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**NICHE MARKETING STRATEGY AND FIRM PERFORMANCE OF BAMBURI  
SPECIAL PRODUCTS LIMITED IN KENYA**

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**Abstract**

The study aimed to ascertain the effect of niche marketing strategy on firm performance of Bamburi Special Products Limited in Kenya. The specific objectives of the study are to establish the effects of market segmentation, product differentiation and market positioning on firm performance of Bamburi Special Products Limited in Kenya. The study benefits policy makers focused on developing policies for the concrete manufacturing sector in Kenya, scholars and management practitioners. The relevant theories to study were Resource Based View, Porter's Generic Competitive Strategies, and Configuration Theory. An empirical review reveals evidence that there is a positive relationship between niche marketing strategies and firm performance, but that there is also limited research available on niche marketing strategy as a whole. The study employed descriptive research design based on case study approach; while the population of the study was decision making management teams at the company and the parent company Bamburi Cement Limited. It made use of both primary and secondary data. A semi-structured questionnaire was applied to collect primary data, with a pilot test done to augment the research instrument's validity, also increasing the research reliability. Collected data was analyzed using descriptive methods including standard deviation and means, and presented using graphs and tables. A simple regression analysis was done to show the relationship between the dependent and independent variables. The study found that niche marketing strategies (product differentiation, market segmentation and market positioning) significantly and influenced performance. The study further established that product differentiation had the greatest influence on performance followed by market segmentation and lastly market positioning. In Kenya, there are no comprehensive policies on construction; the study therefore recommends the government of Kenya to develop comprehensive construction industry policies that will guard the industry from challenges like low completion rate of construction projects, low access to affordable project financing, lengthy procurement procedures and inadequate harmony in policies, laws and regulations. Cement and concrete manufacturers in Kenya face challenges principal among them being high power costs, in addition to the market driven challenges, therefore the government should provide these companies with a favorable environment that will favor their operations and growth for instance providing them with affordable power supply.

**Keyword :** Business Strategies, Competitive Advantage, Firm Performance, Market segmentation, Market Positioning, Niche Marketing, Niche Market, Niche Marketing Strategy, Product differentiation, Strategic Management.

## **Introduction**

Organizations of today have to deal with constant shifts and turns in the environment they operate in (Papulova & Papulova, 2006). This dynamic environment comes with many opportunities for business, but at the same time exposes firms to greater risks. Success in these times of constant change means giving customers what they need; as firms actively seek out for opportunities to exploit their strategic abilities (Kennerley & Neely, 2003). To have real competitive advantage means that a company is satisfying its customers more effectively and profitably than its competitors (Papulova & Papulova, 2006). Moreover, it can only be achieved if and when real value is delivered to customers (Egboro, 2015). Customers however do not have identical requirements, and it is impossible to completely satisfy everyone. To be competitive therefore companies have to narrow down to a distinct part of the market it can serve profitably (Camilleri, 2018).

In niche or focused marketing strategy a company concentrates on one or a few market segments (Doyle, 2002). The strategy helps a firm resonate more deeply with a distinct set of customers; as it dedicates its energies to serving them. Most importantly is serving this niche market in a superior manner compared to any other company (Akbar et al., 2015). The strategy has been employed across many industries, products and services around the world, in different economic climates, over the last decade to gain market penetration, diversification, achieve increased sales, and business growth and success (Akbar *et al.*, 2017; Dalgic & Leeuw, 1994; Anzaku & Salau, 2017).

Construction is one of the most globally critical and fastest growing industries that is experiencing constant change. The industry has experienced dramatic development over the past few decades; and it is expected to see growth of 85%, contributing \$15.5trillion to economies globally by the year 2030, and three countries (US, China and India) will account for about 57% of this global growth (Global Construction 2030, 2015). This growth will outpace world GDP over the next ten years (Ellis, 2018). In Kenya the sector has recorded a growth rate of between 8% and 14% annually in the last decade, as a result of increasing investment by both the government and private sector (KNBS, 2018). The growth has however come with many challenges. Globally the industry is challenged to keep transforming to tackle economic downturns, shift to green and sustainable construction and maximize on opportunities of the digital era (Barawas *et al.*, 2013.)

According to Zhang et al. (2018) unstable international circumstances are driving the risks of this industry. In developing countries firms face additional challenges of low industry development, legislation gaps, culture, and environmental concerns; and these have become greater in extend and severity in recent years (Ofori, 2001). In Kenya, absence of a comprehensive construction industry policy exposes the industry to challenges like low completion rate of construction projects; low access to affordable project financing; lengthy procurement procedures; inadequate harmony in policies, laws and regulations among others (MTIHUD, 2018). Kinyua (2007) found that cement and concrete manufacturers in Kenya face a number of challenges, principal among

them being high power costs, climate protection and responsible use of fuel resources and raw material, in addition to the market driven challenges.

To be competitive therefore individual firms have to develop strategies to counter these challenges, and position themselves well to capture the market opportunities; otherwise they will automatically fail (Atikiya, 2015). Hernandez (2008) posits that construction companies that specialize on a specific unique niche as part of their business strategy tend to achieve higher success compared to those that attempt to be everything to every customer. A study by FMI Corporation (1999) discovered that construction companies which focused on specific segments won business nearly twice compared those which did not. Additionally, Toften and Hammervoll (2009) states being perceived as experts in a particular area helps in generating business for niche firms.

According to Richard *et al.*, (2009) an organization's performance can be determined by measuring how well it achieves its set goals and objectives in three key areas – Financial Performance, Market Performance and Shareholder Value. Financial performance is the results or returns an organization achieves from its investments and assets (Ani, 2014). It measures how well an organization's operations and policies are performing, or the extent to which it achieves its financial objectives over a given timeframe, in monetary terms. Tools applied to assess financial wellbeing of companies include income statements, cash flow statements and balance sheet (Crane, 1998). Market performance is a firm's capability to make and distribute its products cost efficiently and at a price that makes good returns for its investors. According to Kyriakopoulos and Moorman (2004) it is also a firm's capacity to meet its customer's demands and expectations, and it has an impact on its market-related goals like growth, revenue and market share.

According to Dalgic and Leeuw (1994) various synonyms have been used for niche marketing, including concentrated, focused, regional, targeting or micro marketing. A niche market is a subset (or a segment) of the larger market that consist of customers who seek distinctive mix of benefits, and have similar demographic, buying behavior and/or lifestyle characteristics (Kotler, 2003). Niche marketing has therefore been described as a practice of developing more focused market segments, or positioning into smaller and profitable market segments previously ignored by other firms (Chalasanani & Shani, 1992; Dalgic & Leeuw, 1994). Since customers do not have identical preferences and firms are unable to satisfy these diverse needs, they choose the distinct set of customers they resonate more deeply with, and devote to serve them better than any other company to gain competitive advantage (Camilleri, 2017; Akbar, *et al.*, 2015; Toften & Hammervoll, 2009).

Akbar *et al.* (2017) advanced three essential elements of niche marketing strategy after studying definitions of the practice by different earlier authors: market segmentation, market positioning and product differentiation. Market segmentation is the process of splitting a general target market or prospective buyers into smaller sets of markets with shared needs and/or application of a product, therefore are likely to respond similarly to a marketing action (Bygate, 2015). It can be based on factors like age, income, socioeconomic groups, lifestyle, consumption capacity, benefits sought, buyer size, reasons for purchasing among others (Hollensen & Opresnik, 2010). The

segment chosen in the one that is most profitable, easy to identify from the population, and aligns well with the firm's strengths, to give it competitive advantage.

Bamburi Limited is a concrete manufacturing company owned by Bamburi Cement Limited, the largest cement maker and marketer in East Africa. Bamburi Cement is 58.6% owned by the globally largest construction materials company LafargeHolcim, is also listed in the Nairobi Securities Exchange (Bamburi, 2019). Bamburi Special Products is however a limited liability company, and runs autonomously with its own management and financial reporting, while reporting into Bamburi Cement.

Bamburi Special Products (BSP) began operations in 2008, and was the first commercial concrete supplier to set up in Kenya. The company has two divisions - ready mix concrete and precast concrete. It has three concrete ready-mix batching plants in three locations in Nairobi and its environs - in Athi River, Nairobi's Industrial Area, and Two Rivers Mall in Kiambu County. Its precast concrete products range from paving blocks, fencing products, hollow blocks, paving slab, road kerbs, road channels and drainage products. In its website the company says it also has capacity to customize concrete mix designs to meet specific customer needs, and provide other concrete related consultancy services like site surveys and designs, blocks laying services, technical support among others. Its paving blocks manufacturing operations are at the Athi river plant and an additional Plant in Mombasa (Bamburi, 2019).

The company has also invested in machinery and equipment, both through direct ownership and leasing – including ready mix mixer trucks, mobile pumps and vehicles; used in transporting to customers' sites and helping them pump the concrete for use (Bamburi, 2018). They also have a mobile concrete laboratory, offered as a service to large scale customers, to conduct on-site tests. The company is also a member of the Concrete Manufacturers Association (CMA) of South Africa and is ISO certified (Bamburi, 2019). BSP uses the brand 'BamburiBlox' for its paving blocks products, and 'BamburiConcrete' for its ready-mix concrete - to differentiate and distinguish itself from competition. These products come in different forms and targeted at different sections of the market. Its major target market is however large contractors involved in large construction projects who require large volumes of the products (Bamburi, 2019).

According to the company's website, it gives a guarantee of up to 15 years for their concrete products. Some of the major projects it has served as listed on its website include government projects like the Standard Gauge Railway (SGR), construction of Times Towers, Turkwel dam, Nyali bridge, Ngong and Turkana windmills, major road construction projects among others. They also supply to individual home builders and smaller construction projects as its secondary markets. BSP has positioned itself as offering convenience and quality, especially to large contractors who require large volumes of concrete pouring at site to fast track their projects (Bamburi, 2017). Its products are differentiated to suit key target segment of large contractors.

## **Statement of the Problem**

The construction industry is one of the fastest growing sectors in the Kenyan economy and has recorded an average 7% annual growth rate in the last 10 years. Consequently, cement consumption has had a significant 12% annual growth over the same period (KNBS, 2018). However, the commercial concrete sub-sector has witnessed slow performance growth. As an example, while 5.8 million tonnes of cement was sold in 2017, commercial concrete manufacturers only sold 737,000M3 of ready-mix concrete in the same year (KNBS, 2018). The penetration rate of commercial ready-mix concrete and paving blocks stands at only 10%. This is after a slow and steady growth over the years, from 7% in 2017, 4% in 2013 and 0% in 2008 (KNBS, 2018). This position is an indication that many builders and constructors are not buying concrete from commercial concrete manufacturers. Further while the total ready-mix concrete market in Kenya in 2017 was estimated to be 1.35million M3, only about 30% of this volume was sold by commercial ready mix manufacturers (KNBS, 2018). The main reason is that large contractors undertaking large construction projects prefer to build their own batching plants on site, to make their own ready-mix concrete for use; only occasionally buying from commercial suppliers.

Bamburi Cement Limited, the largest cement maker in East Africa, with an estimated majority market share in Kenya of about 31.5% sold 1.65million tonnes of cement in 2017, while its concrete manufacturing subsidiary Bamburi Special Products Ltd (BSP) sold only 94,843 m3 of ready mix concrete and about 500,000 m3 of concrete paving blocks in the same year (KNBS, 2018). BSP, which is also the oldest commercial concrete manufacturer established in 2008, recorded a loss of Ksh8.9 million in the same year, even though profit before tax rose to Ksh7.6 million in 2018 (Bamburi, 2019). While BSP's profits have remained positive, declining only in some years, the company has recorded stagnating volumes and selling price over the last 10 years.

Over the same period competition has increased significantly, with new strong competitors with higher capacity entering the market, which also remains quite fragmented. Currently there are nine major commercial players, seven of these based in Nairobi; and competitive pressure is increasing (Construction Kenya, 2018). This has called on BSP to adopt strategies that enable it to survive and grow. One of the strategies the firm is using is identifying viable niches with specific needs to target and profit from. This study therefore strived at establishing the effects on firm performance, of niche marketing strategy adopted by Bamburi Special Products Limited. Previous research done on niche marketing strategy (Hernandez, 2008; Toften & Hammervoll, 2009; Zhao et al., 2017) posit that construction related companies whose strategy focuses on exploiting a special niche market tend to realize better success compared to those who try to be all things to all customers. None of this research has however been done on concrete manufacturing firms, to establish if being perceived as experts in a particular area helps in generating business for these niche firms.

In addition other research (Onaolapo *et al.*, 2011; Matear et al., 2004; Mokaya *et al.*, 2012; Kim *et al.*, 2008; Blankson & Crawford, 2012; Chege, 2018; Shafiwu & Mohammed, 2013; Cheptiram *et al.*, 2016; Adimo, 2018) has only explored the various individual niche marketing elements of

market positioning, market segmentation and product differentiation and their independent effects on firm performance, without considering what the effects are for combining them all as a niche marketing strategy. Subsequently these two gaps: a lack of research analyzing effects of niche marketing strategy that combine the strategy's different elements on firm performance of concrete manufacturing firms, and generally limited focus on niche marketing as an area of study, form the justification for engaging in the current study.

### **Objectives of the Study**

This study sought to determine the effects of niche marketing strategy on firm performance of Bamburi Special Products Limited in Kenya.

The research was guided by the following specific objectives:

- i) To investigate the effects of market segmentation on the firm performance of Bamburi Special Products Limited in Kenya
- ii) To ascertain the effects of market positioning on the firm performance of Bamburi Special Products Limited in Kenya
- iii) To establish the effects of product differentiation on the firm performance of Bamburi Special Products Limited in Kenya

### **Theoretical Foundation**

#### **Resource Based View**

The Resource Based View (RBV) originated from earlier research of scholars like Penrose (1959), Seiznick (1975) and others. This theory places emphasis on a firm's possession of strategic resources and the implication on its performance. RBV looks at firms as heterogeneous entities that consist of bundles of distinct resources and capabilities that can be harnessed to give it competitive advantage (Hart, 1995). It adopts an inward-looking view, that a firm should determine the strategic resources and capabilities it has that have potential to give it sustainable competitive advantage. Further the theory argues that the nature of the firm's resources, internal development of these resources, and the different methods of employing these resources, translate to higher performance (Rumelt, 1984; Wernerfelt, 1984). Concrete manufacturing companies may consider gaining access to strategic resources like inputs (labour, capital and raw materials), knowledge (technology and operational know-how) and markets (distribution channels and access to customer segments) to target specific niches like large contractors. Firms that combine these resources effectively gain competitiveness and high performance (Guillen, 2000).

#### **Porter's Generic Competitive Strategies Typology**

The typology was proposed by Michael Porter in 1980. He held that a company can only realize superior performance and sustainable competitive advantage if it adopts one of three strategies: cost leadership, differentiation or focus. The theory therefore describes a firm's competitive strategies in relation to their market scope (broad or focused), as well as the source of their

competitive advantage (differentiation or cost). Porter (1985) further stated that competitive advantage is only achieved when the firm generates value from its customers that exceed the cost of creating it; and superior value grows out of either charging lower prices compared to competitors for similar benefits or offering unique benefits that compensate for a higher price. According to Witcher and Chau (2010) the three forms of generic strategies depend on the firm's competitive advantage and the competitive scope of its activities.

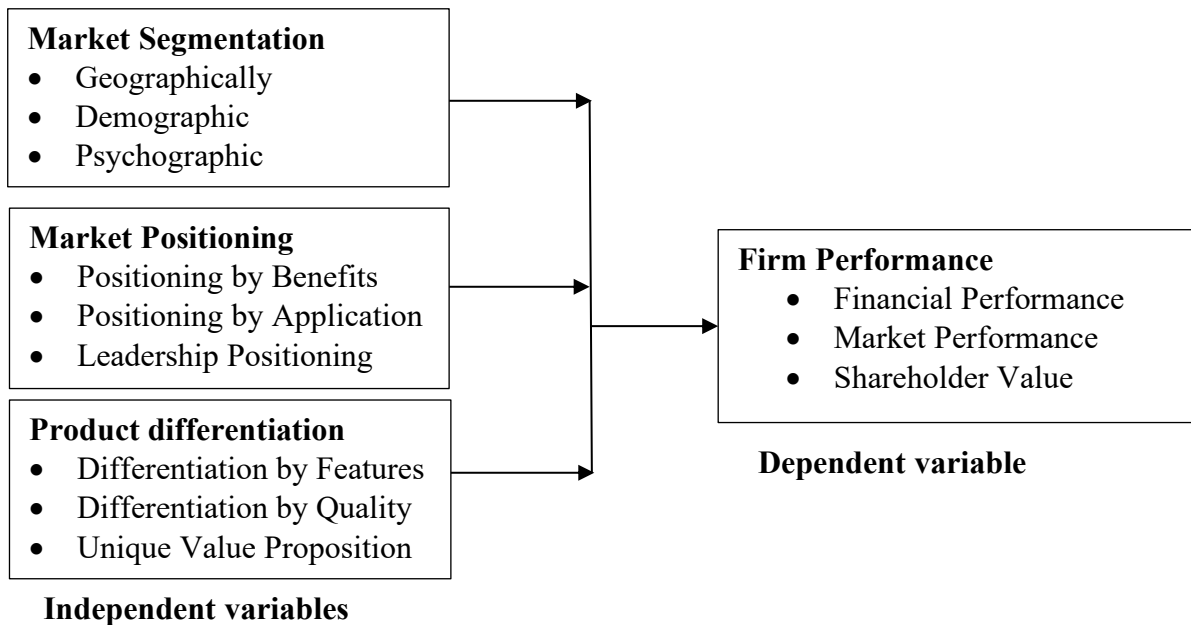
For a firm targeting the entire industry, cost leadership and industry-wide differentiation will be relevant, while those targeting only a part of the industry, cost or differentiation focus will be (Witcher & Chau, 2010). Additionally, a firm has to choose only one of the three strategies, as choosing more than one results to wasted resources (Acquaah & Yasai-Ardekani, 2006). The implications of each of the strategies vary. A firm is said to be pursuing a cost leadership strategy when it finds and exploits opportunities of cost advantage, to be able to operate at low cost compared to competitors (Tanwar, 2013). Cost advantage therefore comes from stringent cost controls and efficiencies (Li & Li, 2008). The strategy is more competitor oriented than it is customer oriented (Frambacha *et al.*, 2003; Day & Wensley (1988). Concrete manufacturing firms in Kenya can apply strategic options offered by this theory, especially the focus strategy, to create a defensible position, whether through cost focus or differentiated focus, by serving a specific segment of the market uniquely well to gain competitive advantage and high performance.

### **Configuration Theory**

The configuration approach or theory came about in the 1960s and 70s, with some of its earlier contributors being Miles and Snow (1978), Mintzberg and Miller (late 19702) and Chandler (1962). The theory holds that key contributors to firm performance is the fit its environment and organizational design. It conceived an organization as a configuration with the components of strategy, people, structure and management processes (Walker, 1984). The theory's main argument is that high performance can be attained in more than one way. For this to happen however there must be a fit of the organization (strategy and structure) and environment (Fincam & Rhodes, 2005; Donaldson, 2001). Firms that achieve maximum output are those that best align their operations with their current environment. In relation to the current study, the configuration theory sets forward a number of variables that play a decisive role in identifying the appropriate strategies for a concrete manufacturing firm to achieve high performance. Such firms should consider factors like the environment, firm resources, leadership style, and management system, when identifying appropriate strategies to help it achieve its objectives.

### **Conceptual Framework**

This study's conceptual framework borrows from available literature that show three key niche marketing strategy elements namely: market segmentation, market positioning and product differentiation. It is further acknowledged that niche marketing strategy is intrinsically related to firm performance. Figure 1 demonstrates this relationship.



**Figure 1: Conceptual Framework**

### **Research Methodology**

The research applied descriptive research design based on case study approach; with niche marketing the independent variable and firm performance being the dependent variable and a focus on Bamburi Special Products Limited as the case study. The unit of analysis was Bamburi Special Products Limited. The population of the study comprised a total of 53 employees that are critical in decision making affecting Bamburi Special Products. This included management and supervisory employees of the company; as well as the top and middle level management employees at Bamburi Cement Limited, the mother company, whose roles specifically involve making decisions that affect Bamburi Special Products at different levels – both operational and strategic.

The study applied census method where the entire target population was studied. According to Lavrakas (2008) a census provides detailed information on all or most features of a population, and therefore totals for small geographic areas or rare population groups can be made. Census method was preferred in the current study due to the small size of the population. Both primary and secondary data was used. Primary data was generated for the first time for the purposes of the current study. Since the study sought to examine how managers of Bamburi Special Products Limited and Bamburi Cement Limited view as the effects of niche marketing strategy on firm performance, the questionnaire was an appropriate research instrument as it helped in investigating and measuring their perceptions. A pilot test was done to establish the validity of the questionnaire as the research instrument. Opinions of the study’s supervisor as an expert were also sought. The questionnaire was also checked to avoid leading questions. A pilot test was done and Cronbach’s



Alpha applied to measure the reliability of the data collection instrument, by measuring the coefficient of internal consistency. George and Mallery (2003) says an alpha value of above 0.7 is considered acceptable. Table 1 presents the reliability analysis findings.

**Table 1: Reliability Analysis**

<b>Scale</b>	<b>Cronbach's Alpha</b>
Market Segmentation	0.812
Market Positioning	0.807
Product Differentiation	0.792
Firm Performance	0.833

From the findings, market segmentation had an alpha value of 0.812; market positioning had alpha value of 0.807, product differentiation alpha value of 0.792, and firm performance 0.833. All the variables had Cronbach alpha value greater than 0.7. These findings suggest that all the variables were reliable because they had alpha values greater than selected threshold value of 0.7.

The questionnaires were administered via email, telephone and face-to-face, depending on the accessibility and availability of the specific respondents. The completed questionnaires were edited for completeness and consistency. For the open-ended questions, the study employed content analysis to analyze the data collected, while descriptive statistics were applied to analyze closed ended questions. Statistical Package for Social Sciences (SPSS V.21) was used in analysis of the data. For closed ended questions, descriptive measures of central tendency (mean, mode and median) were employed to find out how the data incline in agreement with each other. To establish the relationship, a regression analysis was conducted.

### **Research Findings and Discussions**

The sample size for the study was 53 management and supervisory employees of the company. All 53 respondents were issued with questionnaires but only 45 questionnaires were received back having been dully filled. The returned questionnaires formed 84.9% response rate.

### **Descriptive Statistics**

#### **Niche Marketing Practices**

Respondents were asked to indicate the main objective of their company to engage in niche marketing strategies. The findings were as presented in Table 2.

**Table 2: Main Objective for Engaging in Niche Marketing Strategies**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
To increase revenue and profit	3.968	1.269
To achieve brand loyalty	3.907	1.406
To generate higher margins by serving specific niches	3.896	1.193
To enhance the company image	3.875	1.333
To have a competitive advantage and compete effectively in the market	3.868	1.339
To provide superior customer value through meeting their needs better	3.85	1.262
To sustain company success over the long term	3.724	1.191
To utilize the marketing budget better	3.714	1.314
<b>Aggregate Score</b>	<b>3.850</b>	<b>1.288</b>

From the findings, the respondents were in agreement that their company engages in niche marketing strategies to increase revenue and profit (M=3.968, SD=1.269), to achieve brand loyalty (M=3.907, SD=1.406), to generate higher margins by serving specific niches (M=3.896, SD=1.406), to enhance the company image (M=3.875; SD=1.193), to have a competitive advantage and compete effectively in the market (M=3.868, SD=1.339), to provide superior customer value through meeting their needs better (M=3.850, SD=1.262), to sustain company success over the long term (M=3.724, SD=1.191), and to utilize the marketing budget better (M=3.714, SD=1.314). The aggregate mean value was 3.850 which is an indication that on average the respondents were in general agreement on the various reasons why their company engages in niche marketing strategies. Further, respondents were asked to indicate other objectives that lead their company to adopt niche marketing strategy. Respondents indicated that the main reason for their adoption is because their business is really a niche business and their specialization is in offering specialized products and solutions. The study findings concur with Camilleri (2018) who explained that to be competitive companies have to narrow down to a distinct part of the market it can serve profitably.

### **Market Segmentation**

Respondents indicate the level concurred with statements on market segmentation as a strategy in niche marketing. The findings were as presented in Table 3

**Table 3: Market Segmentation as a Strategy in Niche Marketing**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
The firm has segmented its market geographically	4.610	1.784
The firm has segmented its market demographically	4.599	1.786
The firm has used psychographic segmentation of its market	4.588	1.788
Engaging in market segmentation has impacted our financial performance and shareholder returns positively	4.569	1.671
Engaging in market segmentation has had a positive impact on the firm's market share	3.964	1.48
Market segmentation has made customer acquisition easier	3.964	1.208

Market segmentation has enabled us to know to our customers better and to target them better	3.882	1.409
The firm has defined its market segments narrowly (as opposed to too broadly) to give it a better competitive advantage	3.825	1.49
The firm considers the quality of a market segment before making a strategic decision to target it	3.241	0.938
The firm conducts a strategic market segment portfolio research and analysis to establish the segments to target	1.440	0.314
The firm invests in adequate marketing to reach the targeted market segments	1.219	0.393
<b>Aggregate Score</b>	<b>3.627</b>	<b>1.296</b>

From the findings, the respondents strongly agreed that; market segmentation has enabled them know to their customers better and to target them better (M=4.610, SD=1.784), market segmentation has made customer acquisition easier (M=4.599, SD=1.786), engaging in market segmentation has had a positive impact on the firm's market share (M=4.588, SD=1.788), and the firm has segmented its market geographically (M=4.569, SD=1.671). Respondents were also in agreement that; the firm considers the quality of a market segment before making a strategic decision to target it (M=3.964, SD=1.480), the firm conducts a strategic market segment portfolio research and analysis to establish the segments to target (M=3.964, SD=1.208), engaging in market segmentation has impacted their financial performance and shareholder returns positively (M=3.882, SD=1.409), and that the firm has used psychographic segmentation of its market (M=3.825, SD=1.490). The findings further showed that the respondents were neutral that the firm has defined its market segments narrowly (as opposed to too broadly) to give it a better competitive advantage (M=3.241, SD=0.938). Further, the findings established that the respondents were in strong disagreement that the firm has segmented its market demographically (M=1.440, SD=0.314) and the firm invests in adequate marketing to reach the targeted market segments (M=1.219, SD=0.393). On additional information pertaining market segmentation, respondents indicated that the company has not invested well in marketing and publicity to reach the targeted segments well. The findings agrees with the findings of Yuksel and Yuksel (2002) who asserts that marketing segmentation is among marketing concepts that have been widely accepted; the basis being that to achieve competitive advantage, and ultimately high performance, firms should identify profitable segments, develop appropriate marketing mixes for each specifically, and serve them well.

### **Market Positioning**

Respondents gave their level of agreement/disagreement with statements on market positioning as a strategy in niche marketing. The findings were as presented in Table 4

**Table 4: Market Positioning As a Strategy in Niche Marketing**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev.</b>
The positioning strategy that the firm uses has enabled us charge premium prices	4.551	1.673
It is correct to say that our customers perceive our products positively	4.534	1.672
Our firm positions itself as providing products that have unique applications compared to competition	4.529	1.618
Our firm positions itself as offering more benefits to customers compared to competition	4.503	1.502
Our firm has positioned itself as being a leader in its market	4.371	1.506
The positioning strategy that the firm uses has resulted in strengthening its market position and becoming more competitive	4.071	1.146
The positioning strategy that the firm uses has resulted to higher financial performance and shareholder returns	3.900	1.188
Our firm's value proposition is well understood by customers	3.879	1.163
The positioning strategy (ies) our firm has applied has boosted its brand awareness	3.415	0.859
The positioning strategy that the firm uses has made customer acquisition easier	3.308	0.894
<b>Aggregate Score</b>	<b>4.106</b>	<b>1.322</b>

From the findings, the respondents strongly agreed that the positioning strategy that the firm uses has enabled them charge premium prices (M=4.551, SD=1.673), that it is correct to say that their customers perceive their products positively (M=4.534, SD=1.672), their firm positions itself as providing products that have unique applications compared to competition (M=4.529, SD=1.618) and that their firm positions itself as offering more benefits to customers compared to competition (M=4.503, SD=1.502). The findings also revealed that the respondents agreed that their firm has positioned itself as being a leader in its market (M=4.371, SD=1.506), that the positioning strategy that the firm uses has resulted in strengthening its market position and becoming more competitive (M=4.071, SD=1.146), the positioning strategy that the firm uses has resulted to higher financial performance and shareholder returns (M=3.900, SD=1.188), and that their firm's value proposition is well understood by customers (M=3.879, SD=1.163).

Further, respondents had neutral feelings on the statement that positioning strategies their firm has applied has boosted its brand awareness (M=3.415, SD=0.859) and that the positioning strategy that the firm uses has made customer acquisition easier (M=3.308, SD=0.894). The aggregate mean was 4.106; an indication that on average, respondents were in agreement with various statements on market positioning as a strategy in niche marketing. In addition, the respondents' opinions were similar since the standard deviation values were less than two and the aggregate standard deviation value was 1.322. This study finding concurs with the findings of Blankson et al. (2008) who in his study established that firm performance measures like profits, market share, sales, return on investment, consumer perceptions, and company image were found to be most impacted positively by market positioning strategies.

## Product Differentiation

Respondents gave their level of agreement/disagreement with statements on product differentiation as a strategy in niche marketing. The findings were as presented in Table 5

**Table 5: Product Differentiation as a Strategy in Niche Marketing**

Statement	Mean	Std. Dev.
Our firm differentiates its products by quality (that they have a higher quality)	4.590	0.307
Our firm's differentiation strategy has created customer loyalty	4.545	0.287
Our firm differentiates its products by features (that they have superior features)	4.511	0.307
Our firm differentiates its products by value proposition (that they offer a higher value)	4.502	0.296
Our firm's products are well differentiated from competitor's products and this helps customers identify them quickly	4.323	0.206
Differentiating our products has given our firm competitive advantage and increased our market share	4.059	0.160
Our product differentiation strategy clearly gives our targeted customer reason to buy our products	4.024	0.199
Our customers view our firm as different from our competitors in a positive way	4.010	0.187
Our product differentiation approach has resulted to higher financial performance and shareholder returns	3.997	0.204
<b>Aggregate Score</b>	<b>4.285</b>	<b>0.239</b>

From the findings, the respondents were in strong agreement that their firm differentiates its products by quality (that they have a higher quality) (M=4.590, SD=0.307), that their firm's differentiation strategy has created customer loyalty (M=4.545, SD=0.287), that their firm differentiates its products by features (that they have superior features) (M=4.511, SD=0.307), and their firm differentiates its products by value proposition (that they offer a higher value) (M=4.502, SD=0.296). The study also found that the respondents were in agreement that their firm's products are well differentiated from competitor's products and this helps customers identify them quickly (M=4.323, SD=0.206), that differentiating their products has given their firm competitive advantage and increased their market share (M=4.059, SD=0.160), their product differentiation strategy clearly gives their targeted customer reason to buy their products (M=4.024, SD=0.199), their customers view their firm as different from their competitors in a positive way (M=4.010, SD=0.187), and that their product differentiation approach has resulted to higher financial performance and shareholder returns (M=3.997, SD=0.204).

The study also found that the aggregate mean value was 4.285; indication that on average, the respondents agreed with various statements that relate with product differentiation in their organization as a strategy in niche marketing. The study also established that the respondents had similar opinions because all the standard deviation values were less than two and the average standard deviation was 0.239. This study finding concurs with the findings of Adimo (2018) who established that differentiating through adopting product attributes superior to competition, as well

as providing assortment of products that meet various customer needs resulted to increased performance.

### Firm Performance

Respondents were asked to rate the contribution of niche marketing strategy on the firm performance of Bamburi Special Products Limited (BSP). The results obtained were as presented in Table 6

**Table 6: Firm Performance Due to Niche Marketing Strategy**

Statement	Mean	Std. Dev.
BSP has been successful in achieving high financial performance in the last 10 years thanks to its niche marketing strategy	4.512	0.263
Our firm's market share is higher than that of other competitors thanks to its niche marketing strategy	4.127	0.238
It is correct to say that niche marketing has contributed to our firm offering its shareholders value for their investment	4.094	0.225
Customers view the firm as superior to its competitors as a result of the niche marketing strategy it has applied	3.950	0.211
Investment analysis indicate a positive future outlook of the firm, as a result of its niche marketing strategy	3.904	0.259
Our firm's niche marketing strategy has contributed to the firm having a high brand awareness	3.215	0.164
BSP has been able to create a defensible/strong position in its market thanks to the niche marketing strategy it has adopted	3.191	0.184
The niche marketing strategy the firm has adopted has enabled it record high revenues over the last 10 years	3.188	0.157
<b>Aggregate Score</b>	<b>3.773</b>	<b>0.213</b>

The respondents were in strong agreement that BSP has been successful in achieving high financial performance in the last 10 years thanks to its niche marketing strategy (M=4.512, SD=0.263). The study also found that the respondents were in agreement that their firm's market share is higher than that of other competitors thanks to its niche marketing strategy (M=4.127, SD=0.238), it is correct to say that niche marketing has contributed to their firm offering its shareholders value for their investment (M=4.094, SD=0.225), customers view the firm as superior to its competitors as a result of the niche marketing strategy it has applied (M=3.950, SD=0.211), and that investment analysis indicate a positive future outlook of the firm, as a result of its niche marketing strategy (M=3.904, SD=0.259).

Further, the findings showed respondents had neutral feelings on their firm's niche marketing strategy contributing to the firm having high brand awareness (M=3.215, SD=0.164), BSP being able to create a defensible/strong position in its market thanks to the niche marketing strategy it has adopted (M=3.191, SD=0.184) and the niche marketing strategy adopted by the firm enabling it record high revenues over the last 10 years (M=3.188, SD=0.157). The study also established that the aggregate mean value was 3.773 an indication that on average respondents agreed with

various statements relating with firm performance realized due to niche marketing strategy. In addition, the aggregate standard deviation value was 0.213, suggesting that the respondents had similar opinions. These study findings concurs with the findings of Akbar et al., (2017) and Collins, (1994) who found evidence to show that the strategy provides companies with competitive advantage, high profit margins and strong market position; resulting mainly from the high customer satisfaction it achieves.

### Correlation Analysis

The study computed correlation analysis to establish the strength and the direction of the relationship existing between the dependent and the independent variables.

**Table 7: Correlation Analysis**

		<b>Firm Performance</b>	<b>Market Segmentation</b>	<b>Market Positioning</b>	<b>Product Differentiation</b>
<b>Firm Performance</b>	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	45			
<b>Market Segmentation</b>	Pearson Correlation	.866**	1		
	Sig. (2-tailed)	.000			
	N	45	45		
<b>Market Positioning</b>	Pearson Correlation	.675**	.469	1	
	Sig. (2-tailed)	.000	.000		
	N	45	45	45	
<b>Product Differentiation</b>	Pearson Correlation	.770**	.373	.440	1
	Sig. (2-tailed)	.000	.000	.000	
	N	45	45	45	45

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

From the findings, market segmentation had a strong positive relationship with firm performance ( $r=0.866$ ,  $p=0.000<0.01$ ); market positioning has a strong positive relationship with firm performance ( $r=0.675$ ,  $p=0.000$ ); and lastly, product differentiation was also found to have positive relationship with firm performance ( $r=0.770$ ,  $p=0.000<0.01$ ). From the findings it is evident that niche marketing strategies (market segmentation, market positioning, and product differentiation) had significant relationship with firm performance. This concurs with the findings of researchers such as Akbar et al., (2017) and Collins (1994) that the strategy provides companies with competitive advantage, high profit margins and strong market position; resulting mainly from the high customer satisfaction it achieves.

## Multiple Regression Analysis

### Model Summary

Model summary is used to determine the amount of variation in dependent variable that can be explained by changes in the independent variables.

**Table 8: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.861 <sup>a</sup>	.741	.723	.09275

a. Predictors: (Constant), market segmentation, market positioning, product differentiation

**Source: Field Data (2019)**

From the findings, the value of adjusted  $R^2$  was 0.723 suggesting that 72.3% variation in firm performance of Bamburi Special Products can be explained by changes in market segmentation, market positioning and product differentiation. The remaining 27.7% suggest that there are other factors that can be attributed to change in firm performance that were not discussed in this project. The study also established that the variables under investigation are strongly and positively elated as indicated by correlation coefficient value (R) of 0.861.

### Analysis of Variance

Analysis of variance is used to determine significance of the model developed. In this study, significance of the model was tested at 5% level of significance.

**Table 9: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	21.048	3	7.016	17.154	.000 <sup>b</sup>
1 Residual	16.769	41	0.409		
<b>Total</b>	<b>37.817</b>	<b>44</b>			

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), market segmentation, market positioning, product differentiation

From the findings, the p-value obtained (0.000) was less than the selected level of significance (0.05); this therefore suggests that the model is significant and can be used to predict firm performance of Bamburi Special Products Limited. The findings also revealed that the f-calculated value (17.154) was greater than the f-critical value (2.833) an indication that market segmentation, market positioning and product differentiation significantly influence firm performance of Bamburi Special Products Limited in Kenya.



**Beta Coefficients of the Study Variables**

**Table 10: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.835	0.083		10.060	.000
1 Market Segmentation	0.545	0.082	0.54	6.646	.003
Market Positioning	0.383	0.045	0.356	8.511	.007
Product Differentiation	0.746	0.104	0.722	7.173	.000

a. Dependent Variable: Firm Performance

From the findings, the fitted regression equation was;

$$Y = 0.835 + 0.545 X_1 + 0.383 X_2 + 0.746 X_3 + \hat{\epsilon}$$

From the above regression equation, it is evident that holding the variables market segmentation, market positioning and product differentiation to a constant zero, firm performance will be at a constant value of 0.835. These findings also show that product differentiation had the greatest influence on performance ( $\beta=0.746$ ) followed by market segmentation ( $\beta=0.545$ ) and lastly market positioning ( $\beta=0.383$ ). The influence of these variables on firm's performance was significant since their p-values were less than the selected level of significance (0.05). The study discussed the effect of each independent variable on firm performance.

On market segmentation, the findings show that market segmentation has a positive influence on firm performance of Bamburi Special Products Limited in Kenya ( $\beta=0.545$ ). The influence of market segmentation on firm performance was found to be significant since the p-value obtained (0.003) was less than selected significance level (0.05). Therefore, it can be deduced that marketing segmentation positively and significantly influences firm performance of Bamburi Special Products Limited in Kenya.

The study found that market positioning has a positive influence on firm performance of Bamburi Special Products Limited in Kenya ( $\beta=0.383$ ). The study further established that the influence of market positioning on firm performance was significant since the p-value obtained (0.007) was less than the selected level of significance (0.05). Therefore, a unit increase in market positioning will result to an increase in firm performance by 0.383 units. These findings therefore show that market positioning positively and significantly influence firm performance of Bamburi Special Products Limited in Kenya.

Further, the study established that product differentiation positively influences firm performance of Bamburi Special Products Limited in Kenya ( $\beta=0.746$ ). The influence was found to be significant since the p-value obtained (0.000) was less than the selected level (0.005). This simply means that a unit increase in product differentiation will result to an increase in firm performance by 0.746 units. Based on these findings, it was deduced that product differentiation positively and significantly influences firm performance of Bamburi Special Products Limited in Kenya.

From these study findings, product differentiation seems to have the greatest variance whereas market positioning has the least. Further it found that BSP did not invest in appropriate marketing strategies to support market positioning, which would explain why this particular niche marketing strategy is not as effective on firm performance of BSP as product differentiation and market segmentation. These findings are similar to Kotler (1996) who suggested that firms have to communicate its positioning effectively to its customers for it to work well to support firm performance. Aaker and Shansby (1982), Sujana and Betman (1989) and Ambler & Vakratsas (1999) suggest effective advertising to support product positioning matched with the product category and stage of product life cycle. Advertising is a promotional tool which helps to position a product/brand (Chowdhury, 2013). Further Marken (1997) suggested that both advertising and Public Relations play an important role and each should support and reinforce the company's and product's position. Marken (1997) also suggested that firms and their agencies should direct all of their communication efforts to the specific position that they want to achieve and to reinforce it with all promotional tools (PR, advertising, sales promotion, sales contacts, on-line communications etc).

### **Conclusions**

The study found that market segmentation has a positive influence on firm performance of Bamburi Special Products Limited in Kenya. The study also found that the influence of market segmentation on firm performance was significant implying that marketing segmentation positively and significantly influences firm performance of Bamburi Special Products Limited in Kenya. The study therefore concludes that a unit increase in market segmentation results to improved firm performance of Bamburi Special Products Limited in Kenya

The study found that market positioning has a positive influence on firm performance of Bamburi Special Products Limited in Kenya. The study further established that the influence of market positioning on firm performance was significant suggesting that market positioning positively and significantly influence firm performance of Bamburi Special Products Limited in Kenya. The study therefore concluded that increasing market positioning will result to improved firm performance of Bamburi Special Products Limited in Kenya.

The study established that product differentiation positively influences firm performance of Bamburi Special Products Limited in Kenya. The influence was found to be significant suggesting that product differentiation positively and significantly influences firm performance of Bamburi Special Products Limited in Kenya. The study therefore concludes that an increase in product differentiation will result to an increase in firm performance of Bamburi Special Products Limited in Kenya.

### **Recommendations**

In Kenya, there are no comprehensive policies on construction. The study therefore recommends the government of Kenya to develop comprehensive construction industry policies that will guard the industry from challenges like low completion rate of construction projects; use of low-quality

building materials; low access to affordable project financing; lengthy procurement procedures; inadequate harmony in policies, laws and regulations.

Cement and concrete manufacturers in Kenya face a number of challenges, principal among them being high power costs, in addition to the market driven challenges. The study therefore recommends the government to provide these companies with a favorable environment that will favor their operations and growth for instance providing them with affordable power supply and also develop. The government should also develop policies that will discourage importation of cement and concrete products and therefore decrease competition rates and create more market for products produced within the country. The study also recommends policy makers in Bamburi Special Products Limited to develop policies that will guide the company to apply various statistical techniques in segmenting its market; some of the techniques that can be applied are conjoint analysis, cluster analysis, factor analysis, logistical regression analysis, multidimensional scaling and canonical analysis.

Since market segmentation has a positive influence on firm performance, the study recommends Bamburi Special Products Limited to improve its market segmentation especially demographically and also invest adequately in marketing and publicity to reach the targeted market segments. Since positioning improves firm performance, the study recommends management of Bamburi Special Products Limited to position its product (s) so it creates a clearly defined image in the target customer's minds. The study also recommends the company management to position its products based on aspects of position in the market (be the leader), product application and its benefits. It is also important for the company to consider attributes that are relevant, meaningful and valuable to its customers.

Knowing that differentiation positively influences firm performance, the study recommends the company to conduct a market research to establish the extent to which the company's offering or product are perceived as favorable, different and credible in consumers' minds; this will enable the company to develop products that meet customer needs and expectation. Success is when customers perceive the firm's offering as superior to competitors, due to attributes highlighted in its marketing strategy; perceptions directly affect purchase decisions, the company should therefore implement strategies that will change customers perception of its products positively.

### **Suggestions for Further Studies**

This study sought to determine the effects of niche marketing strategy on firm performance of Bamburi Special Products Limited in Kenya and established that 72.3% variation in firm performance can be explained by changes in niche marketing strategies (market segmentation, market positioning, and product differentiation). This study focused on Bamburi Special Products Ltd; the study therefore recommends a study to be conducted among other concrete manufacturing companies in the country to facilitate comparison and generalization of the research findings. The study explained 72.3% of firm performance; the study thus recommends a study to be conducted on other aspects of niche marketing strategy that can explain the remaining 27.7%. To facilitate

generalization and comparison of the research findings, the study recommends replication of the research study in other sectors of the market such as food manufacturing companies.

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