

Positioning Strategy And Business Sustainability Of M-Pesa Agents In Nairobi City County - Kenya

Christopher Mumo Vuvu *, Dr. Mary Ragui **

* Postgraduate Student, MBA in Strategic Management, Kenyatta University, Kenya
** Lecturer, School of Business, Economics and Tourism at Kenyatta University, Kenya

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Abstract- Survival and sustaining business operations for many years is a challenging task, as two in every five enterprises stay operational beyond one year and only 10% of enterprises stay afloat to reach the tenth year. For enterprises survival and stay operational, the entrepreneurs need to develop and implement strategies. The M-Pesa agents have had low survival rate and hence the need to consider implementation and adoption of positioning strategy. This study sought to establish effect between positioning strategy and sustainability of M-pesa agents in Nairobi City County. The study was grounded on Porter's generic competitive strategic model and supported Ansoff's product/market development model. Descriptive research design was used and 702 agents were targeted and through the Mugenda formula, 161 respondents formed part of the study's sample size. Primary data was collected using structured questionnaires by self-administering to the respondents. The data was analyzed using SPSS using the descriptive, regression and correlation techniques and findings presented in tables and discussions. The findings showed that positioning strategy at $r = .701$ positively and significantly affected business sustainability. Further results showed that 73.1% change in business sustainability was affected by positioning strategy. The regression coefficient results of positioning strategy at $\beta = .553$ had strong effects to business sustainability of the M-pesa agents. Based on these findings, the study concluded that sustainability of the M-pesa agents' businesses was influenced by positioning strategy. It was recommended that M-pesa agents segment and concentrate on the niche market, advertising and awareness creation in the selected market segments and sales marketing to increase the number of repeat customers and sustain the operations of the business.

Index Terms- Positioning strategy, Market Segmentation, Brand Positioning, Targeting specific niches, Business Sustainability

I. INTRODUCTION

The business environment is ever-changing and firms that seek to improve their performance, gain competitive advantage and sustain their operations; must formulate and implement specific strategies. Every organization is seeking for means of continuing its operations, survival and thriving not only at the present but

even in the future. According to Todeschini, Cortimiglia, Callegaro-de-Menezes and Ghezzi (2017) who noted that survival and success in business entities both at the present moment and future times; is determined by the formulating and executing strategies. The enterprises and organizations that have survived for decades have done so by innovation and inventions that align with whatever changes are occurring in the business and market environments.

Keeping in line with the customer and market demands allow firms to maintain their loyal customers, expand the market share, steady incomes that cover for their operations. High profitability and performance will allow enterprises to maintain their operations, expansion and save something for future eventualities (Pavione, Pezzetti & Matteo, 2016). One way of improving the chances of business survival and its success at the present and in the future is through adoption of positioning strategy.

Business enterprises often employ different strategies as a means of improving its outcomes that impact on their capability to sustain their operations in the long run. Long (2020) noted that business sustainability is about enterprises capacity to have its doors open for business in the present and even during future times. This is despite the changes in the operating environment, adjustment in business and markets and changing customers' taste and preferences of consumers. The initiatives undertaken by the enterprise should improve its chances of survival even when more variety of products are available in the market (Morawczynski, 2016). Therefore, the M-pesa agents' capability to remain operational is dependent on the strategies, initiatives and measures taken to cut cost, remain effective and efficient and stay ahead of the competition. Survival for many years is a sign that the employed strategies are effective.

Sustainability is defined as maintaining something in its proper condition without depletion of usefulness and maintenance of its ecological balance. When it comes to business sustainability, it is about managing and coordinating activities, processes and resources for continuous success (Kiragu & Wasike, 2019). It calls for efficient and responsible use of resources for enjoyment of lengthy benefits. It is also about maintaining resources and operations of the business entity in a manner to continually earn profits for the enterprise. Sustainability looks to protection of social and environmental aspects for present and future success of

the economy. It speaks of continued earnings and success over the years by business entities (Todeschini, *et al.*, 2017). In this study, business sustainability covers measures such as accrued values gained by the entrepreneurs over a long period of time and in monetary terms. It also involved business viability aspects that cover financial position and performance of the M-pesa agents as it informs their capacity to sustain their operations and survive into the future times.

To attain business sustainability in the M-pesa agency enterprises, the focus will be on positioning strategy. Positioning strategy aims at selecting a specific segment and focus effort, resources and energies on it to get higher outcomes. It is also creating specific perception of a brand in the mindset of the customers and the market (Kiviti, 2018). All marketing efforts are done to create a defining feature for the product that the market can identify it with and thereafter push marketing activities of the product to the specific market segment. Positioning can be done on the price –lowest priced product; or based on product characteristics, the quality, product use or its application or based on competition (Nazir & Shavarebi, 2019). M-pesa agents should try to position their enterprises in a way to gain traction in the market through offering quality services to the customers, explaining the usability of their services and competitive position in the markets.

Safaricom Company started the mobile money transfer through the M-Pesa platform and it is a safer and faster way of transferring cash. The number of transactions has improved from 143 Million in 2020 to 175 Million in 2021 confirming the need for M-pesa agents. Thuita (2020) shared that it takes longer to take hard cash to a different location compared to transferring money electronically. Thus, electronic transfer of money makes it easier for exchange of money and might account for growth of M-pesa agency businesses.

M-pesa agency business has created jobs in the country through M-pesa agents to so many people leading to business growth, with their role of converting cash to e-money and vice versa through their registered mobile devices (Morawczynski, 2016). But the commissions are low and raise concerns on business sustainability. The poor sustainability is also linked to fraudulent cases and high competition since in one small location there can be more than ten M-pesa agents. Survival and sustaining business operations for many years is a challenging task and Isaboke (2018) noted it accounted for huge unemployment rates and economic challenges. Nwachukwu and Vu (2020) imply that business sustainability can be influenced by strategies and specifically competitive strategies. This study assesses if positioning strategy can improve business sustainability for M-pesa agent enterprises.

Therefore, the study sought to respond to this research question:

- a) What are the effects of positioning strategy on business sustainability of M-pesa agents in Nairobi City County, Kenya?

II. LITERATURE REVIEW

Theoretical Review

Porter's Generic Competitive Strategies

It was formulated by Porter (1980) focusing on how firms can use the generic strategies in gaining competitive edge against

rivals and other market players. The model looks at three aspects including differentiation, cost leadership and focus strategy and exposes how organizations can use one of these aspects or all them to improve productivity and gain in competitiveness. On differentiation strategy, firms work to present unique products or services to the market. It also covers inventions of new products and innovations made on the already available products to bring forth uniqueness and freshness. On cost leadership, organizations set measures and strategies to reduce or minimize costs of operations, seeking alternative options that are less costly and use economies of scale by getting products in bulk. Organizations adopting cost leadership strategy work to reduce their own operational costs so as to offer customers and the market the lowest possible price for products and services (Pulaj, Kume & Cipi, 2015).

On focus strategy is also known as positioning strategy and operates where firms pay attention to specific segments of the market that through research they target, pouring all their efforts, energies and resources to make huge gains from it (Tanwar, 2013). Under this strategy, the firms identify one or several segments and channel all the marketing and advertising activities to attract new customers, command the market hence increasing sales and gaining competitive advantage. The M-Pesa agents can position their products and services in specific targeted market niche and focus all their resources, time and energy to have a complete hold of that market, increasing sales and profit margins. Having repeat and loyal customers and strong control of the market niche or segment can guarantee continued success and sustainability of the business operations.

Ansoff's Product/Market Development Model

The model was developed by Ansoff (1957) whose key concept is on strategies and attempts by entrepreneurs on growing and sustaining enterprises through decisions made on their products or the market. The business owners can decide to sell their products to the existing market, new market or expanded market or alternatively, they can develop new products, invent or innovate current products such that they are unique and can be sold in the market

Under the concept of market penetration, goods are pushed into new markets and informs on positioning of the products to new expanded markets. The M-pesa agents can seek new markets and access more clients in local, regional and international markets as a way of sustaining agency business in the long-run. Market development will consider new segments and niche markets and reach new customer base, while diversification is based on formulating new business lines.

The model is ideal in explaining the adoption of competitive strategy and its aspects of differentiation, diversification and positioning to influence the markets and products. These strategies if pursued with an enterprise increases its market base, penetration and development. It also increases customer satisfaction with the products and enhances loyalty, thus improving chances of survival for the enterprise. The theory informs how M-Pesa agents can develop their products and markets in such a manner as to increase earnings, profit margins and enhance business survival.

Empirical Literature Review

In markets where there is fierce competition, then the only way to outperform the rivals is through adoption of positioning strategies. Positioning can be done through product use of application and efforts are made that the idea, product or name sticks in the mind of the customers and improve the loyal customer numbers (Rabbani, 2020). Positioning strategy creates perception of products, brands and services in the minds of the consumers and hence enabled comparisons between brands and rivals. It is important for managers to identify properties that will attract customers compared to what the competition is providing. Ndiege (2019) noting that some firms can use mono-segment positioning by focusing on a single market; multi-segment positioning where appeals for the products are made in several markets and stand-by positioning is adopted to reduce response intervals; adaptive positioning is seasonal and changes to emulate the evolution in the markets and consumer tastes and preferences and defensive positioning is done to block or shield competitor's reach to the markets and consumers. At times organizations can apply physical positioning based on physical, technical and objective characteristics of products or perceptual positioning where the focus is on the client's expectations and perception of the product of brand.

Odhiambo and Wanjira (2019) study was on strategic positioning and effects on competitive advantages in commercially linked banks in Uasin Gishu County in Kenya. The high competition in the banking sector needs the use of strategic positioning to stabilize the position they hold. The study considered strategic positioning with its elements as they lead to competitive advantage. The researchers collected data from 173 sampled employees of the 25 commercial. Findings showed associations that were both positive and significant between the strategic positioning elements and competitive advantages gained by these commercial banks. Each type of the strategic positioning helped the banks to attract specific types of customers and retain their business which led to improved performance and gaining of competitive advantage. The banks had also increased the financial products, worked in targeting specific customers to meet their demands and expanded to new segments of the market.

Adıgüzel (2020) conducted a study on attaining sustainability in the international marketing through market and

brand positioning. The study focus was on marketing since it was an important aspect of any company and determined its success or failure. In the past and during the industrial revolution era, the marketing methods employed were simple such that the firms made products that the consumers needed. That era signified little consumer choice and little competition that covered expanded product range, changes in consumer position and shift where the consumers choose the products. The study focus was on trademarks, marketing and brand positioning and innovation, brand management and market segmentation that were adopted to sustain marketing strategies at a global scene.

Ameyibor, Anabila and Saini (2021) research study was performed as influenced by brand position in alcoholic beverage firm-types in emerging markets as influenced by brand equity. The study context was Ghana's alcoholic beverages industry and respondents included a sample of 196 employees from firms in that sector. The analyzed data showed the relationship between the variables was positive as brand positioning led to better business performance. Furthermore, brand equity mediated and strengthened the relationship between the two variables in the alcoholic beverages industry. The study thus concluded that brand positioning mediated by brand equity improved business performance outcomes in the alcoholic beverages industry in Ghana. The study noted that use of brand positioning not only improved sales of alcoholic beverages but helped attain financial performance and lasting competitive advantages.

Gakuya and Njue (2018) research was on focus strategy and customer loyalty in Kenya's pharmaceutical companies based in Nairobi County. The study noted that customer loyalty is built over a long period of time through consistently satisfying customer needs and demands and going beyond their expectations. It is becoming difficult to gain and keep customer loyal to the brand, product or company and hence the need to consider focus strategy. The researchers collected data from pharmaceutical companies in Nairobi and participants were senior management staff from the firms. The study found that measures of focus strategy positively affected customer loyalty in the companies. It was concluded that through focus strategy, the pharmaceutical companies in Nairobi County were able to increase their loyal customers.

Conceptual Framework

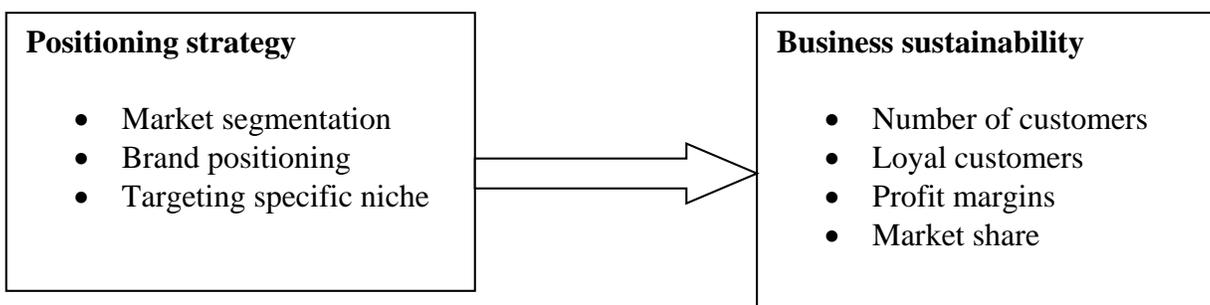


Figure 1: Conceptual Framework

III. RESEARCH METHODOLOGY

The research design covers all activities involved in collecting and analysing data that will respond to the research

questions (Rahi, 2017). The study used descriptive research design, which answers the question of what, when and where of the research phenomenon. The target population included M-Pesa agents operating in Nairobi and focus was the 3,000 agents who started their operations at the inception and formation of the M-Pesa operations in 2007 (www.safaricom.co.ke), but target is only on 702 agents who are still operational in 2022. Simple random sampling technique was employed and Mugenda (2008) formula adopted to get the sample size of 161 M-pesa agents and operators who took part in this study.

Primary data was collected using structured questionnaires. A pilot test was conducted using 16 M-Pesa agents which to check that the tool was valid and reliable. The collected data was cleaned, coded and entered into SPSS v. 25.0 for analysis that was descriptive and inferential for correlation and regression analysis. The findings were then presented in tables and discussions.

IV. FINDINGS AND DISCUSSIONS

Descriptive Analysis

[1] **Table 1: Positioning Strategy**

Statement	Means	Std. Dev.
Targeting a niche market helps our agency to outperform market rivals	4.117	.533
Through advertisements there is increase awareness of the agency business	4.396	.497
The agency has segmented the market as per our customers' needs	3.75	.664
Defensive positioning has shielded the agency from influence of competitors	4.222	.904
The product features are as per customer needs	4.014	1.167
Through positioning the brand centrally, the agency can reach diverse customers	3.988	.815
Aggregate Score	4.171	.763

Findings indicated there was a high score such that respondents agreed to a great extent that positioning strategy affected business sustainability of the m-pesa agent businesses operating within the Nairobi City County. This is similar to findings by the researcher Ameyibor, *et al.* (2021) who revealed that brand positioning leads to better business performance which is a key factor in business sustainability. In addition, Odhiambo and Wanjira (2019) found the different types of positioning works to attract different types of customers and through retaining them, the business can sustain their operations for long. Gakuya and Njue (2018) noted that customer loyalty is built over a long period of time and associated with satisfaction of customer needs.

[2] **Table 2: Business Sustainability**

Statement	Mean	Std. Dev.
The number of loyal/repeat customers has increased over the years	3.92	.673
Our agency has realized high profit margins in the last few years	4.278	.789

The high profit margins can sustain the M-pesa agency for long	3.803	.884
M-pesa agency has new branches as it expands its market share	4.297	.379
The agency attends to many customers everyday	4.434	.498
Aggregate Score	4.146	.645

Table 2 shows that the aggregate score was high at (M = 4.146 and SD = .645), indicating that the respondents agreed to a great extent that business sustainability had improved as influenced by elements of competitive strategy. This was echoed by Long (2020) who states that sustaining business operations is based on meeting the needs and demands of the market through inventions and innovations. Todeschini, *et al.* (2017) revealed that continued earnings and success over the years is part of the measures of sustainability of business entities.

Correlation Analysis

[3] **Table 3: Correlation Analysis**

	Business Sustainability	Positioning Strategy
Business Sustainability	Pearson Correlation Sig. (2-tailed) N 119	1
Positioning Strategy	Pearson Correlation Sig. (2-tailed) N 119	.701* 1

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

* Correlation is significant at the 0.05 level (2-tailed).

The results indicate that positioning strategy also had positive and significant effect to business sustainability of M-pesa agents, since the results show (r = .701 and p-value of .000). The r values imply that when positioning strategy increases, there is also an increase in business sustainability.

Regression Analysis

[4] **Table 4: Model Summary**

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.840 ^a	.706	.731	1.73505

1. Predictors: (Constant), Positioning Strategy

Table 4 indicate that the correlation coefficient was at R = .840 implying a strong and positive relationship between the variables; the model was fit for use based on R square at .706 and the adjusted R square at .731 imply that 73.1% changes in business sustainability in the M-pesa agents is due to adoption of positioning strategy.

[5] **Table 5: ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	184.205	1	184.205	133.288	.000 ^b
Residual	161.743	117	1.382		
Total	345.948	118			

a. Dependent Variable: Business Sustainability

b. Predictors: (Constant), Positioning Strategy

The F calculated was 133.288 and the F critical is 3.922. These results show that F calculated is greater than F critical (133.288 > 3.922) confirming the fitness of the regression model. The p-value at .000 is less than standard set at 0.05 indicating that positioning strategy significantly affected business sustainability of the m-pesa agents in Nairobi City County.

[6] **Table 6: Beta Coefficients and Significance**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.248	1.269		4.135	.000
Positioning Strategy	.553	.271	.239	2.041	.000

The resultant equation follows this format:

$$Y = 5.248 + .553X_1 + e$$

At constant, business sustainability is at $\beta_0 = 5.248$ and increase by one unit of positioning strategy lead to increase in business sustainability by $\beta_1 = .553$. The regression analysis revealed that positioning strategy had strong and positive association to business sustainability for the M-pesa agents in Nairobi, based on ($\beta = .553, p = 0.000 < 0.05$). Positioning strategy involves segmenting the market, creating niche marketing, and defensive positioning that once employed by the m-pesa agents helped them to sustain their operations for many years.

V. CONCLUSIONS AND RECOMMENDATIONS

Based on the findings, the study concluded that positioning strategy had a big effect to sustainability of the M-pesa agency businesses due to the high beta scores ($\beta = .553$). Employing positioning strategy through niche marketing, advertisements, segmenting the market, central and defensive positioning helped the M-pesa agents to attract and retain customers that improved their business sustainability. The study recommends to the M-pesa agents to invest in advertising and awareness creation in the selected market segments. Concentrating their sales and marketing efforts in a created niche market will increase the number of repeat customers and sustain the operations of the business.

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AUTHORS

First Author – Christopher Mumo Vuvu, Postgraduate Student, MBA in Strategic Management, Kenyatta University, Kenya

Second Author – Dr. Mary Ragui, Lecturer, School of Business,
Economics and Tourism at Kenyatta University, Kenya