brings in internal competition risk, where employees often compete with each other. In such scenarios, the interest and objectives of the business is to ignore and focus on individual achievements (Kiresuk, Smith & Cardillo, 2014). The theory was useful in determining the effect of strategic positioning on organizational performance of commercial banks in Mombasa County.

![Conceptual Framework](image-url)

**Independent Variables**

**Dependent Variable**

**Figure 1: Conceptual Framework**
Empirical Literature Review

Riasat et al. (2015) focused on the relationship among strategic positioning, strategic customer relationship management (CRM) and organization's performance in Malaysia where a desktop review was undertaken in form of a literature review. It was concluded that to gain and sustain competitive edge organizations are trying to create supremacy on their rivals with effective positioning and customers’ relationship management. Further strategic positioning and strategic customer relationship management had a strong, positive and significance association with organizational performance. Product positioning and marketing positioning had a positive influence on performance. Technology based CRM and customer knowledge competence had a significance association with Organizational performance. Improvement in information technology and organizational change in customers’ centric procedures had a positive and significant effect in development of customer relationship management. Organizations with effective implementation of CRM gain the customers’ loyalty and satisfaction.

While evaluating strategic thinking and organization performance in telecommunication industry in Nigeria Olaniyi and Lucas (2016) used a descriptive research design where a questionnaire was used where primary data collection method through personal administered questionnaire. The study established that the telecommunications companies had formed strategic alliances with other organizations. The study found that a firm’s marketing strategy influenced a products performance in the telecommunication industry. It was also established that bringing together expertise and capabilities from various organizations improves the performance of a product. The study found that the telecommunication companies conducted research and development of products. It was also revealed that the use of new technology influences products performance in the telecommunication industry.

Farihya (2015) evaluated strategic positioning as a source of sustainable competitive advantage at the Norwegian Refugee Council, Dolo Ado- Ethiopia where primary data which was collected using an interview guide. Content analysis was used to analyze the collected data. The study found out that product differentiation involves differentiating wide range of housing units produced by the organization and other humanitarian providers. NRC was found to have worked with all local institutions, opinion leaders and beneficiaries as determined by the ever-changing situation on the ground. The study found out that the factors considered by NRC in pursuit of strategic positioning were the emergencies that occurred in the region of its operations, stakeholders and the strategic planning process. The study achieved competitive advantage through working relationship with the local communities in organizational projects to ascertain progress, challenges, successes and other issues around implementation. NRC was found to have documented organizations strategic capability which has ensured, resources were examined for their full potential.

M’kuma (2015) studied strategic positioning and competitive advantage in banking industry in Kenya: a descriptive statistics of private sector banks where a survey research design was used. The data was analyzed using SPSS software and the variables were measured using correlation analysis. The relationships between strategic positioning and competitive advantage and technological embracement showed a positive correlation. The relationship between strategic positioning and competitive advantage and cost reduction had a positive correlation. The was also a positive correlation between strategic positioning and competitive advantage and the innovativeness in service provision. It was noted that organizations that want to become more adaptive, competitive, proactive and successful will see technology transformation as an opportunity to gain the most value from technology and making their mark on
the new world of business. A comparison between strategic positioning and competitive advantage and nature of products offered also showed a positive correlation. From the analysis, it is very clear that banks in Kenya have to embrace technology and be at the fore front to innovate so as to attain sustainable competitiveness.

Ng’oo (2016) studied the influence of positioning strategies on competitive advantage of the insurance firms in Kenya where descriptive analysis was used in terms of standard deviation and means. Multiple regression analysis was also used to determine relationship between the variables. The study noted that the strategies used included market share, sales volume, client satisfaction, product and service quality, organizational processes, customer loyalty, superior business processes, profitability, proprietary technology/innovation, unique organization structure, superior company reputation and customer retention. The study concluded that companies adopting this strategy usually tend to have a wider scope, operate in similar/related industries or serve many industries segment. Through constantly seeking for cost reduction avenues, players adopting the cost advantage strategy can offer their services at low costs and hence derive their profits from high volume sales.

While evaluating strategic positioning and financial performance of commercial banks in Kenya, Gachimu and Njuguna (2017) used both primary and secondary data as the collection tools where correlation analysis and multiple regression was used. The study concluded that concentration on marketing and product, promotion, enhanced technological innovation market segmentation and foreign market entry led to profitability of commercial banks to the full and market segmentation. On product focus strategy, the study deduced that product development through aligning products with customer needs (customized products), improved customer service, customer satisfactions, and introduction of new products based on customer needs, re-launching and reviewing of existing products enhanced profitability. The study concluded that technological innovation such as product integration with new technology, intelligent ATMs, intelligent monitoring systems and technology driven products enhanced profitability of the commercial banks. The strategic location, accessibility in terms of physical location, online platform, via communication channels promotes enhanced customer service, interaction and feedback enhanced profitability.

Kiviti (2018) focused on the effect of market positioning strategies on performance of KCB bank group ltd, Kenya where a case study method and an interview guide was used as the method of data collection. Qualitative data was collected and analyzed using content analysis approach. Market positioning strategy had a positive effect on the performance of the bank. Kenya Commercial Bank had implemented brand, product and price positioning strategies. The bank had continually grown and has a successful listing in the recent years which enable the bank to increase its capital base. It has also expanded with a current branch network and recently acquired a financial brokerage firm in attempts to become a one 'stop shop' for financial service. Banks need to adopt positioning strategies as this would enhance rapid firm growth and more profitability relative to its competitors, improve sales of new products, enable bank to offer financial services that have important attributes in delivering benefits.

Kulet, Wanyoike and Koima (2019) assessed the effects of total customer solutions strategic positioning on organizational performance in telecommunication industry in Kenya where questionnaires were used to collect the data and analysis of the survey responses was done by use of SPSS. Pearson Correlation along with multiple regressions were used in data analysis and the testing of hypotheses. The study also concluded that the decision by most telecommunication companies to use total customer solution strategic positioning is appropriate as it enhances organizational performance. Consequently,
Managers in this telecommunication firms need to pay special attention to the total customer solution strategic positioning strategy by providing their customers with the best solutions to their needs. The result concluded that the decision to focus on customers’ comfort and meeting their needs resulted in an overwhelming customer response, creating the highest customer satisfaction rate in the industry which in turn resulted in great organizational performance. Finally, the study concluded that a change in the government regulations had a positive and very significant effect on the performance of the telecommunication companies in Kenya.

**METHODOLOGY**

Descriptive survey research design was adopted in this study. According to Mugenda and Mugenda (2015) descriptive research supports the development of precise measurements and reporting of characteristics of some population of phenomena. The target population of this study comprised of 150 managers in the 25 commercial banks in Mombasa that included operations managers, finance managers, information technology managers, marketing and sales managers, product development managers and corporate managers. The analyst utilized a stratified random sampling strategy since the study population was not homogenous and, in this way, it is conceivable to isolate this population into strata to induce a representative sample. To calculate the sample size of the respondents, the Yamane’s formula (1967) was employed.

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

Where \( n \) is the sample size, \( N \) is the population size, and \( e \) is the level of precision (0.05).

\[
 n = \frac{150}{1 + 150(0.05)^2} = \frac{150}{1 + 150(0.0025)} = \frac{150}{1.375} = 109
\]

The researcher took a random sample from each stratum proportionate to the population proportion to come up with 109 respondents. The study used both primary and the secondary data. The primary data was collected through a questionnaire. In addition, the study used secondary data collected using a data collection sheet and the data was collected from reports of the Central Bank of Kenya. The researcher also used Statistical Package for Social Sciences (SPSS) version 21 to analyze data. Analysis was done quantitatively by use of descriptive and inferential statistics. The descriptive statistics included mean scores, frequencies, standard deviation and frequencies. To predict the value of a variable (dependent) based on the value of two or more other variables (independent variables), multiple regression analysis was used. Inferential statistics that were adopted included correlation and hypothesis testing.

**FINDINGS**

**Market Positioning Strategy**

Participants were asked to indicate their level of agreement with the following statements that relate to the effect of market positioning strategy on the organizational performance of commercial banks in Mombasa County.

Results show that majority of the respondents agreed that their banks maintained a strong brand/image identification (mean = 4.32 std dev = 0.47), each bank is different based on its market developments (mean = 4.27 std dev = 0.52) and that banks operating in Mombasa offers a wide range of product/services in order to cater for variety of customers’ needs (mean = 4.18 std dev = 0.65). These findings are in line with the Jarillo (2015) in order to suitably compete for their market share banks needed to determine their existing market position and how their new positioning sets them apart from the rest of the competitors.

Further the results show that each bank was different on the basis of the quality of the products/services it offers (mean = 4.07 std dev = 0.73), each bank is different based on market penetration (mean = 4.06 std dev = 0.67) and that each bank is different based on market segmentation (mean = 4.01 std dev = 0.71). These
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findings concurred with the research findings by Hakansson (2014) by understanding the positioning of other competitors’ firm can better comprehend the overall conditions of the market and how much influence they currently have on the target demographic.

Table 1: Statements Relating to the Effect of Market Positioning

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our organization is different based on market segmentation</td>
<td>82</td>
<td>3.00</td>
<td>82</td>
<td>4.01</td>
<td>0.71</td>
</tr>
<tr>
<td>Our organization is different based on market developments</td>
<td>82</td>
<td>3.00</td>
<td>82</td>
<td>4.27</td>
<td>0.52</td>
</tr>
<tr>
<td>Our organization is different based on market penetration</td>
<td>82</td>
<td>3.00</td>
<td>82</td>
<td>4.06</td>
<td>0.67</td>
</tr>
<tr>
<td>The company maintain a strong brand/image identification</td>
<td>82</td>
<td>3.00</td>
<td>82</td>
<td>4.32</td>
<td>0.47</td>
</tr>
<tr>
<td>The company offers a wide range of product/services in order to</td>
<td>82</td>
<td>3.00</td>
<td>82</td>
<td>4.18</td>
<td>0.65</td>
</tr>
<tr>
<td>cater for variety of customers’ needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This organization is different on the basis of the quality of the</td>
<td>82</td>
<td>3.00</td>
<td>82</td>
<td>4.07</td>
<td>0.73</td>
</tr>
<tr>
<td>products/services it offers</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Product Positioning Strategy
Participants were asked to indicate their level of agreement with the following statements that relate to the effect of product positioning strategy on the organizational performance of commercial banks in Mombasa County. Majority of the respondents agreed that for each bank, customers perceive the products offered in the organization as reliable (mean = 4.27 std dev =0.61). They have trust in the products offered in banking organization (mean = 4.24 std dev =0.58), banks maintain a strong product identification (mean =4.22 std dev =0.47) and that customers rate the products offered in the banking organization as superior (mean = 4.10 std dev =0.73). These findings go hand in hand with the research findings by Varley et al. (2015) Product positioning improves competitive strength of a company.

Further the results showed that customers appreciate the quality of products offered by banks (mean =3.98 std dev =0.70), each bank is different based on the products it offered (mean = 3.89 std dev =0.72) and that customers perceive the products offered in various banks as affordable (mean = 3.87 std dev =0.70). These findings were in line with the Kotler et al. (2015) without an effective positioning strategy and execution, the chances that customers will consume from specific products is minimal.

Table 2: Effect of Product Positioning Strategy on the Organizational Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
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<tbody>
<tr>
<td>The organization maintain a strong product identification</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.22</td>
<td>0.47</td>
</tr>
<tr>
<td>Our organization is different based on the products we offer</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.89</td>
<td>0.72</td>
</tr>
<tr>
<td>Our customers appreciate the quality of products offered in my organization</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.98</td>
<td>0.70</td>
</tr>
<tr>
<td>Our customers have trust in the products offered in my organization</td>
<td>82</td>
<td>4.00</td>
<td>5.00</td>
<td>4.24</td>
<td>0.58</td>
</tr>
<tr>
<td>Our customers rate the products offered in my organization as superior</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.10</td>
<td>0.73</td>
</tr>
<tr>
<td>Our customers perceive the products offered in my organization as affordable</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.87</td>
<td>0.70</td>
</tr>
<tr>
<td>Our customers perceive the products offered in my organization as reliable</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.27</td>
<td>0.61</td>
</tr>
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Organizational Performance
Participants were asked to indicate their level of agreement with the following statements relating with organizational performance of commercial banks in Mombasa County. From the study findings, majority of the respondents agreed that most of the
banking organization in Mombasa had realized an increase in market share (mean = 4.13 std dev =0.73), banking organization realized high efficiency in operations (mean = 4.37 std dev =0.64) and that there has been better service delivery in most of the banks (mean = 4.10 std dev =0.73). These findings go hand in hand with the research findings by Blankson (2016) who indicated there is positive correlation between strategic positioning, competitive advantage and the innovativeness in service provision.

Further the results show that banks had realized an increase in customers over the last five years (mean = 4.01 std dev =0.73). Firm sales revenue has been increasing over the years (mean =3.99 std dev =0.82), there has been efficiency of operations in most of the banks (mean = 3.98 std dev =0.66) and that reputation and brand image of most of the banks has improved (mean = 3.93 std dev =0.78). These findings concurred with the research findings by Cockburn (2017) adoption of positioning strategies enhance rapid firm’s growth and more profitability relative to its competitors, improve sales of new products and enable bank to offer financial services that have important attributes in delivering benefits.

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm has had an increase in its market share</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.13</td>
<td>0.73</td>
</tr>
<tr>
<td>There has been efficiency of operations in our firms</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.98</td>
<td>0.72</td>
</tr>
<tr>
<td>There has been better product quality in my organization</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.37</td>
<td>0.64</td>
</tr>
<tr>
<td>Our firm sales revenue has been increasing over the years in my organization</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.99</td>
<td>0.82</td>
</tr>
<tr>
<td>The customers have been increasing over the years in my organization</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.01</td>
<td>0.73</td>
</tr>
<tr>
<td>There has been better service delivery in my organization</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>4.10</td>
<td>0.73</td>
</tr>
<tr>
<td>The reputation and brand image of our organization has improved</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.93</td>
<td>0.78</td>
</tr>
<tr>
<td>We have been able to access new markets in my organization</td>
<td>82</td>
<td>3.00</td>
<td>5.00</td>
<td>3.95</td>
<td>0.66</td>
</tr>
</tbody>
</table>

Inferential Analysis

Correlation Analysis
In order to confirm the relationship between study variables and organizational performance, the study used Pearson moment correlation to determine the relationship. The correlation results showed a positive correlation between market positioning strategy and organizational performance of commercial banks in Mombasa County was established by a correlation factor of 0.665. This positive relationship was found to be statistically significant as the p value was 0.000 which was less than 0.05. The findings go hand in hand with the conclusion made by Hall (2015) optimal market position provides the overarching focus for ongoing marketing and advertising efforts that turns prospects into customers and customers into advocates.

The study also found a strong positive correlation between product positioning strategy and organizational performance of commercial banks in Mombasa County as shown by correlation coefficient of 0.732. The significant value was 0.000 which was less than 0.05. These results concurred with the research findings by Zineldin (2015) Banks that uses effective product positioning strategies can find tremendously profitable and stable loan opportunities in their market.
Table 4: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.665**</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>82</td>
<td>82</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Beta Coefficients

Results show that a unit change in product positioning strategy while holding other factors constant would positively change organizational performance of commercial banks in Mombasa County by a factor of 0.448. These findings concur with the study findings by Zineldin (2015) that banks that uses effective product positioning strategies can find tremendously profitable and stable loan opportunities in their market.

Table 5: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td></td>
<td>1.525</td>
<td>.276</td>
</tr>
<tr>
<td>Market Positioning Strategy</td>
<td>.448</td>
<td>.169</td>
</tr>
<tr>
<td>Product Positioning Strategy</td>
<td>.555</td>
<td>.168</td>
</tr>
<tr>
<td>Technological Innovation Positioning Strategy</td>
<td>.392</td>
<td>.165</td>
</tr>
<tr>
<td>Location Positioning Strategy</td>
<td>.519</td>
<td>.170</td>
</tr>
</tbody>
</table>

Hypothesis Test

Assessment between market positioning strategy and organizational performance showed a positive significant relationship. The significant value for market positioning strategy from the coefficient table is 0.010 which is less than 0.05. Since the P-value of 0.010 is less than 0.05 the null hypothesis which stated market positioning strategy has no significant effect on organizational performance of commercial banks in Mombasa County is therefore rejected. The implication is that there exists a significant positive relationship between market positioning strategy and organizational performance of commercial banks in Mombasa County.

The significant value for product positioning strategy from the coefficient table is 0.001 which is less than 0.05. Since the P-value of 0.001 is less than 0.05 the null hypothesis which stated that product positioning strategy has no significant
effect on organizational performance of commercial banks in Mombasa County is therefore rejected. The implication is that there exists a significant positive relationship between product positioning strategy and organizational performance of commercial banks in Mombasa County.

**Model Summary**

In this study, a multiple regression analysis was conducted to test the influence among independent variables. The model had an average adjusted coefficient of determination ($R^2$) of 0.705 which implied that 70.5% of the variations on organizational performance of commercial banks in Mombasa County are explained by the independent variables under study (market positioning strategy and product positioning strategy).

**Table 6: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.848a</td>
<td>.719</td>
<td>.705</td>
<td>.45580</td>
</tr>
</tbody>
</table>

**Analysis of Variance**

The study further tested the significance of the model by use of ANOVA technique. From the ANOVA statistics, the study established the regression model had a significance level of 0.000% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance ($p$-value) was less than 5%. The calculated value was greater than the critical value (49.346 $> 3.112$) an indication that market positioning strategy and product positioning strategy have a significant effect on organizational performance of commercial banks in Mombasa County. The significance value was less than 0.05 indicating that the model was significant.

**Table 7: Analysis of Variance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>20.504</td>
<td>2</td>
<td>10.252</td>
<td>49.346</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>16.432</td>
<td>79</td>
<td>.208</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>36.936</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Critical value = 3.112

**CONCLUSION AND RECOMMENDATIONS**

Based on the study findings the study concluded that there exists a positive significant correlation between market positioning strategy and organizational performance of commercial banks in Mombasa County. The market positioning strategy by banks in Mombasa was based on market developments such as market segmentation, market lock-in strategies, target demographic, customers' needs and service, product differentiation strategies, delivery of quality products and competitor assessments.

This study concluded that commercial banks operating in Mombasa used various product positioning strategies to identify themselves uniquely in the market. For instance, banks were using various service marketing strategies to retain their customers and identify themselves uniquely in the market. Such strategies include loyalty program, customized distribution channels through strategic partnerships, effective compliant redress measures and tailoring of products to suit deferent specification of the clients.

The study recommended that the policy makers in the banking industry and the Competitive Authority in Kenya should provide a framework where all the banks get an even level of operation and thus the banks are able to strategically position themselves so as to enhance their performance.
In order to stay competitive, banks must come up with strong marketing strategies that ensure customers only keep the image of their products. However, these measures must portray best of the product being advertised.

Product positioning is paramount in fostering competitive advantage. This can be achieved through product innovation, clustered targeting of customers, unique presentation of banking services and other measures that enhance customer preference on specific commodities.

**Areas for Further Research**

Further research in this research topic is vital to keep pace with the dynamic banking environment and customer requirements given their ever shifting expectations. The major objective of this study was to determine the effect of strategic positioning on organizational performance of commercial banks in Mombasa County. The study independent variables market positioning strategy and product positioning strategy only accounted for 70.5% variations on organizational performance. Therefore, there is need for further research to determine what other factors accounting for 20.5% influence performance of commercial banks in the face of changing customer expectations.

**REFERENCES**


