LAHDEN AMMATTIKORKEAKOULU
Lahti University of Applied Sciences

Renewing Marketing Strategy in Kenyan Automobile Industry

Case: Company X

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Kalliokuusi Miriam

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ABSTRACT

This thesis studies how to renew existing marketing strategies for case company; in so doing, the thesis fulfills its main objective. Company X, a market leader in the Kenyan automobile sector and has various well-known brands under their corporate umbrella. The automobile industry in Kenya has faced some hardship with steady decline in sales in the last couple of years and Mercedes-Benz as a brand suffered under the circumstances. One major cause of the drop in sales is due to the influx of second-hand motor vehicles in the local market. The research questions were originated with the current situation at hand; declining sales and loyalty.

The author relied on various marketing concepts to validate and justify assertions and suggestions discussed. A model by Zinkhan, George M. & James A. Verbrugge forms the pillar of the study and the renewal strategies suggested which focus on a customer oriented renewal strategy. On the theoretical framework, a situational analysis of the industry utilized tools such as PESTEL and Porter's Five Forces in order to provide a total picture of the sector. SWOT analysis is utilized to present the strengths, weaknesses, opportunities and threats of the case company.

The research method applied in the thesis is qualitative, the data collected through structured and unstructured interviews with the company employee(s). The literature used in the study is attained from authentic publications which include books, journals, articles and online resources.
The study findings are encouraging as the renewal strategies uncovered by the author and the company are feasible and implementable in the long run.

Key words: Marketing, marketing strategies, renewal strategies

Contents

1 INTRODUCTION

The introductory section of the thesis introduces the thesis topic and reviews the main aim of the thesis. This section will introduce the research questions and the theoretical framework on which the thesis is based.

1.1 Background

The Automobile Industry has always held a fascination to the author. It is an industry in which the author has had a working experience for a number of years originating from the practical training phase carried out under the degree's studies. The industry is a major revenue generator for the country Kenya, and has been accorded due interest over the last couple years. Due to various transformations and several issues in the market place, the sector has currently been undergoing various challenges which have also drastically affected overall sales and company performance.

The onset of thesis writing process rekindled the interest in the industry which has been described as the "the industry of industries" and has over the years gone under and still is undergoing a rapid revolution. This revolution resulted in the emergence of new markets and a rapid growth thereof but with it new challenges have also emerged. Increasing competition, digitalization, globalization and stiff regulations are some of the challenges currently facing the industry.

The author's personal experience attested to the fact that in recent times, company size is no longer a guarantee for success. Measures have to be put in place to ensure that targets are met, clients are satisfied and growth is enhanced without compromising on quality and delivery. The Kenyan automobile industry holds a lot of potential in terms of growth and untapped markets; the realization of optimal is achievable with proper structures in place. According to McKinsey's report (2012), organizations that discover innovative methods of value creation may remain competitive and prosperous. With more and more consumers being brand conscious and stressing on quality, companies cannot afford to overlook these factors.

The case company operates in one of the most competitive sectors in the Kenyan market and this thesis looks into a way of renewing its marketing strategy in order to enable the company remain competitive and deliver favorable financial results.

This study is therefore aimed at trying to find soluble solutions to revamp the case company's marketing strategy as it participates in its present market. The current strategies employed by the company have been in place for a while now and renewing the strategies would be apt at this point in time and in the long haul.

1.2 Thesis Objectives

The thesis' main objective is to explore and suggest ways to successfully renew Company X's marketing strategy with focus on one of their flagship automobile brands- Mercedes Benz. The thesis will examine the current marketing strategies employed by the company, the country of operation, current situation and the operating market sector. With the research data collected, the author will then give suggestions on how to revamp the current marketing strategy in for the company's long term benefit.

1.2.1 Research Questions

The main research questions are two, namely;

1. How can the case company renew its marketing strategy?
2. How viable are the renewed marketing strategies

Supporting research questions are:

1. What is the company's current situation?
2. How can the situation be improved? Is there room for improvement and/or further development?

1.2.2 Limitations

Marketing is one of the core pillars of the case company, since the author will focus on only one brand whereas the company has more than one brand under its corporate umbrella, this is one limitation. Exploring strategies implemented on one brand indicates other brands and market segments will be eliminated and not studied as well as their effects and/or correlations with and within the brand researched upon might not be included in this thesis.

1.3 Theoretical Framework

This thesis is entirely founded on substantiated theories which develop on present marketing strategies. The section will commence with a situational analysis which is an important part of the planning platform. The theoretical section of this thesis will focus on several concepts namely, marketing, marketing strategy and renewing marketing strategy; with relevance, reference and recommendations to the case company.

The data and information was gathered and analyzed using PESTEL analysis, Porter's Five Forces Analysis and the SWOT analysis. Kenya as a country will be analyzed under PESTEL analysis; the automobile industry will be analyzed using Porter's Five Forces Analysis. The case company will be analyzed using the SWOT Analysis thereby identifying strategies that will generate a concrete business model that aligns best with the organization's resources capabilities to the environmental requirements under which the company operates.

Companies from time to time need to revamp their marketing strategies in order to maximize profitability and market share. Past literature has emphasized the need to tie a company's performance measure to marketing activities (Day, Fahey 1988). When looking at the theoretical views of Marketing Strategy the author will delve into concepts such as the Marketing Strategy and the Marketing Mix as illustrated by various authors. All the components on the model will be taken into account in elaborating the marketing strategy and marketing mix revolving wheel.

Renewing Marketing Strategy will be explored from the Customer level standpoint, where seven strategic tactics and actual customer data is used to formulate a worthwhile marketing strategy which will consequently lead to optimal levels of company profitability, customer equity and share-holder value. In addition to the strategies, the successful implementation of the plans will be explored and suggestions for future improvements will be suggested.

The renewing marketing strategy concepts are discussed with relevance to the case company, therefore the dissection may be limiting to certain concepts deemed relevant.

1.4 Research Method and Data Collection

This study is a case study, therefore, the study is qualitative deductive; data collected from interviews, observation and literature review. The qualitative approach was chosen in order to achieve the overall study aim due to the fact that a large percentage of literature on business and business environs focuses largely on quantitative approaches that lack theoretical analyses (Stokes, 2000). The deductive method is apt in this study as common principles and applications will be utilized in adapting to the specific case studied.

The research method approach is illustrated below:

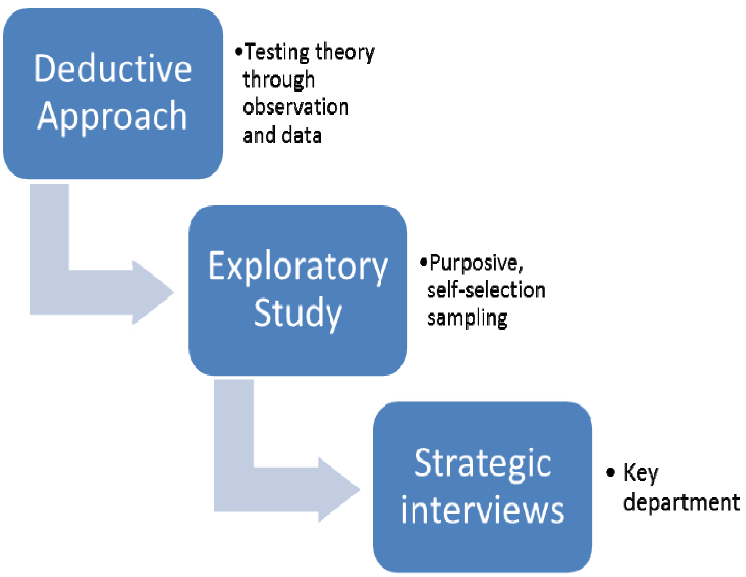

FIGURE 1. Research Methods Approach

The deductive approach is apt as this reasoning works from the more general to the more specific thereby coming to conclusions that are logical and fact based. This is because the research aims to find and suggest the most applicable marketing methods for the case company.

This thesis is about renewing marketing strategy and in order to respond to the research questions accordingly, data was collected from various sources; from books, articles and an interview.

1.5 Thesis Structure

The structure of the thesis is illustrated in the figure below:

FIGURE 2. Thesis Structure

The thesis is divided into eight actual chapters, which fall under two main sections, the theoretical and empirical. The second chapter deals with the situational analysis structure, which includes the theories utilized in analyzing the market situation discussed in the thesis. The third chapter delves into theoretical framework of marketing strategy and renewing the strategy to suit business models and needs. The fourth chapter provides information on the country Kenya as a market target with special focus on the automobile industry. The fifth chapter is case company analysis covering the company’s current situation and current market mix.

Section six of the thesis will focus on the renewed marketing strategy linked with section seven which will give suggestions for future implementation. The final part of the thesis will summarize the whole thesis including key facets developed in the thesis.

2 SITUATIONAL ANANLYSIS

The situational analysis provides the author with a systematic collection and evaluation of the past and present economic, political, social and technological data. This data then aims at identifying internal and external forces that may influence an organization's performance, its choice of strategies and assesses the firm's present and future strengths; opportunities and strengths.

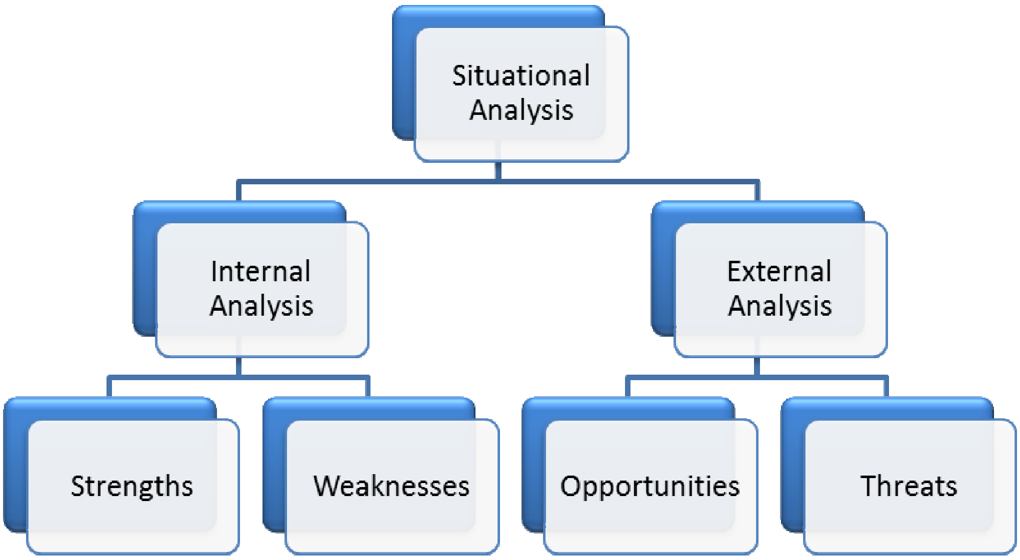

FIGURE 3. Situational Analysis

The author uses various methods in analyzing the internal and external marketing environments; SWOT analysis, Porter's Five Forces Industry Analysis, and PESTEL Analysis. These analyses aid the author in understanding the analytical processes in which firm managers understand, their consumers and the market environments in which they operate.

External environment analysis consists of key macro environment forces and significant microenvironment factors that affect the company's ability to earn profits. The analysis tracks trends and important developments and any other related opportunities and threats (Keller 2012, 51). On the other hand, the internal environment analysis evaluates a firm's internal strengths and weaknesses.

2.1 SWOT Analysis

This analysis is the overall evaluation of a company's Strengths(S), Weaknesses (W), Opportunities (O) and Threats (T). The analysis examines both present and future circumstances, as it analyses a firm's future threats and opportunities. The objective is to focus and develop on the strengths as much as possible while lessening the weaknesses. In retrospect, future threats could be potential weaknesses while future opportunities could be potential strengths; this then aids a firm in planning for different would-be scenarios.

FIGURE 4. SWOT Analysis from http://www.cbpp.uaa.alaska.edu/afef/swot.htm accessed at 15 February, 2013)

After a company has performed a SWOT analysis it can then proceed to develop goals for the planning period. The objectives may vary from company to company but the main ones are profitability, sales growth, market share improvement, risk containment, innovation and reputation (Keller 2012, 52).

2.2 Porter's Five Forces

Michael Porter created a model used in industry analysis; the model denotes that industry is influenced by five forces. Companies seeking to develop an edge of their competitors utilize this model in order to gain a better understanding of the industry in which it operates. According to Kotler, the model probes the operational environment for threats from competitors and identifies them early enough in order to minimize them in the long run. It analyses the company's profitability and position within the sector against direct and indirect competitors (Keller 2012, 53).

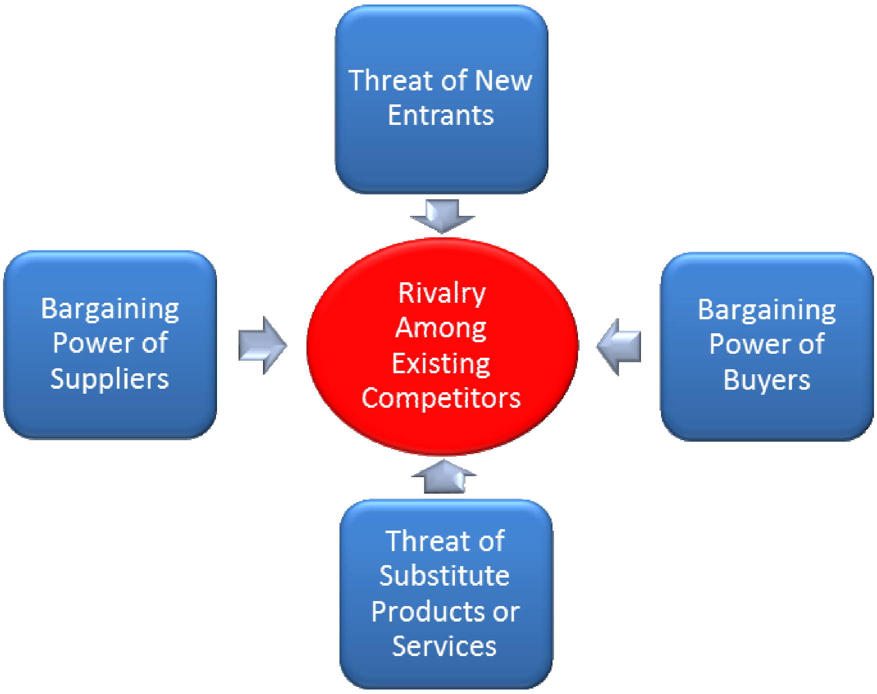

FIGURE 5. Porter's Five Forces (based on Harvard Business Review 2008, 80)

The five forces suggested by Porter as the drivers of competition as illustrated in Figure 5 are:

i. Existing competitive rivalry between suppliers

ii. Threat of new market entrants

iii. Bargaining power of buyers

iv. Power of suppliers

v. Threat of substitute products (including technology change)

The capacities of the above mentioned forces vary from industry to industry. According to Porter, industry structure develops from a set of economic and technical features which regulate the strength of each of the five competitive forces (Harvard Business Review, 2008).These forces shape prices, costs and industry investments in a great deal, the following subsections will briefly look into the forces.

Threat of New Entrants: This refers to the companies that are not presently competing in the industry but have the capacity to do so given a chance. The new entrants to an industry create another capacity and desire to gain market share hence affecting prices, costs and the rate of investment required to compete in the market (Harvard Business Review, 2008). According to Proctor, new market entrants intensify the industry capacity, thereby heightening market share competition while lowering present costs (Proctor 2000, 12). Some of the barriers to trade are:

i. Economies of scale

ii. Brand loyalty

iii. Government Regulation

iv. Customer Switching Costs

v. Absolute Cost Advantage

vi. Ease in distribution

vii. Strong Capital base

Competitor Rivalry: This refers to the competitive tussle for market share in a sector. According to Porter, this rivalry can take many known forms such as price discounts, new product offers, advertising campaigns and service enhancements amongst others (Harvard Business Review, 2008).

According to the Harvard paper, the intensity by which rivalry hampers an industry's profitability depends on the competing companies' intensity and the basis on which they are competing. According to Proctor, intense rivalry amongst established firms poses a big threat to general profitability; the intensity of the rivalry is determined by the following factors:

i. Extent of exit barriers

ii. Amount of fixed cost

iii. Competitive structure of industry

iv. Presence of global customers

v. Absence of switching costs

vi. Growth Rate of industry

vii. Demand conditions

Buyers Bargaining Power: This refers to the consumers who purchase the end product and their powers to bargain on the prices offered by the companies in the sector. Some powerful buyers may get more value by driving prices down, insisting on higher quality hence increasing costs (Harvard Business Review, 2008). According to Proctor, these buyers, by insisting and demanding for better quality and services of a product have the power to bring down the prices placed by the companies operating in the industry. Influential buyers can wheedle out profits out of an industry through lowering prices and increasing of costs; they make purchases in large quantities and are fully informed on the product and the market. They place emphasis on product quality thus posing the threat of reverse integration (Proctor 2000, 13).

Suppliers Bargaining Power: Suppliers here refers to the companies that provide inputs into the industry. The powerful suppliers gain more value through various ways; they either charge higher prices or limit their products/services quality or in other cases transfer the costs to the industry participants (Harvard Business Review, 2008). They can increase the inputs (raw materials, labor, etc.) prices or other costs in various ways; the products that they supply may have few substitutes in the market hence the influence. Substituting the inputs may incur heavy costs to the companies or in some cases there may be few substitutes, thus suppliers pose a credible threat (Proctor 2000, 13).

Product and Technology Threat: This is also referred to as the threat of substitutes which execute similar or same functions as an industry's product, using different means (Harvard Business Review, 2008). According to the report, substitutes exist all the time but they are easily overlooked as they always seem to be very different from the industry's product. Substitutes present the upper limits on the prospective revenues of a sector by placing a limit on the price companies can charge for their products and services in a sector (Proctor 2000, 13). In most cases where the threat of substitutes is high, the profitability of the industry drastically suffers. Not only do the substitute products affect the industry's profit potential but they also affect product performance and its marketing (Harvard Business Review, 2008).

2.3 PESTEL Analysis

This tool is used to analyses and understand the market growth or its decline thereby predicting the position, ability and direction of a business. It is a measurement tool; an acronym for Political, Economic, Social and Technological factors that assess the market (Proctor 2000, 4).

Political Factors evaluated under PEST analysis tool reveal how political development, locally, nationally, internationally influence the business strategy. Political factors that act as market drivers are more often than not difficult to identify easily hence, it helps to put forward the Government views of certain business activities, including local, national or international government. According to Proctor, these political factors are very important as they greatly influence the regulation of any business, the consumers spending power and other businesses too (Proctor 2000, 4).

In exploring economic factors in the PEST analysis tool, the country's existing economic factors are scrutinized. Worthy of consideration are the short term and long term economic state of the country (Proctor 2000, 5). Factors such as economic growth, interest rates, inflation, consumer activities and labor market are put into consideration while exploring country's economic indicators.

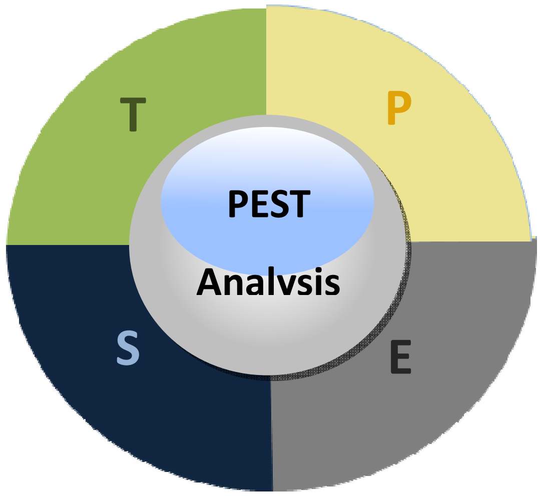

FIGURE 6. PESTEL Analysis (based on Proctor 2000, 4)

The social factors studied in the analysis tool assist in learning what competitive advantage a company can earn through societal changes. The social factors vary from country to country and are an important study factor in understanding the socio-cultural environment existing in a country, in which a business hopes to strive in. The factors include income distribution, aging population trends, birth rate, demographics and pressure groups (Proctor 2000, 5).

Technological factors in the PEST analysis tool studies how new technologies affect trading businesses. In globalization, technology is a key driving factor in gaining competitive advantage (Proctor 2000, 4). Factors under consideration include new discoveries and innovations, the use of internet, IT development amongst others.

3 MARKETING STRATEGY AND RENEWING MARKETING STRATEGY

This section of the thesis will examine briefly the concepts of marketing and renewing marketing strategy. The concepts will be presented from the view of various authors and writers. The writer will further look into the marketing strategy concepts with a special focus on the customer driven strategy, useful mentions on market segmentation, targeting, differentiation and positioning. Various marketing concepts that are relevant to the renewal will be concisely defined which will then advance into the renewal strategy concepts with a look into an earlier brand study.

It is important to know what marketing as a concept means and in this section, several known definitions will be briefly looked into. It is worthy to note that the definition of the marketing concept has been evolving over time with various parties gunning for their respective definitions.

Marketing

> *"The marketing philosophy, founded on the idea that meeting the needs and wants of the customer is the principle around which a business should be organized and from which success in the market and profitability will flow. (Belz and Peattie 2009)*

The definition of marketing as furnished by Belz and Peattie encompassed above certainly does stress the element that companies need to predict and respond to customer needs at the same time sustaining a strong grip on overall company profitability and performance.

Marketing has been accorded various definitions with every author having their own concept interpretation. The American Marketing Association however, has the repeatedly used definition:

> *"Marketing is the activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large"(Approved October 2007).*

The above mentioned definitions are strongly customer oriented and strategic based. This does not limit the element that marketing as a whole should be a holistic concept as stipulated by various authors. Proctor states that marketing is about satisfying customer wants and needs and in the course of doing so facilitating the achievement of an organization's objectives (Proctor 2000, 2).

Marketing is also about managing relationships. In order to persuade the ultimate consumers of the products to buy, others concerned with the product have to be persuaded that what is on offer will satisfy customer's wants and needs. The chain of persuasion can stretch right back into the organization itself and involve employees of the company (Proctor 2000, 2). According to Kotler and Keller, there has been a shift from managing product portfolios to managing customer portfolios, emphasizing the importance of ethical and social implications to marketing concepts (Keller and Kotler 2012, 17).

In order to adopt to the shift, marketers are now practicing holistic marketing, the development, design and implementation of marketing programs, processes and activities that recognize the breadth and interdependencies of today's marketing environment (Keller and Kotler 2012, 17). There are four key dimensions of holistic marketing as illustrated in Figure 7.

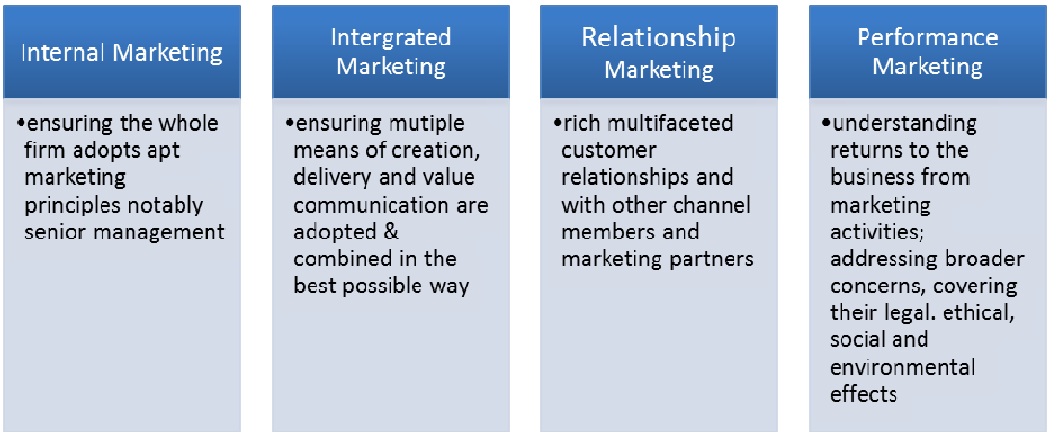

FIGURE 7. Holistic Marketing (based on Kotler and Keller 2012, 17)

Holistic marketing has various dimensions, it acknowledges that everything matters in marketing and that a broad, integrated perspective is often necessary (Keller and Kotler 2012, 17). As illustrated in Figure 7, companies need to apply the the four broad components that characterise holistic marketing in order to keep their marketing programs and activities changing with the changes in their marketplace and marketspace (Keller 2012, 37).

3.1 Marketing Strategy

> *"The marketing logic by which the company hopes to create customer value and achieve profitable customer relationships" (Armstrong and Kotler 2013, 76).*

In marketing strategy, companies decide which customers to serve (segmentation and targeting) and how they will serve them (differentiation and positioning). Market strategy identifies the total market and then splits it into smaller segments, then selects the segments that are most promising and focuses on serving and satisfying the selected customers in those segments (Kotler, Armstrong 2013, 76).

The marketing strategy of a company reflects its overall corporate strategy and objectives, its vision, mission and values. The strategy will be shaped by the nature of the company's market and its wider marketing environment. A company's marketing strategy in practice will typically be a mixture of carefully planned and deliberate steps, and more informal patterns of decisions and actions that emerge as managers react to events and improvise (Belz and Peattie 2009, 126).

A good understanding of the marketing environment and the players within it allows a company to tackle some of the key questions in the development of marketing strategy. The two main questions that a company needs to tackle are

i. which markets to compete in

ii. how to compete within the markets

The answers to the above two questions reflect a company's values and objectives, its marketing resources and organization, and the information it has about customer needs, competitor capabilities and the opportunities and threats created by the evolution of the wider marketing environment (Belz and Peattie 2009, 133).

The concept of marketing strategy is deeply customer oriented, focusing on the company's long-term prospects and vision in gaining competitive advantage by way of innovative products and other factors (Proctor 2000, 11). Various marketing concepts are included in the marketing strategy according to their relevance to plans for the case company; the point of consideration being the origin of the marketing strategy and how it is absorbed in order for it to make a difference in the long run.

As stated by Kotler and Armstrong, marketing strategy guides companies to design an integrated marketing mix made up of the 4P's (product, price, place and promotion). A firm realizes the best marketing strategy and mix suited to it by participating in marketing analysis, planning, implementation and control. A company evaluates through the aforementioned activities and adopts according to the marketing environment.

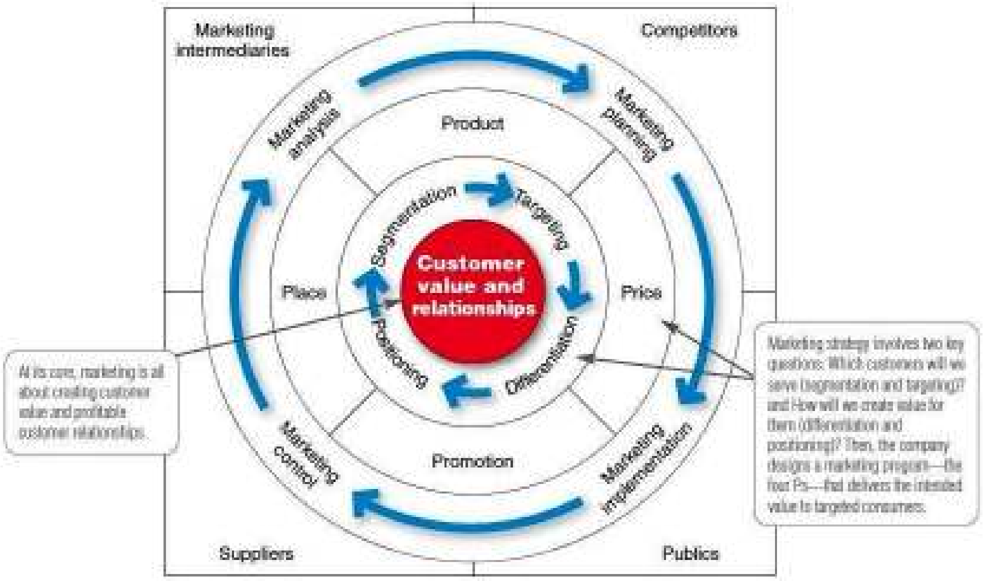

FIGURE 8. Managing Marketing Strategies and the Marketing Mix (Armstrong, Kotler 2013, 77)

The diagram summarizes the major activities involved in managing a customer-driven marketing strategy and the marketing mix. Consumers are in the center. The goal is to create value for customers and build profitable customer relationships (Kotler and Armstrong, 2013, 76). Marketing strategy is next, company creates customer value and achieves profitable relationships. The company decides which customers to serve (segmentation and targeting) and how (differentiation and positioning). It identifies the total market and then divides it into smaller segments, selects the most promising segments, and focuses on serving and satisfying the customers in those segments.

According to Kotler and Armstrong, guided by marketing strategy, the company designs an integrated marketing mix made up of factors under its control-product, price, place and promotion. To find the best marketing strategy and mix, the company engages in marketing analysis, planning, implementation and control. Through these activities, the company watches and adapts to the actors and forces in the marketing environment (Kotler and Armstrong, 2013, 76). The following sections of the thesis will briefly discuss each activity.

3.2 Customer Driven Marketing Strategy

Companies need to design customer driven strategies which build the right relationships with the right customers as it is impossible to appeal to all consumers in the market (Kotler 2012, 17). By so doing, the companies concentrate on the consumers they can serve best and profitably. Target marketing denotes the move companies make when they identify market segments, select one or various, then develop marketing programs and products geared towards each.

FIGURE 9. The STP Process: segmentation, targeting and positioning (based on Kotler, Armstrong 2013, 77)

3.2.1 Market Segmentation

Consumers in a market may differ in one way or another; needs, buying attitudes, practices, locations and resources. Companies can divide consumers into manageable segments with products and services that match each segment’s unique needs (Kotler, Armstrong 2013, 77). Market segmentation is the process by which the aforementioned is achieved; segmentation divides the consumers into distinct groups requiring different marketing programs and products.

The commonly identified variables of market segmentation are

- geographic – dividing customer units according to their geographical locations
- demographic – dividing of market segments on basis of age, gender, family size and income, occupation, religion, race, education and nationality.
- psychographic – division of market segments based on social class, lifestyle or personality characteristics
- behavioral – division of market segments based on knowledge, attitude, use or response to a product

According to Proctor, segmenting is a vital marketing skill, the different segments buy the same product for different reasons; more than one variable can be used when segmenting markets, the more variables the better as it aids in focusing on tighter target markets (Proctor 2000, 191).

3.2.2 Market Targeting

A target market is the market or market segments which form the focus of the company's marketing efforts (Proctor 2000, 196). Once markets are segmented, companies may decide which one(s) to enter. This concept views the market's attractiveness after which the company chooses one or more to venture into. The selected segment is chosen on the basis of its profitability, the customer value to be generated and long-term sustainability (Kotler, Armstrong 2013, 77).

Companies consider three factors when assessing different market segments:

i. segment size and growth

ii. segment structural attractiveness

iii. company’s resources and objectives

Companies may according to their resources, serve one or more market segments or in most cases, companies serve several segments as they may be correlated; as long as the company can serve them best. Companies should only venture into segments with superior value and present a competitive edge over the competition.

3.2.3 Market Differentiation and Positioning

Through market differentiation, companies decide to pursue various market segments and plan diverse bids for each market. Differentiation is actually differentiating the market offering to create superior customer value (Kotler, Armstrong 2013, 78). The product on offer has to be different from other similar products in the market in order for consumers to purchase it.

Positioning, it has been suggested, represents the most important decision and action that management has to take for the company and its marketing (Proctor 2000, 199). A company’s product positioning relates to the manner in which a product is defined by consumers on its important attributes; how the consumers view the product as compared to competing products (Kotler, Armstrong 2013, 210). Kotler and Armstrong further stress that positioning is arranging for a product to occupy a clear, distinctive and desirable place relative to competing products in the target markets’ minds (Kotler and Armstrong 2013, 78).

According to Kotler, in positioning its brand, a company first identifies possible customer value differences that provide competitive advantages on which to build the position (Kotler and Armstrong 2013, 78). Effective positioning begins with market differentiation so as to give consumers more value. In planning their differentiation and positioning strategies, marketers often prepare perceptual positioning maps which show customers perceptions of their brands versus competing products on important buying dimensions (Kotler and Armstrong 2013, 78); as illustrated in Figure 6, which shows a positioning map for the U.S large luxury sport utility vehicle (SUV) market.

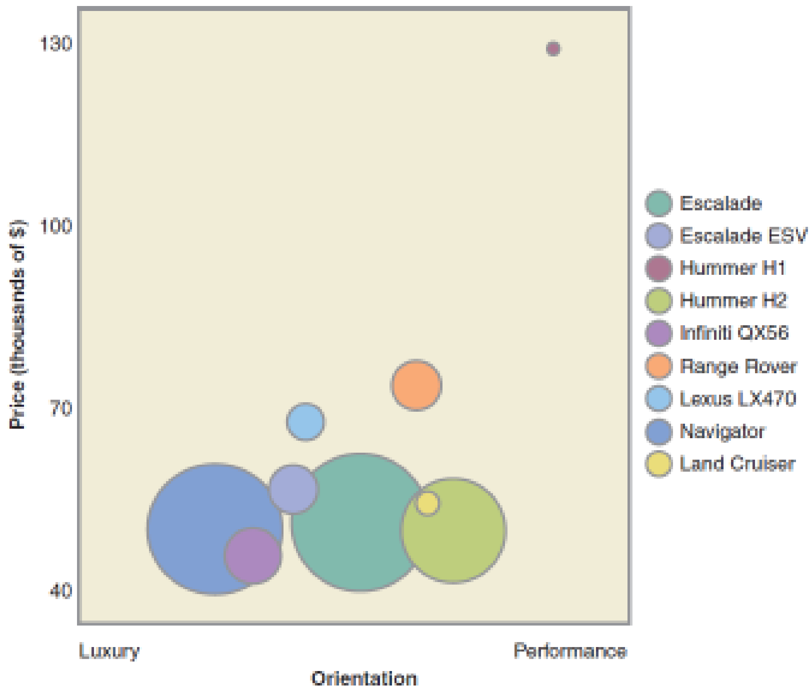

FIGURE 10. Positioning Map: Large Luxury SUVs (based on Armstrong, Kotler 2013, 211)

As illustrated in Figure 10, the position of each circle on the map indicates the brand's perceived positioning on two dimensions: price and orientation (luxury versus performance). The size of each circle indicates the brand's relative market share.

Market positioning consists of three steps which are: identifying possible customer value differences which provide competitive edges; choosing the correct competitive edges; selecting the overall positioning strategy. Companies are required to then communicate effectively in order to deliver the selected position to the market.

3.3 Developing an Integrated Mix

The next step after companies have established the general marketing strategy, the details to be planned next are those of the marketing mix. This is the set of tactical marketing tools-product, price, place and promotion-that the company blends to produce the response it wants in the target market (Kotler, Armstrong 2013, 80). Proctor further elaborates that these elements of the marketing mix should not be seen as individual entities but as a set of interrelated entities which have to be set in conjunction with one another and in the context of the strategic window presented (Proctor 2000, 213).

The product or services that an organization has help to create an image in the customer's mind. This image is reflected in the customers' perceptions and feelings about a company's products and services (Proctor 2000, 213). According to Proctor, products are more than tangible objects and services are more than visible activity. People will purchase products and services in order to satisfy needs and wants therefore firms need to understand the nature of the needs and wants in order to appreciate the type of benefits people expect to get (Proctor 2000, 213).

Distribution is a critical element in the marketing process so is pricing which is not just a mechanistic process involving knowledge of costs and the addition of a profit margin. Strategic pricing decisions need to be made and pricing is inherently limited to product quality specification. Finally, strategic considerations with respect to marketing communications are considered.

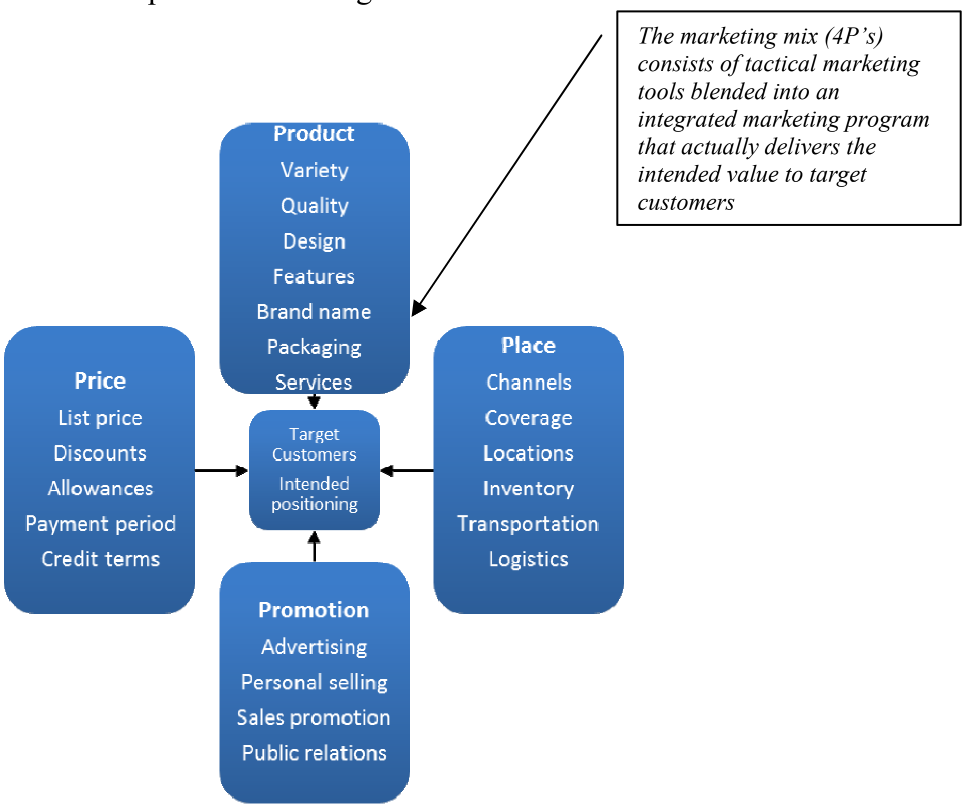

FIGURE 11. The Four Ps of the Marketing Mix (based on Armstrong, Kotler 2013, 81)

The marketing tools under the four variables are shown in Figure 11. An effective marketing program blends each element of the marketing mix into the company's marketing plan in order to achieve desirable results.

i. Product: this indicates the goods and services combination the company offers to the target market. For example a Mercedes Benz consists of nuts and bolts, spark plugs, pistons, headlights and thousands of other parts. Mercedes offers several models and dozens of optional features. The car comes with fully serviced and with a comprehensive warranty that is much a part of the product as the tailpipe (Kotler, Armstrong 2013, 80).

   It is important to mention that the product should be looked at from three levels where each level adds more customer value.

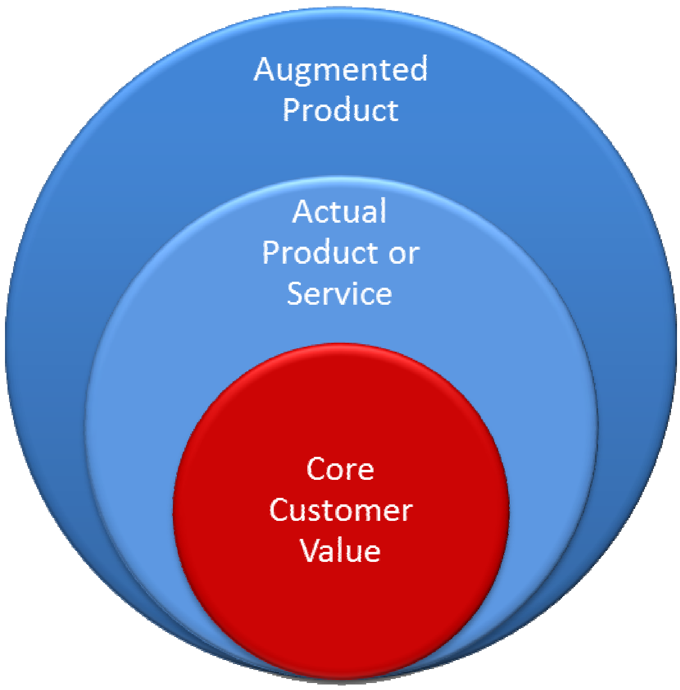

FIGURE 12. Three Levels of Product (Kotler and Armstrong 2013, 226)

   The most basic level is the *core customer value*, which deals with what the buyer is really buying, this is put into consideration when designing products as marketers must first define the core, problem-solving benefits or services that consumers seek (Kotler and Armstrong 2013, 226). The core benefit is then turned into an *actual product/service* in the next level. It is here that product and service features, design, quality level, brand name and packaging are actually developed. Finally the planners develop an *augmented product* around the core benefit and actual product by offering additional customer services and benefits (Kotler and Armstrong 2013, 226). According to Kotler and Armstrong, in order to satisfy customer experience, marketers must identify the core customer value, design the actual product around the value and find ways to augment it (Kotler and Armstrong 2013, 226).

ii. Price: this is the amount of money clients must pay in order to obtain the product. For instance, Mercedes determines recommended retail prices that dealers can charge for each vehicle; on the other hand retailers rarely charge the cover/brochure price, instead they negotiate the price with each customer offering discounts, trade-in allowances and credit terms. These price adjustments according to prevailing competitive and economic situations and bring them into line with the buyer's perception of the car's value (Kotler, Armstrong 2013, 80).

iii. Place: includes company activities that make the product available to target consumers. Mercedes partners with a large body of independently owned dealerships that sell the company's many different models. Mercedes selects its dealers carefully and strongly supports them. The dealers keep an inventory of Mercedes automobiles demonstrate them to potential clients, negotiate prices, close sales and service the cars after the sale (Kotler, Armstrong 2013, 81).

iv. Promotion: refers to activities that communicate the merits of the product and persuade target customers to buy it. Mercedes spends huge amounts every year on advertising to inform customers about the car and its features. Dealership sales reps assist potential buyers and persuade them that Mercedes is the best car for them. Mercedes and its dealerships also offer special promotions – sales, cash rebates and low financing rates – as added purchase incentives (Kotler, Armstrong 2013, 81).

For a marketing program to be effective the Four P's should be blended into the program incorporating a marketing mix element into an integrated marketing program which is designed to achieve the company's marketing objectives by delivering value to customers.

3.4 Managing the Marketing Effort

Managing the company's marketing process should be given due attention in order for the company to achieve anticipated outcomes. There are four marketing management functions as illustrated in Figure 13; Analysis, Planning, Implementation and Control. These functions assist in managing the marketing process. Company-wide strategic plans are first developed which then translate into marketing and other plans for each division, product and brand (Kotler, Armstrong 2013, 82). Plans are turned into actions through the company's implementation. Marketing activities are measured under the control function and measures are taken to correct errors if need be. Lastly marketing analysis provides evaluation and information needed for further improvement in future marketing activities.

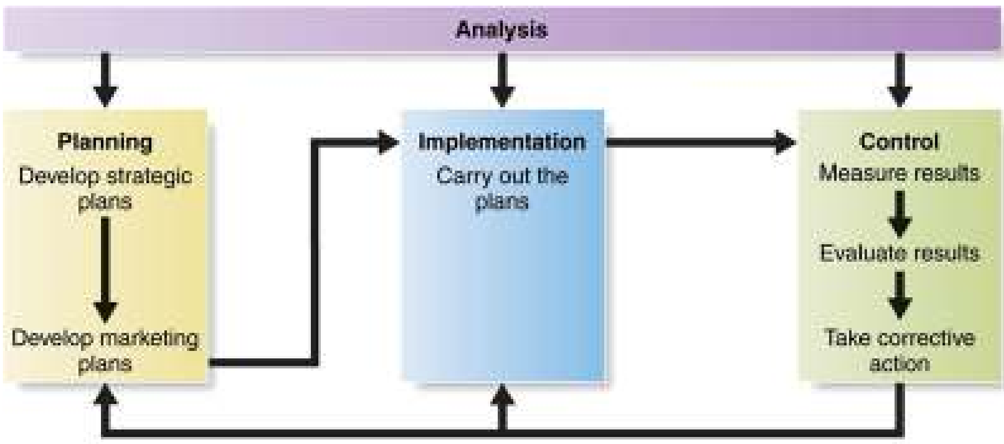

FIGURE 13. Managing Marketing: Analysis, Planning, Implementation and Control (Kotler, Armstrong 2013, 82)

Most large corporations consist of four organizational levels namely, Corporate, Division, Business and Product. Corporate is responsible for designing a corporate strategic plan to guide the whole enterprise; it makes decisions on the resources to allocate to each division, as well as on which businesses to start or eliminate. Each division establishes a plan covering the allocation of funds to each business unit into a profitable future. Finally each product level (product line, brand) develops a marketing plan for achieving its objectives (Keller 2012, 46).

As illustrated in figure 12, the marketing plan is the central instrument for directing and coordinating the marketing effort, operating at both the strategic and the tactical levels. The strategic marketing plan lays out the target markets and the firm's value proposition, based on an analysis of the best market opportunities (Keller 2012, 46). Keller further states that the tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels and service.

3.4.1 Marketing Analysis

Managing the marketing function starts with a complete company's situation analysis. This analysis is carried out using a tool known as SWOT analysis which was mentioned earlier on in the paper as a way of monitoring the external and internal marketing environment.

FIGURE 14. SWOT Analysis: Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T) (Kotler, Armstrong 2013, 83)

External Environment (Opportunity & Threat): companies need to observe important macro environment forces and significant microenvironment factors that affect its ability to be profitable. Important developments and trends should be monitored, so should any related opportunities and threats.

Internal Environment (Strengths and Weaknesses): Companies need to evaluate their internal strengths and weaknesses.

3.4.2 Marketing Planning

Marketing planning phase involves opting for strategies that will assist the company in attaining its overall strategic objectives. A company decides through strategic planning, what it wants to do with each business element and a detailed marketing plan is required for each brand, product or business (Kotler, Armstrong 2013, 83). A typical marketing plan ensues with an executive summary that quickly reviews major assessments, goals and recommendations.

The marketing plan’s main section details a thorough SWOT analysis of current marketing situation, then plans the next major brand objectives while outlining market strategy specifics in order to achieve the objectives. Supplementary divisions of the market plan set out an action program for market strategy implementation detailing a supporting marketing budget. The last section of the marketing plan summaries controls used to scrutinize progress, measure return on marketing investment and tare remedial action (Kotler & Armstrong 2013, 83).

3.4.3 Marketing Implementation

As stated by Armstrong and Kotler, marketing implementation is turning marketing strategies and plans into marketing actions to accomplish strategic marketing objectives. The implementation process addresses the who, where, when and how of the marketing activities adopted by a company (Kotler, Armstrong 2013, 83). Marketing implementation involves the people at all the levels of the marketing system and they must work together in order to successfully implement the marketing strategies and plans.

Careful implementation can translate a good marketing strategy into great profits. First, marketers must break every program down into its component activities, identify the need resources and their associated costs, estimate how long each activity should last and who should handle it, and set up measures to monitor results. Second, they should enlist the support of other departments to enhance creativity and prepare for potential problems. Third, marketers should be flexible enough to find workable options when dealing with unexpected twists. Finally, they need a sense of urgency about implementing every phase of every strategy and program (Keller 2012, 54).

3.4.4 Marketing Control

According to Keller, companies must practice constant marketing control as matters don't always go as planned throughout market plans implementation. There are four steps involved in marketing control:

- Management sets specific marketing goals
- Management measures marketing performance in the market place
- Management evaluates causes of differences between expected and actual performance
- Management takes corrective measures to close the gap between the goals and performance

Companies should revise marketing strategies and programs periodically as they can rapidly become obsolete (Keller 2012, 85).

The next sections of the thesis will then explore various concepts covering the renewal of the marketing strategy

3.5 Renewing Marketing Strategy

Companies that have been existence for a long time have laid up structures that handle marketing but from time to time new measure have to be implemented in order to maintain market share and remain competitive hence renewing marketing strategies is an important notion.

In this section seven concepts of marketing strategy renewal will be discussed in detail and further focused on when developing the strategies for the case company. According to literature, it has become more apparent that companies need to revamp their marketing strategies with a seven point marketing scheme that is customer driven and bound to increase profitability, customer equity and shareholder value.

As stated by Kotler, in current markets, customers are more demanding in terms of product customization and personalization, which in turn affects how companies run their marketing programs. Market cultures change from time to time and companies cannot afford to create new products in order to manage the shift due to the cost implications therefore a precisely designed process should be undertaken in order to market to the right customer at the right time using the right message. A new customer-level marketing strategy needs to be implemented and for this to be successful the finance and marketing department need to work in unison and in close relationship (Zinkhan, Verbrugge, 2000).

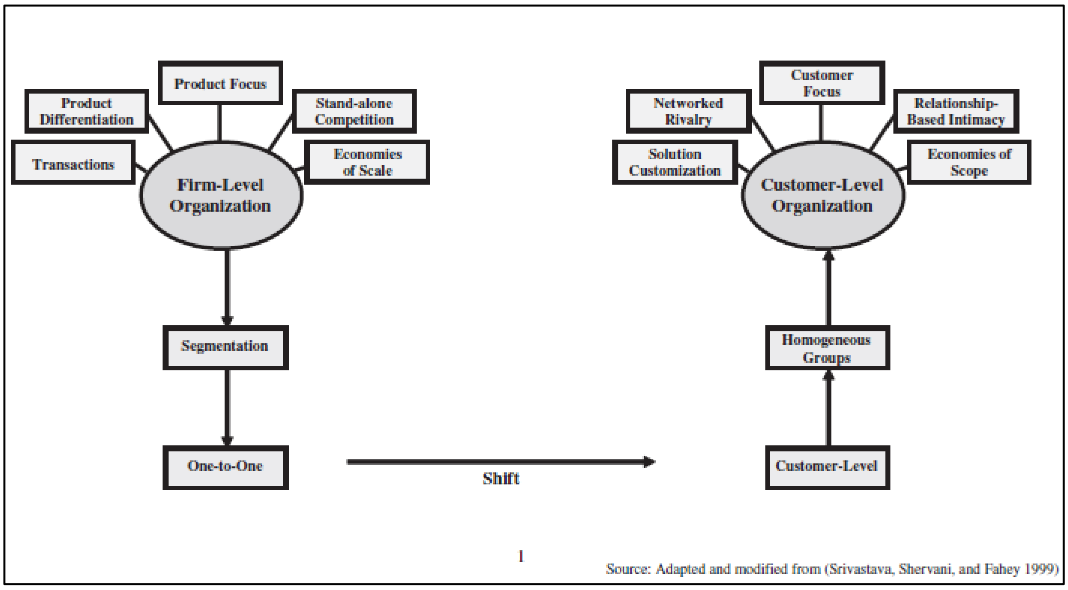

FIGURE 15. Shift in Marketing Strategy (Srivastava, Shervani and Fahey, 1999)

Creating customer value within companies should be emphasized upon rather than just creating value for the customer. Company executives need to methodically oversee the relationships between finance and marketing instead of assuming that product-market results transform directly into financial results (Petersen & Kumar 2005, 501).

As mentioned earlier, companies need to refocus their strategies in marketing and look into heightening individual-level customer information in order to maximize profits and shareholder value.

As illustrated in Figure 15, conventionally companies invest in resources focusing on products at company (firm) level and attempt to influence this strategy by separating the product from the competition, moving sales and selling as much as possible with little regard for cost implications, and intensifying production in order to just achieve some economies of scale.

On the other hand, in order to adapt to the new market shift, many companies are now adapting the downward move as illustrated in Figure 14, where the move is towards creation of products geared towards individual level customization. Companies first segment their customers into homogenous groups under which marketing initiatives are implemented according to average profile of each group; this is now typical for many automobile industries.

Although the segmentation strategy touches on the need to make marketing a one-to-one affair, the strategy is still very product focused. Companies that begin with the customer are well placed in becoming accustomed to various market scenarios in a more assertive way than their competitors thereby able to manage the supply side rather than the demand side of the marketing process. This emphasizes the fact that marketers should be able to respond to customer needs at the same time, maintaining a good grip in the company’s performance and profitability.

The next sections of this thesis will introduce the renewed marketing strategy that is customer-focused and will show how to generate actionable marketing strategy by use of actual customer data.

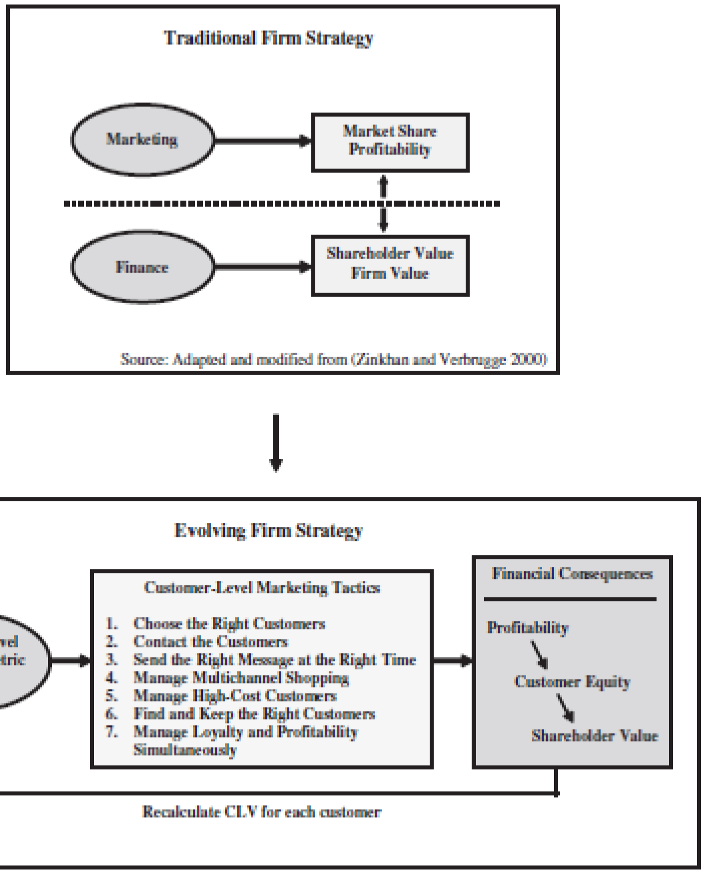

FIGURE 16. Adapted and modified from Zinkhan and Verbrugge (2000)

According to literature, traditionally there was very little or no connection between the marketing and financial departments in a company (Zinkhan and Verbrugge, 2000).This lack of association led to conditions in which marketing departments were not capable of justifying the need for or receive, proper funding levels; whilst the finance department would measure the business value erroneously as individual customers were not treated as company assets.

In creating an interface for the marketing and finance departments, values of each customer were connected and evaluated on the basis of their lifetime value to the company using seven customer-level marketing strategies as the differentiating factors. Customer lifetime value is the value of the entire stream of purchases a customer makes over a lifetime patronage (Kotler & Armstrong 2013, 49). According to Keller, in order to measure success, lifetime value is used; the marketer can determine the needed break-even response rate (net of returned merchandise and bad debts) by adding up planned costs (Keller 2012, 288).

According to Petersen and Kumar, the seven strategies are:

i. Choose the right customers
ii. Contact the customers
iii. Send the right message at the right time
iv. Manage multi-channel shopping
v. Manage high cost customers
vi. Find and keep the right customers
vii. Manage loyalty and profitability simultaneously

The aforementioned seven strategies each play an important and unique role in company market performance and profitability (Petersen & Kumar 2005, 501).

The next section of this thesis will briefly discuss each of the renewal strategies as tabled in Table 1where each strategy is briefly described and its financial link within the firm identified.

Renewal Strategy	Description	Financial Performance Link
Choose the right customers	Identify the customers most likely to generate the highest value to the company. This is done by measuring each customers lifetime value to the company	The cornerstone of developing a customer-level strategy is measuring the lifetime value; this aids the company in enhancing its financial performance by selecting only right customers.
Contact the customers	This involves establishing suitable ways and frequencies of communication with the chosen customer-this should maximize each customer's future value	Contacting the correct customers at the right frequencies enables a company to restructure communication and optimize its return on each marketing communication.
Send right message at the right time	Companies should determine customer's product preference and time the customer is likely to buy it. This enables the company tailor messages to each customer in order to get highest response rates	Highest response rates and knowing what they are likely to buy enables companies to achieve enhanced levels of financial performance as they lower marketing costs and increase revenues
Manage multichannel shopping	Companies should identify customer profiles and spending habits especially those who buy across one or many channels. The company can then make decisions on how to guide customers to alternate or new channels	By knowing which customer is likely to purchase in multiple channels enables a company to successfully target customers into adopting new channels for purchasing. A customer spending across many channels is likely to spend more than a customer shopping in one channel
Manage high cost customers	There are customers who provide high levels of returns and are expensive to serve; companies should then focus on profitability not on cost. Lower profit customers should be moved to lower cost channels in order to make them profitable	Moving these type of customers enables a company to streamline its marketing expenses on lower value customers and increase overall profitability
Find and keep the right customers	Companies should know how to balance its resources properly in order to retain the right customers, while prospecting customers with the highest probability of adding value back to the company	Retaining the right customers who are high in value in the long run gives the company the best chance to increase its overall future profitability.
Manage loyalty & profitability simultaneously	Not all loyal customers are always profitable, companies should identify which customers, whether loyal or not, will most likely provide high lifetime values and work with those customers to maximize profitability, customer equity and shareholder value.	Establishing a loyalty program that rewards profitable behavior will mutually benefit customers (by providing additional services not available to customers not in the program) and the firm (by enhancing overall profitability).

TABLE 1. Strategies for Customer-level Marketing adapted from Petersen and Kumar 2005, 509

3.5.1 Customer Level Strategy Implementation

The seven strategies in Table 1 are vital to the renewing marketing strategy process; this section of the thesis will illustrate how each can be utilized in a company in order to present a more ideal marketing and financial outcome. It is important that the strategies work in harmony in a business setting for the production of desirable results. According to Petersen and Kumar, accurate data collection is the main part towards a successful implementation of the customer level strategy, the data collected should:

i. be at customer level,

ii. contain detailed transaction information

iii. extend over across a sufficient period of time (at least 2-3 years)

iv. include marketing touch information (type of marketing touch used e.g. e-mail, direct mail etc.)

Implementing large and significant changes in a company is never easy and it can be an arduous task especially when involved parties; marketers, finance professionals, sales people etc., have to reorganize their traditional ways of handling matters in order to adapt to the change (Petersen & Kumar 2005, 505). However, renewing marketing strategy can be a success if the company managers ensure that employees are aware and motivated accordingly. The renewal strategy should be followed up closely each step of the way and constantly analyzed to ensure that all is going as planned (Petersen & Kumar 2005, 505).

Consequently, a marketing strategy renewal is attainable as a result of the shift to customer-level strategy from company-level, although measures have to be taken all through the process to ensure that the would-be pitfalls related to organizational change are evaded and the highest level of success ultimately achieved (Petersen and Kumar 2005, 505).

3.6 Brand Strategy

This thesis will focus on one brand under the case company's fold for that reason, in this section some concepts about brand strategy and marketing will be covered briefly. Brand management and loyalty will be briefly examined and some crucial brand principles according to a Harvard Business Review Paper published in 2008 will also be reviewed.

First it is worthy to note what a brand is; according to Keller, a brand is a name, term, sign, symbol, design, or some combination of these elements, intended to identify the offerings of one seller or seller group and to differentiate these offerings from competitive offerings. Brands offer a number of benefits to customers and companies ought to be managed carefully (Keller 2012, 140). Brand equity needs to be defined in terms of marketing effects uniquely attributable to a brand. The three main drivers of brand equity are; i. The initial choices of the brand elements or identities making up the brand; (ii) The way the brand is integrated into the supporting marketing program (iii) the associations indirectly transferred to the brand by links to some other entity (Keller 2012, 140).

When addressing brand strategy, companies identify brand elements they choose to apply across their various products. In brand extension, companies put established brand names on a new product (Keller 2012, 148). Potential extensions must be judged by how well leverage existing brand equity as well as how they contribute to the equity of the parent brand. Customer equity is a complementary concept to brand equity which reflects the sum of lifetime values of all customers of a brand (Keller 2012, 148).

3.6.1 Earlier Brand Studies (Research)

In this section, an earlier study done on the implementation of a Customer Relationship Management program will be briefly examined while highlighting the main findings of the study. It is worthwhile to discuss this study as it is relevant to thesis topic of study and its findings were commendable and are in use to date.

As published in Payne's book, in the late 90's a study was done on Mercedes-Benz, one of the world's most successful premium brands. At the time customers were not satisfied with the service received which resulted in less sales and defections to other brands. To remedy the problem, Daimler Chrysler UK decided to adopt a new distribution model for the brand's passenger cars. The company restructured their existing market into thirty five fresh, bigger geographical areas and requested some dealerships to sign into new retailer contracts. This meant that the dealerships had to take responsibility for the retail sales and service of Mercedes in specific regions or 'market areas' (MAs) (Payne 2008, 391).

Daimler UK became further engaged in the retail operations by way of direct ownership of the MAs in London, Manchester and Birmingham. These regions stood in for a third of the passenger retail car sales total in the United Kingdom. Nevertheless, distribution changes were only the starting point for DCUK in restoring relationships with its customers.

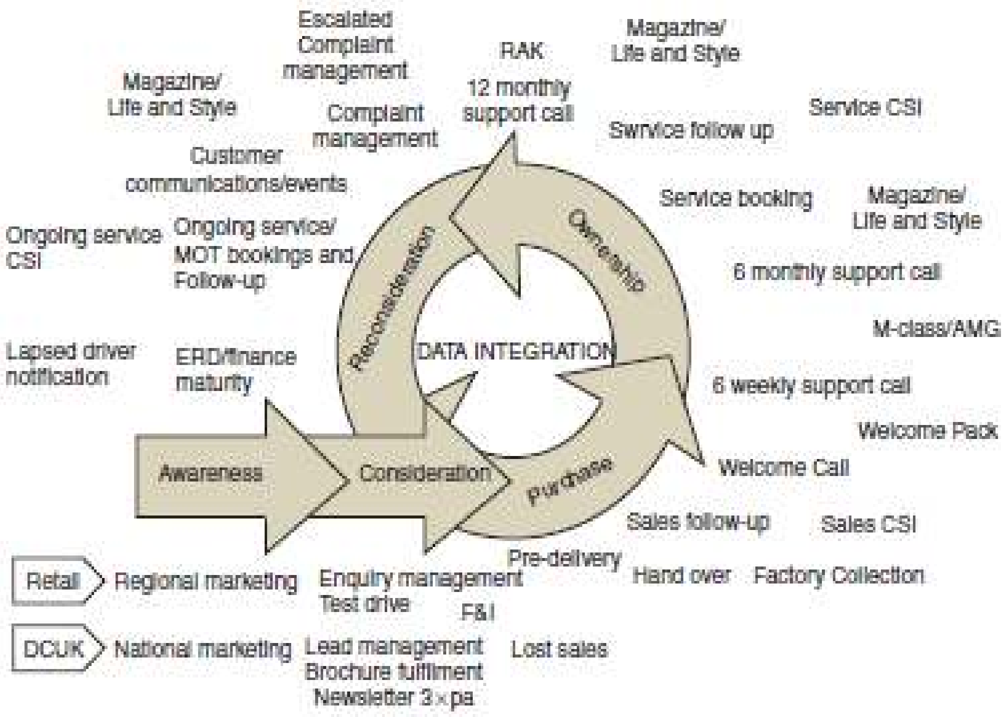

FIGURE 17. Towards an outstanding Mercedes-Benz customer experience: Integrating the relationship between customer, retailer and the distributor (Payne 2008, 394)

According to Payne, the report stated that the new retail contracts enabled Daimler UK to increase its control of its brand while at the same time offering better and improved support to the retailers hence the customer benefits in the long run (Payne 2008, 391).

In the on-going process, an original retail concept was devised, needing the authorized dealers to renew their showrooms and service points. Following the process a fresh approach to the marketing structure was implemented comprising of a centralized CRM and marketing team professional each assigned a regional marketing area. Each team was assigned a responsibility on sectional marketing, customer support and database management (Payne 2008, 393).

The report stipulated that Daimler UK understood that data management was crucial to the success of the Mercedes-Benz CRM. The whole approach was centered on building whole picture as pertains to the customer. To start with, a single database was set up instead of each dealership running individual databases; this was then implemented across all marketing areas in the UK. This meant that the customers were now documented and processed in a central and organized method. Next, data capture and the sales process were set up to support each other; personnel were trained on how to capture and accurately record important customer information ensuring data quality (Payne 2008, 393).

According to the published research report, the personnel were urged gather as much customer data as possible which were then captured by specially trained data entry staff. It was of paramount importance that a complete customer profile could be built from the data gathered (Payne 2008, 393).

Daimler UK set targets for the marketing areas which covered every aspect of the customer experience encompassing retail and after-sale. An example given in the report to illustrate this is whereby the follow up on prospected targets was increased to one hundred percent; increase of test drives into actual sales; customer satisfaction index improved tremendously. In order to positively impact the employees, it was vital that the CRM elicit positive results in the shortest time possible, which would then be disseminated through the dealer network in order to inspire others. A pilot marketing area was singled out for a test run and in due time financial returns were experienced in addition to the increase in customer satisfaction and loyalty (Payne 2008, 394).

In the report, selling opportunities used advantageously included cross selling and up selling opportunities; the marketing areas also reported better and stronger relationships with customers. There were significant improvements in vital customer measures and the financial returns were impressive (Payne 2008, 395).

Finally Payne suggests that even though there is a widespread acceptance of the benefits of CRM, repeated ongoing efforts need to be done in order to upkeep the attitudes to the new approach to the customer. Notably, there is now full recognition that the future of the Mercedes-Benz brand lay in a continuing journey of matching the highly acclaimed product with an outstanding customer experience (Payne 2008, 397).

3.7 Managing the Brand

As mentioned earlier, this thesis will focus on one brand and so it is imperative that brand management concept be cited. In this section, how to manage the brand is delved into with some important concepts mentioned and explained.

According to McKinsey Quarterly Report, 2012, there are four main aspects to be considered in the envisioning of a brand from a consumers point of view. These four are:

i. *Initial consideration*: when a consumer first decides to purchase a product or service and takes into consideration a number of brands

ii. *Active evaluation*: in this case, the consumer is on the hunt for potential purchases and tries to gather information about the purchases.

iii. *Closure*: in this case, the consumer has already decided on the brand when purchasing

iv. *Post-purchase*: here the consumer understands the selected product or service

The report further goes on to assert that the above mentioned four frontiers are important not only in emerging markets but also in developed markets. In brand management, three main implications need to be put into consideration; first, the power of word of mouth should not be overlooked; second, it is very important, especially in emerging markets, to get into a consumers first brand purchase. Third, firms need to pay due consideration to what happens when products are in retailers' shelves because in-store experience in most cases tends to be longer (McKinsey Quarterly Report, 2012).

The three principles-word of mouth, consumer initial brand purchase and stressing on store treatment – might seem very clear but on the other hand, executing them might not be easy. Courageous investment decisions are required, local team skill building efforts is paramount and the boldness to operate in means that are essentially different from what top management or group consortium might regard as the norm (McKinsey Quarterly Report, 2012). According to the report, the rewards are well worth it and may spread to positively affect the company's brand management, loyalty and financial performance.

4 KENYA AS A TARGET MARKET

In the following section, the country Kenya will be presented with important country facts shown and discussed. The author will begin by briefly introducing Kenya as a country and analyzing it using the PESTEL tool. The section will also include the main exports and imports of Kenya by economic category. The author will examine the Kenyan automobile industry as a whole under Porter's Five Forces analysis tool.

4.1 Kenya

This section will briefly shed light on the main features of the country Kenya with relation to facts of the country according to the CIA World Factbook.

Kenya is an East African country with the Indian Ocean bordering its south east, Ethiopia and Sudan in the north and north east respectively; Tanzania to the south and Uganda to the west; South Sudan and Somalia to the north-west and north-east respectively. It covers a total land area of approximately 569,140 sq. km, of which land occupies 580,367 sq. km and water occupies approximately 11,227 sq. km (CIA World Factbook, 2013).

FIGURE 18. Kenya Map (CIA World Factbook, 2013)

The country's general climate varies from tropical weather along the coastline to arid weather towards the interior section of the country. Kenya's capital and largest city is Nairobi; the transportation, financial and commercial hub of East Africa, rendering Kenya's economy the largest in the region (East and Central Africa) in terms of GDP. Agriculture is the backbone of Kenya's economy accounting for a quarter of the country's GDP, with the main crops being tea, coffee and flowers in addition to the service industry which a key economic driver.

TABLE 2. Kenya Fact file (modified from CIA Worldfactbook 2012).

Full Name	**Republic of Kenya**
Population	43,013,341 (Jury 2012 est.)
Capital City	Nairobi
Total Area	580,367 sq km
Main Spoken Languages	English, Kiswahili, numerous indigenous languages
Major Religion	Protestant, Roman Catholic, Muslim, indigenous beliefs
Unemployment Rate	40 % (2001 est.)
Inflation Rate	10.1 % (2012 est.)
GDP - Per Capita	$1,800 (2012 est.)
GDP –Real Growth Rate	5.1 % (2012 est.)
Labor Force	18.89 million (2012 est.)
Industrial Production Growth Rate	3.1 % (2011 est.)
Exports	$5.942 billion (2012 est.)
Imports	$14.39 billion (2012 est.)
Main Exports	tea, horticultural products, coffee, petroleum products, fish, cement
Main Imports	machinery and transportation equipment, petroleum products, motor vehicles, iron and steel, resins and plastics
Main Import Partners	China, India, UAE, Saudi Arabia, South Africa, Japan
Main Export Partners	Uganda, Tanzania, Netherlands, UK, US, Egypt, Democratic Republic of the Congo

The next Tables (3 and 4) will introduce the country's imports and exports with the major commodities indicated in the respective tables.

EXPORTS BY BROAD ECONOMIC CATEGORY

KSh million

	2008	2009	2010	2011*
FOOD AND BEVERAGES	**130,273**	**136,751**	**170,050**	**197,888**
Primary	97,994	107,319	136,579	152,167
Processed	32,279	29,433	33,471	45,721
INDUSTRIAL SUPPLIES (Non-Food)	**92,500**	**87,342**	**108,201**	**142,722**
Primary	18,463	19,975	19,356	30,762
Processed	74,037	67,367	88,845	111,960
FUEL AND LUBRICANTS	**4,589**	**4,553**	**7,454**	**8,091**
Primary	12	9	7	13
Processed	4,577	4,543	7,448	8,078
MACHINERY & OTHER CAPITAL EQUIPMENT	**5,566**	**6,781**	**9,036**	**11,195**
Machinery & Other Capital Equipment ..	4,787	5,492	7,320	9,001
Parts and Accessories	779	1,288	1,715	2,194
TRANSPORT EQUIPMENT	**3,672**	**5,828**	**6,576**	**7,544**
Passenger Motor Vehicles	69	100	228	160
Other	2,168	3,978	3,885	4,356
Parts and Accessories	1,435	1,750	2,464	3,028
CONSUMER GOODS n.e.c ..	**86,036**	**82,291**	**84,044**	**115,386**
GOODS n.e.s ..	**24**	**25**	**80**	**117**
TOTAL	322,660	323,571	385,441	482,944

TABLE 3. Kenya's exports by economic category (Kenya's Facts & Figures, 2012, 52)

As shown in Table 3, the quantity of exports of passenger motor vehicles has not been impressive at all over the three years; this is because the automobile industry in Kenya operates mainly on the local consumption level. On a general level the total quantity of accumulated exports is indicated as increasing over the three year period; the general implication here is that the country has been on a positive economic trend.

The economy of Kenya is generally market-based with few state-owned infrastructure organizations and maintains a liberalized external system of trade. The country is actively involved within the regional trade blocs namely; Common Market for Eastern and Southern Africa (COMESA) and the East African Community, the regional intergovernmental organization for Eastern African countries encompassing, Tanzania, Uganda, Burundi, Kenya and Rwanda.

IMPORTS BY BROAD ECONOMIC CATEGORY

KSh million

	2008	2009	2010	2011*
FOOD AND BEVERAGES	53,614	**90,437**	**70,449**	**106,539**
Primary	26,207	58,256	31,695	57,700
Processed	27,407	32,181	38,754	48,839
INDUSTRIAL SUPPLIES (Non-Food)	238,926	**232,091**	**299,270**	**410,067**
Primary	15,489	15,160	20,270	24,358
Processed	223,437	216,931	279,000	385,709
FUEL AND LUBRICANTS	206,642	**165,515**	**209,223**	**356,829**
Primary	82,945	55,865	74,849	128,394
Processed	123,697	109,651	134,374	228,435
MACHINERY AND OTHER CAPITAL EQUIPMENT	127,872	**137,288**	**177,242**	**209,881**
Machinery and Other Capital Equipment	106,133	112,602	150,931	176,640
Parts and Accessories	21,739	24,685	26,312	33,242
TRANSPORT EQUIPMENT	89,103	**103,449**	**116,904**	**131,701**
Passenger Motor Vehicles	22,485	23,761	28,478	29,528
Other	41,587	57,022	61,992	66,079
Parts and Accessories	25,031	22,666	26,435	36,095
CONSUMER GOODS n.e.c	53,715	**57,712**	**70,948**	**94,613**
GOODS n.e.c	779	**1,606**	**3,169**	**6,042**
TOTAL	**770,651**	**788,097**	**947,206**	**1,315,671**

TABLE 4. Kenya’s imports by economic category (Kenya’s Facts & Figures, 2012, 53)

As indicated in table 4, the importof passenger motor vehicles has been slowly increasing over the three year period; so has parts and accessories. On an aggregate level, the total exports have been steadily increasing over the three years.

Having noted the country’s exports and imports, the next section will delve into the country Kenya, and analyze the important aspects.

PESTEL Analysis of Kenya

In this section, Kenya as a country will be analyzed using PESTEL tool of analysis. In analyzing the country, political, economic, social, technological, environmental and legal factors are taken into consideration.

According to the Kenya Revenue Authority Fifth Corporate Plan Report, 2012. the Political analysis of Kenya depicts the country governed by a coalition government led by a President and a Prime Minister. This is due to change soon though, as the country is gearing up for elections this year (2013), which is a major concern in view of the last general elections in which political violence swept through the country over contested election results. The country's government structure is of a unitary state which is stable and has been for a number of years now (KRA Report, 2012). The country has enjoyed remarkable stability since independence and continues to do so, with its citizens enjoying a good degree of freedom.

Economic analysis of Kenya portrays the country as a free trade area member of various regional trade blocs. According to the KRA report, the country has reported a steady economic growth rate with a 4.4% noted in 2011. The country's projected GDP expansion is expected to be 5.8% in 2013. Noteworthy though is also the issue of high inflation – rising inflation thereby resulting in unstable exchange rates (KRA Report, 2012).

The KRA Report, 2012 further indicates that Kenya's social analysis represents a significant demographic transition and rural urban migration. The number of increased educational achievements has increased and so has the living strandards of the country's residents. Social awareness has showed an increase over the last couple of years and the expansion of social media is worth noting (KRA, 2012).

The country's technological analysis depicts a positive trend with new inventions and a revolutionised use of ICT. The connection to undersea fibreoptic cables enhancing internet speeds, data traffic and commerece have positively contributed to this trend. One important innovation is the utilization of mobile banking which on so many levels put Kenya on the map (KRA Report, 2012)

According to the KRA Report, 2012, on the environmental front, there has been increased recognition on its importance in relation to the country's economic development. This is further emphasised by the enactment of the Environmental Management and Cordination Act which ensures that the environment is protected especially the forests and pollution is kept minimal. The country's legal anaylsis has brought to fore the importanf fact of the enactment of a new constitution and its implementation thereof (KRA Report, 2012).

The diagram in Figure 19 depicts PESTEL Analysis of Kenya, evaluating the country on the basis of Political, Economic, Social, Technological, Environmental and Legal factors.

FIGURE 19. Kenya Pestel Analysis

Kenya as a country is a signatory to a big and developing number of tax treaties and investment protection agrements; some of the agreements include Multilateral Trade System (MTS) the Africa Growth and Opportunities Act and ACP Cotonou Agreement. These agreements entitle the country to special and preferential access to world markets and enjoy reduction of duty programmes (Invest Kenya, 2012).

4.1.1 Kenya Automobile Industry Porter’s Five Forces Analysis

This section will give a brief outlook of the Kenyan automobile industry, analyzed under Porter’s Five Forces and highlighting some important factors and issues.

The Kenyan automobile industry is predominantly focused on retail and distribution of motor vehicles. Kenya has a number of motor vehicle dealers operating in the larger market with five major players in the market namely, Toyota (East Africa), DT Dobie, Cooper Motor Corporation, General Motors and Simba Colt. The country has three vehicle assembly plants where pick-ups and heavy commercial vehicles are assembled.

Imported second hand vehicles throw on stiff competition to the established dealerships with the vehicles streaming in from the United Arab Emirates and Japan. The second hand imports account for a large share of the market at approximately 70% (Price Water House Coopers, 2012) resulting in a significant decline of new vehicle sales. There has been a steady recovery for the last couple of years but not as noteworthy as would be acceptable.

The steady slump of new vehicle sales has continued over the past sales quarters as a result of the influx of second hand vehicles in the Kenyan market. The Kenya Motor Industry Association (KMI), a representative organization for the industry’s corporate members has been pushing to turn around the trend through measures such as:

- imposing strict criteria on second hand car imports
- presenting incentives promoting local assembly of local commercial vehicles
- presenting export incentives encouraging vehicle manufacturers to expand operations in the area

There has been a slump in the sales of motor vehicles in Kenya. According to The Just Auto Report (2012) the slump is due to several factors, one and foremost being the forthcoming general elections and strict measures by the government to reduce new car orders. Other factors include high interest rates, as a result of the Central Bank of Kenya's measures to tighten liquidity. High interest rates had a direct effect on showroom prices of vehicles, since new vehicle sales are primarily funded by bank credit (Just Auto, 2012).

The report further states that even though data from the Kenya Motor Industry shows that the total new vehicle market grew 10% year-on-year (y-o-y) in 2011, not all local distributors are capitalizing on the trend. The growth in demand for pick-up trucks is leading to a shift in the competitive landscape. Total vehicle sales in 2012 are expected to increase by 9.42% y-o-y to 12,769 units, reaching 17,828 units in 2016. The KMI data shows that while the total new vehicle market grew 10% y-o-y in 2011, the Japanese earthquake and tsunami had the biggest impact on the country's larger dealers. As a result, those that the association groups as smaller dealers saw their market share increase from 6.5% in 2010 to 10%, while their sales rose 69% compared with 6.1% growth for the combined larger dealers. General Motors East Africa (GMEA) offset some of the negative impact of restricted supplies for its Isuzu truck brand, however, through its domestic production, which underlines the advantages to be gained in an increasingly competitive vehicle segment (KMI, 2012).

According to McKinsey’s Report, for companies to gain mileage, they should warrant effective execution, address the challenges of distribution, invest vastly in consumer research and discover and maintain as many a local workforce as possible. Notwithstanding, the digital customer should be given due attention especially when marketing. It is the author’s belief that the possibilities are limitless and with emerging professionals and markets, strategies have to be put in place especially when marketing in order to stay afloat (McKinsey’s Report, 2012) .

The following Figure 20, is an illustration of the Kenyan automobile industry using Porter’s Five Forces analysis.

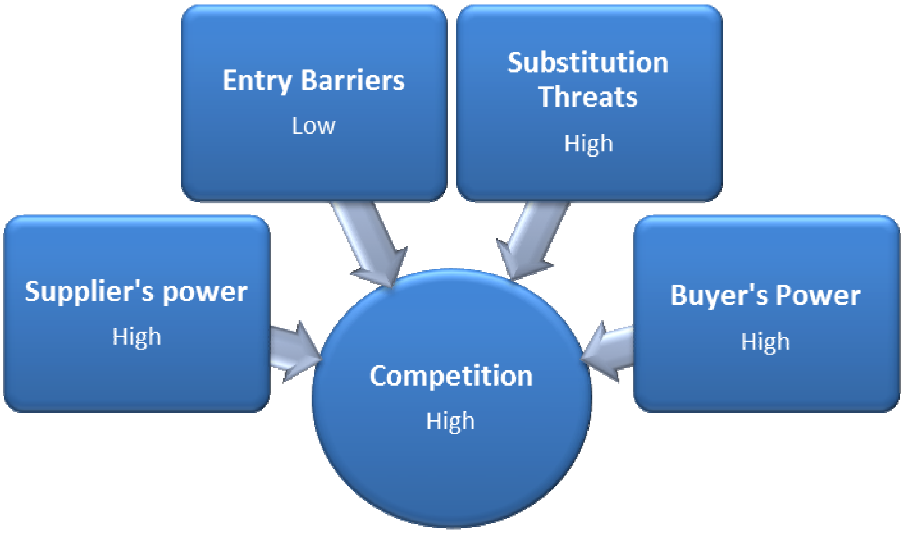

FIGURE 20. Porter's Five Forces Analysis of Kenyan Automobile Industry

As illustrated in Figure 20, the bargaining power of suppliers was found to be high as suppliers have a significant influence on price. The costs of raw materials are constantly increasing, not to mention that suppliers generally have a close relation to overall car quality. The suppliers are very informed on costs, demand and prices. The threat of new entries was found to be low as older companies are well established and government regulation ensures fair trade.

Threats of substitute products and services was found to be high, as the market is getting flooded with second hand vehicle imports companies; same brands but much cheaper as compared to showroom vehicles. The automobiles imported into the second market have functional similarities to the automobiles marketed by established companies. The bargaining power of buyers was found to be high as customers are highly informed on compeitors offerings, price and cost matters. Rivalry amongst competitors was found be high with contributing factors such as high product differentiation and slow industry growth. Second hand vehicle imports are considered to be a major competition threat.

The following sections of the thesis will introduce the case company, giving a brief overview of the company and its operations.

5 CASE COMPANY INTRODUCTION

The content of this chapter is not published

6 RENEWING MARKETING STRATEGIES FOR CASE COMPANY

The previous chapter has effectively introduced the case company, its history and analysed the Mercedes Benz departments operations. In this section of the thesis, the author will review the company's current situation and introduce the renewed marketing strategies which would enable Company X market the Mercedes brand effectively in their chosen market segments and achieve desirable company results in the long run. The author will adopt the seven strategies earlier introduced in chapter 3, as illustrated in Table 1; The strategies will be applied onto the company's scenario and adjust the requirements accordingly to suit the case company's needs.

Company Xas an automobile company is well established in the Kenyan market as it has been in operation for a number of years. One of the most important factors for this section is the existence of a strong customer database for the current Mercedes clients. In order to implement the shift in marketing strategy to the renewed marketing strategy which is customer oriented, a strong database is vital, this will enable the company to stay ahead of the competition.

6.1 Renewed Marketing Strategies

In this section, the seven concepts of renewing marketing strategies will be employed to the Company Xcase and suggestions on how to implement each of them provided. As a company, Company X is operating a system of interrelations that stretches across its entire value system; hence the resolutions and decisions made at any level more often than not impact the other levels. As illustrated in Figures 15 and 16, integration with clients not only affects sales but has a substantial impact on market growth and product/brand development. The company would then benefit from increased sales and profitability while ensuring cost efficiency due to the fact that only core competencies and strengths are focused on.

6.2 Choose the Right Customer

First, Company X needs to choose the right customer; Company X as a company has the product and choosing the right customer is paramount in ensuring that the Mercedes Brand gets sold and market share achieved to desirable levels. This is a vital step in revamping the marketing strategy as the customers chosen should be customers that bring the greatest value back to the company. There are customers who might be in the company's current database but are costly to maintain, thereby rendering them unworthy to chase after. The value of a customer to the company should be measured not only in terms of profits but by the value they add when they draw other customers by way of positive word of mouth.

Choosing the right customer indicates that proper incentives are given to customers who are most likely to be profitable; this means that walk-in customers into the vehicle showrooms are not ignored or denied business. There needs to be a distinction between high-value customers and high-revenue customers. After the customer is chosen, the next process encompasses selecting a suitable communication plan and strategy which will acquire the best of each customer using the ideal amount of marketing means.

Choosing the right customer entails

- Educating the sales team on the company's core strategy: when the sales team understands the company's core strategy they are then able to choose customers who help the company achieve the goal.
- Company Xshould develop a benchmarks for ultimate customers according to each particular Mercedes brand
- Once the benchmarks have been developed then a customer acceptance process should be put in place in order to ensure that future customers meet the criteria set up by the company
- The existing clients should be ranked by means of an suitable process e.g. a,b,c,d etc. or give them color codes like green yellow red etc.
- Develop a plan to move or shift the clients that have been ranked e.g. move so and so into the green category, or move so and so out and shift them with someone or move them out all together

With the above five steps followed, then the company is assured of dealing only with the right customers and giving them the due attention that they require, satisfying both the customer and the company in terms of sales and performance.

6.3 Contacting the Customers

This strategy is crucial and should be implemented with meticulous attention to detail; important considerations should be made in order to identify suitable methods and intensities of marketing communication to be implemented for each valued customer. The marketing resources should be allotted applicably across the customer portfolio in order to obtain the highest attainable level of financial performance. It is not advisable to send similar marketing communications to every high value customer by the fact that the customers are in the same segment, the potential return of value should be considered in some cases.

It should be noted that each communication channel presents different intensities of replies and reactions from different customers; and in turn impacting the company's profitability. Consequently, choosing the appropriate channel and disbursing the correct amount of resources is vital in improving and achieving results. The bottom line here is that customers should be contacted at the right frequencies using the right amount of resources; this in turn increases the company's financial performance. It further aids in determining what the customers actually want to purchase and when they will purchase either the product or the service or both.

The channels of communication can vary depending on the customers being contacted; The most common methods to be utilized should be email and post and more often than not, the personal touch of a phone call. When emailing it is worthy to create a segmentation list comprising of the company's clients. It's not worth sending the same email to the database of more than 500 customers; this is not effective as sometimes emails sent out in bulk may be treated as spam when it hits the recipients' mail box.

In reality, the best segmentation of the contact list will be unique to the company but below are some pointers to help when thinking of creating the list:

i. Customer state: has the customer recently purchased or communicated or interacted with the company in the last week, month or year? This can influence the type of proposition and emailing method the company may want to use. Customers who are very active tend to be sent less generous proposals as compared to less active customers who are sent offers that are intended to jolt them back into the buying (active) fold.

ii. Buying (purchasing) history: This is an important determinant in telling what a customer is likely to buy next given their past buying history. This history can also inform on what kind of offer email they are likely to respond to – therefore, creating a segmented list based on similar buying histories, helps in creating very well targeted and effective emails.

iii. Client value: This has to do with how much a customer has spent with the company. Categorized on the basis of their purchase size (quantity), how the customer has contributed profitably to the company; customer who spend more don't necessarily require discounted offers or special deals. Their way of being contacted should be done in a more personal and way, in a way that makes them feel appreciated and important.

iv. Geographical location: This segmentation in contacting customers can be done in order to use local lingo and references that are familiar to the customers' locale; the list can be split according to town, locale or even region.

The above mentioned are suggestions on how to segment the customer in order to contact them at the right time using the right means and with the right information. A simple act of communication may turn a communication into either a sale or a defection, so communication should be handled with utmost care; the next strategy then explains more on sending the right message.

6.4 Sending the right message at the right time

In this strategy, prediction plays a big role. Making product recommendations when a customer shows intent to purchase, when a customer makes an initial purchase; recommendations on additional products should be made. The more accurately a customer's buying partner is predicted, the more likely the client is to make additional purchases. Provided it is known when and what a client is likely to purchase, the company can gain a substantial lead over the competition. The prediction can be easily made if the company is able to determine the following:

i. which model is the customer likely to purchase

ii. at what time period is the customer likely to purchase

iii. what is the anticipated revenue from the customer

When the company acquires the responses to the above mentioned questions, then it is conducive to market to each individual customer with the right message, at the right time for the right offer. Along brand marketing, customers often tend to purchase similar or related products at often similar frequencies; and in this case when it's a vehicle, then maybe an upgrade is considered.

Knowing what a customer is likely to purchase, would enhance the company's marketing strategy immensely; the company wouldn't have to contact customers for many offerings every time, instead the company already knows what the customer is likely to but at a certain time and in that effect sends the appropriate message to the customer when the time is due. This in turn reduces the marketing costs and maximizes profitability; knowing the appropriate method to handle customers through the company's multiple sales and service channels.

Currently Kenya is experiencing a world of connectivity and Company Xas a company should take advantage of this; social meadia gets special mention here. Twitter and Facebook are the top list in the mediums that companies are now using to send their messages targeting a greater audience than email and telephoning. Not surprisingly, over time, social media has proved to be a very effective medium for interacting with customers:

i. Twitter: studies have actually shown that interacting with clients is best during the weekend (Silverpop, 2011, 7).

ii. Email: the best times for communicating via email differs from customer to customer and is highly dependent upon the information being relayed. Some customers may prefer to be emailed during work hours, weekdays or weekends or may have no preference at all.

iii. Text messages (mobile texts): this medium is best for time-sensitive communication. The messages should be timed and based on when the customers are most likely to purchase and or interact with the company in the buying process. This for Mercedes customers would be highly appreciative and effective.

In spite of the medium chosen, the company should put serious thought into the message being relayed and when it is to be relayed. There are measures also to be taken for long term implementation of this strategy and in so doing, the following should be noted:

i. **Collection of customer profiles by use of progressive profiling, surveys and forms**; knowing more about customer's preferences and important details are critical as this then provides the best platform for launching customer products and hence determining the message.

ii. **Developing a strong preference center** aimed at empowering the customers and subscribers; in the course of a business relationship, customer preferences may change, for example a customer shifting from one model of a Mercedes brand to another model. The company in these type of cases should be able to develop an outlet which informs them of these important shifts which then helps the company in altering the frequency by which they are communicated to or contacted(daily, weekly, monthly, yearly etc.). It also enables the company to know which channel is fitting i.e. email, Twitter, Facebook, etc.).

iii. **Constantly measuring and monitoring customers' behaviors:** It has been said that actions speak louder than words, therefore like earlier mentioned, it is very important to collect perfect data. This is where the data collection in sales process comes to play as this then ensures that real and actual data (like email checking frequency), in addition to open and explicit data such as size of company, location and hobbies. The bottom line here is that the company is able to focus on what the Mercedes customers are actually telling the company in the way they for example visit the company website, Facebook pages etc…are they leaving comments, are they tweeting under the company twitter handle, downloading reports… these indicators can give the company leverage on sending more appropriate messages.

iv. **Humanizing the marketing content:** There has been a rise in social media of companies with corporate pages on Facebook, Twitter and LinkedIn, this enables the customers to move with ease while exploring the company's social presence and checking out their own pictures loaded. There's the human touch and feel in that the customers are able to identify with the company on social grounds. Customer testimonials add to the personal touch in which the brand is the humanized in the best way ever effortlessly.

v. **Vibrant and Energetic Content**; the more dynamic the message content the more the customers are willing to respond and act on the message. This type of message enables the company to speak on one-to-one basis as it automatically replaces whole sections of the messages based on the customer's unique needs and interests and activities. This ultimately increases the messages' relevancy and at the same instance creating a higher degree of automation that saves costs.

vi. **The First 30-days should count:** It is important to connect with prospects and customers in the first 30-days of interaction. Whether the customer walked in just for a brochure or was window-shopping, or purchased a vehicle; a welcome package should be sent out or given highlighting the company's webpages, social media pages, invite the customers to interact and tell you more about themselves.

vii. **Sending triggered messages**: This is very important and for ease of operation can be automated by the company either for to be sent before purchase or after purchase. The messages when perfectly timed enables the customers to take a specific action as it is very important especially when it is directly linked to a recent purchase they may have made in the company, be it a service or product bought.

viii. **Sending messages when customers are likely to be checking mail**: There is new technology that is able to analyze recipient behavior on a regular basis and is able to determine the most ideal delivery time for each mailing address in a list. By employing the use of this technology, the company is able to ensure that the message sent is not buried and forgotten or spammed.

ix. **Content mapping**; whether dealing with a return buyer, long-term prospect, a loyal customer or a first time purchaser, the message content needs to be varied accordingly. Sending a type of content that would be valued by a different customer would either lead to the message being either ignore or trashed. For example, welcome messages should not be sent to long term customers and vice versa.

x. **Construct if-then messages**: sometimes customers do not respond in a way that the company may expect them to after sending a particular message. In such instances then, fallback options should be formulated in order to deal with such arising cases. For example if a customer does not respond, then a follow-up message should be sent or perhaps a call or maybe a visit.

All the above mentioned ten aspects are vital as this presents the company with an edge in which to differentiate themselves from the competitors. By listening to the customers and using all tools at the company's disposal to take in that information and using it to deliver the right messages at the right time helps the company to rise to new heights of engaging customers.

The next strategy of implementation is the management of multichannel shopping which is another critical element in the renewal process.

6.5 Managing Multichannel Shopping

The company has a very effective channel of distribution which continually maximize overall performance. A continuous evaluation and assessment of these channels would enable the company to continuously innovate, fast-track, develop, transform, obtain additional customers, implement latest technologies and reassess distribution channel performance. A customer who is willing to purchase across the channel implies that that the customer has a heightened trust level to the firm and a less apparent risk point. Consequently, this would lead to a greater and formidable relationship between the company and the customer. Customers who purchase across multiple channels tend to be high-value customers, so the company should target them when introducing new distribution channels; furthermore they are more trustworthy and likely to trust the channel to meet their expectations.

It is of vital importance that the company should maintain the channels used to deliver goods and services; in the same way it is also very important to develop a useful marketing strategy to control these clear-cut associations between multi-channel shopping and positive customer value. Multichannel shopping is gaining a lot of popularity and is here to stay, and it is the company's responsibility to ensure that it is maintained to the customers' level of satisfaction. For example if a client decides to purchase a spare part online via the company's website then the same delivery time and service delivery should be the same as when the customer walked into the dealership to purchase in the spare part in person.

In actual business operation this implication on the company is that it should be able to manage its operations holistically across all the channels and not only use the website as a way to sell the vehicle brands but also a way to catch up with the customers. The company should design the website in such a way that it actively enhances quick and efficient online research which can either translate a research into an online purchase or showroom visit. There should be personalized suggestions and recommendations, detailed production information and a quick and efficient check out.

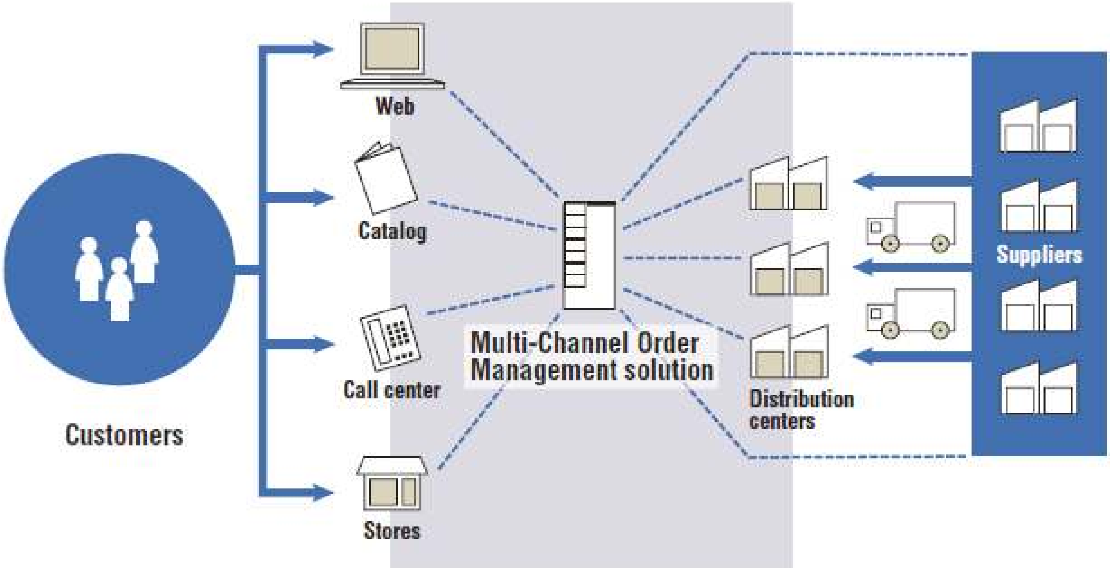

FIGURE 29. Multichannel Order Management system model

As illustrated in the Figure 29, an order management solution would enable the company to provide a continuous, reliable and consistent customer shopping experience by combining different processes and information and allowing a purchase-from-anywhere, satisfaction-from-anywhere concept.

In order to enhance the multichannel shopping the company should embrace the digital technology as earlier mentioned in previous sections. This will enable the company to mine important customer data and better understand the Mercedes-Benz customers purchasing behaviors, wholly and fully employ the use of social media and controlling the two-way channels of communication within the sales teams whether in the showroom, in the field or while travelling.

6.6 Managing High Cost Customers

Mercedes Benz customers are high-cost customers; but across the customer loop there are some who will cost more to serve as compared to others in the segment. Having just once channel to serve the high cost customers is not cost effective and if this is the case then the company needs to drop them, it's not worth chasing after them to serve them. It might seem a bit harsh to deny these customers service but as research has proved, it is beneficial financially to the company to let these customers go. So far the strategies discussed have focused on retaining customers who produce positive benefits to the company; this means that it is easy to separate them from the negative. This means that with this information at hand, the company is able to lessen the amount of resources allocated to unprofitable customers and re-allocate the same resources to worthy customers. The company should adopt the most suitable strategies in order to maintain the high-cost customers without duly affecting company profitability.

6.7 Finding and Keeping the Right customers

This strategy is targeted towards finding and retaining customers who add value to the company. It is important to for the company to identify which new prospects and probabilities are worth chasing and at the same time also identify current dormant customers who are very valuable and formulate ways to win them back and ensure that they are active once more. In order to appropriately oversee marketing strategies for new customers, the company needs to actually profile their targeted prospects and their present customer database in order to find potential customers with the same characteristics as those customers who currently have positive lifetime values with the company. The identified customers who share similar characteristics are the most likely to become highly-valued customers in the future; however in as much as Company Xneeds to optimize their marketing resources when selecting communication strategies with present customers, the company also has to manage their marketing budget when attracting new prospects.

In some instances, it might be quite costly for the company to attract and acquire new customers, a significant amount of company resources might be needed to get the customers. In such cases then what should be considered is the benefits to be gained as compared to the costs incurred; if the latter exceeds the former then by all means the customer should be acquired. It is worth the effort to retain customers; Company Xshould then be wise in managing customer loyalty of the new customers acquired, while at the same time maintaining the company's profitability and market share.

The company should have a customer portfolio management which would greatly balance the customers desired level of satisfaction against the profitability of so doing. Getting and keeping customers requires the company and its sales team to clearly understand the customer's needs and also have a clear knowledge of the cost implications of keeping the chosen customer. The profit potential of such customers should be one of the considerations taken into account; due to the fact the product is of high importance to the customers in terms of productivity and value, the customer will also place a high value on the supporting services such as service and training. This is constant amongst Mercedes Benz customers and should not be overlooked.

6.8 Managing Loyalty and Profitability Simultaneously

As a company, Company Xis a franchise holder of the Mercedes-Benz brand; hence all undertakings in research and development are undertaken by the Mercedes Benz German Head office. All enhancements and innovations relating to the vehicle are relayed to Company X; automobiles are tropicalized to match local road situations. Ensuring that customers remain loyal to the brand is the mandate that Company Xshould follow to the book. As mentioned earlier Mercedes Benz customers are loyal to the brand, so to further increase the loyalty the company should create strong customer awareness and resiliently defend the brand image which accurately balances out the brand's cognitive and emotional facets.

Company marketing departments should develop strategic methods of attracting and maintaining new customers keeping them on board for the long term, this is where brand loyalty programs are put into play. The loyalty mechanisms can range on a variety of methods from service cards, special discounts to show-room discounts and special appreciative events. The company needs to set up successful loyalty programs which maintain the company's profitability while at the same time offers incentives to customers enabling them to keep on purchasing the Mercedes Brand products and services. The loyalty programs can be run in accordance with the company's set up targets and or independently depending on the situation and the clients targeted.

According to Rajan and Kumar, it is worthy to note though are the following categories of customer loyalty:

i. True friends (*high loyalty and high profitability)*: This category makes up a company's most valuable customers. They are extremely loyal to the brand, purchase consistently and are high profitable to the company. These customers should be treated very well and handled with utmost care.

ii. Butterflies (*low loyalty and high profitability*): These customers love to flit around looking for the best prices possible and rarely develop a lasting relationship. In order to manage such customers, the company should look for alternate ways to save costs while serving them and if need be cut them off

iii. Barnacles (*high loyalty and low profitability*): These are highly loyal customers but rarely purchase enough in order to give a satisfactory return on investment. Nevertheless, they can be converted through proper management, into profitable customers; on the other hand if they are experiencing cash flow problems then the marketing resources should be allocated to the Butterflies.

iv. Strangers (*low loyalty and low profitability*): These customers do not add value to the company and it is important to let them go and not waste any marketing resources on them. (Kumar and Rajan, 2009, 27-23)

6.9 Customer Data

It is important to gather customer data on a regular basis and keep the data updated as much as possible. The customer data should be methodically gathered and appraised or evaluated for future use in the multi-channel customer interaction situations which would range from the regional dealerships to cost-effective value-added undertakings, such as financial services. The gathered customer data will support in personalizing communication, thereby increasing customer loyalty and sales simultaneously. There are countless software products developed and designed to help in managing customer data and the company should identify which is the most suitable to its needs.

The company should put in place data governance which is widely gaining popularity in large organizations; this is actually important as companies actually loose close to 7% of sales due to poor customer data management according to report by companies in data quality management. (Experian QAS Survey 2012). In its whole concept, company data governance entails the managing of information across the company. It is a very important process that involves a set of formal business policies and procedures that are designed to ensure that the data is handled in a recommended manner and any human intervention is handled by trained personnel.

Customer data collected needs to be efficient for the company to put into good use, therefore it is suggested that the following practices be adopted:

i. Single Master Database: for a company having a single master customer database is of paramount importance which leads to a better control of the customer data. Companies grow and mergers and acquisitions are a norm but under each growth then an acquired company can operate with its own master customer database. This is in most cases ensures smooth running of business operations and customer data duplication and losses is maintained at a minimum. There should be a central customer database which would then feed the divisional sectors according to their allotted records, thereby making work efficient and handling customer service a much easier task.

ii. Third party validation: This can be utilized by use of a validation software which would work in conjunction with the company's CRM system . The third party systems deals with gaps created when customer data is not gathered correctly in the sales process. The company's internal customer data usually handles customer's transactional mannerisms, but in order to gather the whole customer information the company should gather the demographic and customers' social behavior. Therefore the use of a third party integration assists a lot in this enabling the company to get a better consumer insight.

iii. Customer data governance: as mentioned earlier, the company should ensure that there should be data governance in order to manage the process effectively. There can be very serious implications if customer data is compromised and inconsistent. For example Mercedes C Class customers mixed up with the A class customers; locations jumbled up and so on and so forth. It is therefore important to assign the data capture to particular employees or department. The persons would be in charge of duties such as the verification of all customer data before it is submitted to the department(s) for marketing and sales activities.

iv. Data Cleansing: Sometimes the customer data collected would need to be cleaned and purged as duplicates may still occur in the system therefore not eliting the correct information. A match-merge process could be run on a weekly, monthly, quarterly or yearly basis depending on the customer database. Purging should be done in order to rid the system of dormant or inactive customers. an archiving process could be implemented in order to maintain the records and keep the database up to date. Again for this case, special programs and third party applications can be utilized in the cleansing operation.

v. Data monitoring: The customer data is updated on a regular basis, it is therefore important to institute rules that would monitor the data. Such rules would include workflows, security policies dashboards to eliminate errors, data monitors who conduct spot checks to ensure that everything is running smoothly.

vi. Customize views: Access to the customer database should be restricted according to user requirement. For example, sales personnel should access the finance data on a read-only basis while on the other hand the accounts department can have rights to customers’ credit information. The policies and rules should be laid down clearly so as to avoid mistakes and protect the customer data.

There is no clear cut way of maintaining the customer data but the company needs to find what is suitable for them and implement it accordingly.

7 CONCLUSIONS

In concluding this thesis, the author will revert to the first section and provide answers or suitable responses to the research questions according to the findings of this study. The author will then justify the research's legitimacy founded on the research explored and suggest further grounds for research.

7.1 Research Questions

How can the case company renew its marketing strategy?

Company X can renew its marketing strategy for the Mercedes Brand by shifting and using a marketing strategy that is on customer-level, which would in return enhance the company's performance in the long run. The company needs to refocus its strategies in marketing and look into heightening individual-level customer information in order to maximize profits. In order to adapt to the new market shift, Company Xneeds to adapt to the downward move as illustrated in Figure 10 in Chapter 3 of the thesis, where the move is towards creation of products geared towards individual level customization. The company should first segment their customers into homogenous groups under which marketing initiatives are implemented according to average profile of each group; which is now typical for many automobile sectors.

How viable are the renewed marketing strategies?

The suggested strategies are very feasible and attainable. Company Xas a company has ready set structures that would make the implementation of the mentioned strategies very easy. Each of the seven renewed strategy tactics; *Choosing the right customer, contacting the customers, sending the right message at the right time, managing multichannel shopping, managing high cost customers, finding and keeping the right customers, managing customer loyalty & profitability and customer data*; all represent a perfect scenario in which the company can enhance its performance in the market and maximize profitability too. All the strategies work in cohesion given a real business setting and in this picture, they are meant to provide a significantly better result when implemented accordingly.

What is the company's current situation?

The company is well established and firmly founded in the Kenyan automobile industry. The clients are profiled according to their status in society, ranking in corporate organizations and their demographics; in some cases gender especially in the brands such as the C Class, B Blass and A Class. Contacting the clients when on prospecting purposes, the company researches them, gets their background, contacts, then emails their introductory letter and follows up with phone calls. Current and existing customers are contacted as often as new information is received. The high cost Mercedes customers are managed through interpersonal relationships and after-sales follow-ups. The company finds and keeps the right customers through prospecting through various channels namely, mail, prospecting, referrals and events. Managing loyalty is done through various ways; events, occasional discounted offers on parts, giveaways, etc.

Is the situation satisfactory?

The current situation is not satisfactory as the market keeps evolving and the company needs to stay up with the competition. The indicators are on the slump in sales as compared to previous operating cycles. There is need to renew the current marketing strategies in order to improve company performance, enhance client satisfaction, increase sales and gain an edge over competitors.

How can the situation be improved? Is there room for improvement and/or further development?

The Mercedes Benz client database is up to date and forecasted on positive growth in the future, especially in Kenya and the regions surrounding. The Mercedes Benz clients are loyal but there is plenty of room for improvement. Sales over the last couple of operating quarters have been dismal and a solution is needed to remedy the situation as soon as possible. As part of a multinational, Company Xhas the resources to implement a successful renewal program and follow it to fruition.

7.2 Suggestion for Future Research

This study has sought to tie together seven tactical strategies that can be implemented when renewing a marketing strategy, however the subject is broad and there is no one solution that can be implemented and is sure to give the desirable results. While it is essential to handle each customer distinctively and individually, the outcomes from the customers may be different so when implementing the suggested strategies, companies may get varied results as each customer is distinct. A company should be able to evaluate its needs and match them accordingly to the strategy chosen.

In some cases, companies may not have the customer data or database to work with in order to implement a customer level marketing strategy, or may not want to create close working relationships with customers. Future studies should be done in order to find out what other strategies can be implemented in order to help a company stay profitable. Renewal strategies for a company in future should perhaps involve ongoing continuous changes not only limiting the changes to technology but to the business operating environment as a whole. This paper has shown that renewal strategies are intertwined and involve many dimensions; with relation to a company's resources, the organizational structure, the competition, the implementation and decision-making processes.

Future research on renewal strategies is expected to gain from the use of various and different views and literature; for example the study on how strong brands can be subject to renewal strategies without necessarily affecting the company structural operations and or jeopardizing daily operations.

8 SUMMARY

The objective of this thesis was to suggest ways to renew marketing strategy for the case company. The first section of the thesis described the thesis process and carefully outlined the research questions which were the guidelines to the process and the attainment of the findings. The research method used was qualitative; data was collected through interviews, books and articles which are published. The following section of the thesis then analyzed the theories which would eventually be utilized in thesis.

The author examined various renewal strategy models beforehand then followed the section with case company analysis. The models were the benchmark for the theoretical framework. Of the theories discussed, some were general applications while a good number were more detailed and precise.

The main part of the thesis is the fifth chapter where the author relied mostly on her perception and background studies. The author however collaborated with the case company in order to create renewed marketing strategies that were apt for the company. Subsequently, the author found it simple to work out solutions to the research questions.

The author examined seven key customer –level marketing models which a company should take into consideration when renewing its marketing strategy. All the strategies looked into were linked directly to the company's performance and suggestions offered to companies on how they could exploit their resources proficiently and successfully in order to streamline their marketing efforts.

The thesis concludes with ways of renewing marketing strategies for the case company. The case company boasts of a solid foundation and good clientele, hence giving it a thriving launch pad to initiate successful program for market strategy renewal. Akin to that recommendations and suggestions for future research are made.

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Interviews

Company Assistant Sales Manager Manager Company X – Interviews in January – March 2013

APPENDICES

Appendix 1

Semi-Structured Interview Questions with Company X (Manager Company X)

1. How do you choose the right customers for the Mercedes Brand?

2. How do you contact your Mercedes brand customers and how often?

3. How often do you send messages to your Mercedes customers?

4. How do you manage your high cost Mercedes customers?

5. How do you find and keep the right customers for the Mercedes brand?

6. How does the company manage loyalty and profitability simultaneously? (Mercedes Benz brand in consideration)

7. Does Company Xhave a structured customer database for its Mercedes Benz clients?

8. How often does the company review the marketing strategies for the brand?