

Assessment on the Current Market Positioning Strategies Employed by Small and Medium Enterprises in Morogoro Municipal Council

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Abstract:- This study aims in assessing the current market positioning strategies employed by small and medium enterprises in Morogoro Municipal Council. The target population of this study 327 SMEs operating in Morogoro Municipality. A sample size of 92 respondents were used. This study used convenience sampling in selection of SMEs and purposive sampling techniques in selection of staffs from Morogoro Municipal Council. Data were collected by using questionnaire, interviews and documentary reviews. Quantitative data were analyzed by using descriptive statistics while qualitative data were analyzed by using thematic analysis. The study reveals that SMEs in Morogoro Municipal Council are strategically positioning themselves in the market to enhance their competitiveness by effectively communicating their unique value propositions, differentiating from competitors, and aligning with market trends. A significant majority of respondents recognize the effectiveness of these strategies in conveying distinctive offerings, adapting to market dynamics, and building strong brand identities. To further enhance their competitiveness, it is recommended that small and medium enterprises continue to refine their market positioning strategies by investing in market research, strengthening brand messaging, and collaborating with government and industry stakeholders to improve access to resources and technology

Keywords:- Market Positioning Strategies and Small and Medium Enterprises.

I. INTRODUCTION

Small and Medium Enterprises (SMEs) are pivotal contributors to the global economy, driving employment, fostering innovation, and fueling economic growth (Gherghina et al., 2020). Their significance extends beyond national borders, serving as a foundational pillar of prosperity worldwide. However, SMEs often face the formidable challenge of competing with larger corporations that are endowed with substantial resources. In this highly competitive environment, SMEs must adopt innovative and effective strategies not just to survive, but to thrive (Dold, Uche & Gideon, 2018). One such strategy that has gained increasing attention in the business world is market positioning.

Market positioning, a cornerstone concept in strategic marketing, involves the deliberate and strategic presentation of a business's products or services in the minds of consumers, particularly in relation to competitors. This strategy encompasses key elements such as selecting target markets, distinguishing the business from rivals, and crafting a distinctive value proposition (Kuwu, 2014). While market positioning has been extensively studied in the context of larger corporations with substantial marketing budgets, there is a relative dearth of research exploring its role within the SME sector. SMEs operate under unique constraints, including limited financial resources and workforce, which may necessitate different approaches to market positioning.

The enhancement of SME competitiveness is a pressing concern for governments, economic policymakers, and business communities globally. SMEs often grapple with resource limitations, restricted access to financial and marketing assets, and a heightened susceptibility to market fluctuations when compared to their larger counterparts (Malackaničová, 2016). In light of these challenges, it becomes imperative to develop market positioning strategies tailored to the specific circumstances and constraints faced by SMEs. Understanding the role of market positioning in this context is not merely a theoretical exercise; it offers tangible value to SME owners and policymakers who seek to foster the growth and sustainability of small businesses.

In Morogoro Municipal Council, the vibrancy of SMEs plays a crucial role in shaping the local economy. These enterprises are integral to the community, generating employment, sparking innovation, and driving economic progress. However, the competitive dynamics within this municipality pose significant challenges to the SME sector. The presence of larger corporations with substantial resources and marketing advantages creates a highly competitive environment, necessitating that SMEs employ effective strategies to not only survive but also thrive. Market positioning is increasingly recognized as a critical factor influencing SME competitiveness, as it involves the strategic presentation of products or services in a way that emphasizes differentiation from competitors and the creation of a unique value proposition.

Despite the potential importance of market positioning, there is a noticeable gap in research specifically examining its role within the unique context of SMEs in Morogoro

Municipal Council. These businesses operate within constraints such as limited financial resources and a comparatively smaller workforce, making it essential to investigate the market positioning strategies they employ and how these strategies impact their competitiveness. This study aims to address this research gap by providing practical insights for local SMEs to enhance their market positioning strategies and gain a competitive edge.

➤ *Theoretical Underpinings*

This study was guided by Resource-Based View. This theory was introduced by Jay Barney in 1991. The theory posits a foundational concept in strategic management theory, emphasizing that a firm's sustained competitive advantage and superior performance stem from its unique and valuable resources and capabilities (Barney, 1991). These resources encompass both tangible assets, such as physical infrastructure and financial capital, and intangible assets, including intellectual property, brand reputation, and organizational knowledge. Central to Resource-Based View is the notion that these resources are heterogeneous across firms; each organization possesses a unique combination that can potentially provide a competitive edge in the marketplace (Barney, 1991).

According to Resource-Based View, the strategic focus for organizations should lie in identifying, developing, and leveraging these distinctive resources and capabilities (Barney, 1991). Unlike other strategic perspectives that advocate benchmarking against competitors or industry norms, Resource-Based View encourages firms to cultivate resources that are rare, valuable, difficult to imitate, and non-substitutable (Barney, 1991). By doing so, firms can create barriers to imitation and replication by competitors, thereby establishing a sustainable competitive advantage.

In the context of this study, Resource-Based View is relevant as it helps to explain how SMEs in Morogoro Municipality can enhance their competitiveness through market positioning, given their resource limitations. By identifying and effectively utilizing their unique resources, such as local knowledge and relationships, these businesses can create a competitive advantage. This theory informs the study's examination of how resource-constrained SMEs can leverage market positioning to build a distinctive competitive position in the market.

II. METHODOLOGY

This section outlines the research methodology used in the study, focusing on the methods and procedures adopted to address the research problem systematically. The study employed a descriptive research design and a mixed research approach to collect and analyze data, targeting 327 SMEs and relevant staff from the Morogoro Municipal Council. The sample size of 92 respondents was determined using Bartlett's table, with convenience and purposive sampling techniques applied for selection. Primary data were collected through questionnaires and interviews, ensuring validity and reliability through the Cronbach's Alpha method and supervisor involvement. Quantitative data were analyzed using SPSS, while thematic analysis was employed for qualitative data, providing a comprehensive understanding of the study's objectives.

III. FINDINGS AND DISCUSSION

This study aims in evaluating how SMEs in Morogoro Municipal Council position themselves in the market to enhance their competitiveness. By examining the strategies these businesses use to communicate their unique value propositions, differentiate from competitors, and align with market trends, the assessment provides a comprehensive understanding of the effectiveness and adaptability of their market positioning efforts.

Table 1 Current Market Positioning Strategies Employed by SMEs

Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
The market positioning strategies implemented by SMEs in Morogoro Municipal Council effectively communicate the unique value of their products/services.	15 (16.3%)	40 (43.5%)	20 (21.7%)	10 (10.9%)	7 (7.6%)
SMEs in Morogoro Municipal Council consistently analyze and adapt their market positioning strategies to align with changing market trends.	10 (10.9%)	35 (38.0%)	25 (27.2%)	15 (16.3%)	7 (7.6%)
The market positioning strategies employed by SMEs in Morogoro Municipal Council differentiate them from competitors in the same industry.	12 (13.0%)	38 (41.3%)	25 (27.2%)	10 (10.9%)	7 (7.6%)
SMEs in Morogoro Municipal Council effectively communicate their brand message to the target audience through their market positioning strategies.	13 (14.1%)	40 (43.5%)	20 (21.7%)	12 (13.0%)	7 (7.6%)
The current market positioning strategies of SMEs in Morogoro Municipal Council are aligned with the unique needs and preferences of their target customers.	15 (16.3%)	37 (40.2%)	22 (23.9%)	10 (10.9%)	8 (8.7%)

SMEs in Morogoro Municipal Council consistently monitor and evaluate the effectiveness of their market positioning strategies.	10 (10.9%)	30 (32.6%)	28 (30.4%)	15 (16.3%)	9 (9.8%)
The market positioning strategies employed by SMEs in Morogoro Municipal Council contribute positively to their overall business performance.	15 (16.3%)	35 (38.0%)	25 (27.2%)	10 (10.9%)	7 (7.6%)

Source: Field Data (2024)

The results indicate that a significant majority of SMEs in Morogoro Municipal Council excel in communicating the unique value of their products and services. A notable 59.0% of respondents agreed that these businesses effectively convey what makes their offerings distinctive through their market positioning strategies. This ability suggests a strong understanding among SMEs of how to articulate and highlight their unique selling propositions to their target audience.

Furthermore, nearly half of the respondents (48.9%) acknowledge SMEs' proactive approach in analyzing and adapting their market positioning strategies to align with evolving market trends. This adaptive capability underscores a strategic agility among SMEs to stay responsive to changing customer preferences and industry dynamics. Such flexibility not only helps SMEs maintain relevance but also positions them to capitalize on emerging opportunities.

Moreover, a significant majority (54.5%) of respondents recognize the effectiveness of SMEs in differentiating themselves from competitors through their market positioning strategies. This differentiation is crucial for SMEs looking to carve out a distinct niche in their industries. By strategically positioning their products or services based on unique features or benefits that resonate with their target market, these businesses create compelling reasons for customers to choose them over competitors. This strategic differentiation not only enhances market presence but also strengthens customer loyalty and preference, driving long-term success and profitability. These findings collaborate with differentiation strategy by Porter (1980). This strategy involves offering unique products or services that stand out from competitors, thereby allowing SMEs to carve out distinct niches in their industries. Through leveraging differentiation, SMEs can build strong brand identities and attract loyal customer bases, crucial for their success and competitiveness.

Additionally, the findings reveal that approximately 57.6% of respondents acknowledge SMEs' success in communicating their brand messages effectively through their market positioning strategies. Clear and consistent communication of brand values and identity helps SMEs build strong connections with their target audience. By aligning their messaging with customer expectations and aspirations, these businesses foster deeper engagement and trust, which are crucial for maintaining competitive advantage and sustainable growth. These findings are in parallel with Resource-Based View by Barney (1991) since it emphasizes the importance of intangible assets like brand reputation, customer relationships, and effective communication strategies. These intangible resources, if

valuable, rare, inimitable, and non-substitutable (VRIN), enable SMEs to differentiate themselves, foster loyalty, and achieve long-term success in their markets.

Furthermore, a majority (56.1%) of respondents agree that SMEs' market positioning strategies are well-aligned with the unique needs and preferences of their target customers. This alignment highlights SMEs' efforts to understand and cater to customer expectations effectively. By tailoring their strategies to address specific customer pain points or desires, these businesses enhance customer satisfaction and loyalty. This customer-centric approach not only strengthens relationships but also positions SMEs as trusted partners in fulfilling market demands, thereby driving continued business success. These findings are in agreement with study by Uhl and MacGillavry (2016) who found that, customer centricity capability plays an increasingly important role in markets with low growth rates in particular. In these markets, a company is usually only able to grow by enticing customers away from other companies. Customer centricity offers the possibility of long-term differentiation, is difficult to copy, and represents a significant obstacle for those wishing to enter the market.

Moreover, the study indicates that a significant proportion (43.5%) of SMEs consistently monitor and evaluate the effectiveness of their market positioning strategies. This ongoing assessment allows businesses to gauge the impact of their strategies, identify areas for improvement, and make informed adjustments. By embracing a culture of continuous improvement and responsiveness to market feedback, SMEs enhance their ability to adapt to changing conditions and sustain long-term competitiveness. The findings are in agreement with Michael Porter's theory of Generic Strategies since successful strategy implementation requires ongoing evaluation and adaptation based on market dynamics and competitive pressures.

Finally, a majority (54.3%) of respondents recognize the positive contribution of market positioning strategies to SMEs' overall business performance. Effective positioning not only drives revenue growth and market share but also enhances operational efficiency and sustainability. By leveraging their unique strengths and effectively communicating value to customers, SMEs in Morogoro Municipal Council can achieve significant business outcomes and establish themselves as formidable players in their respective industries. These findings concur with study by Kuwu (2014) who found positive effects of marketing strategies and productivity on SME performance in Nigeria.

IV. CONCLUSION

The study reveals that SMEs in Morogoro Municipal Council are strategically positioning themselves in the market to enhance their competitiveness by effectively communicating their unique value propositions, differentiating from competitors, and aligning with market trends. A significant majority of respondents recognize the effectiveness of these strategies in conveying distinctive offerings, adapting to market dynamics, and building strong brand identities. The alignment of market positioning strategies with customer needs and preferences further underscores the customer-centric approach of SMEs, which is crucial for fostering loyalty and driving business success. Additionally, the consistent monitoring and evaluation of these strategies highlight the commitment of SMEs to continuous improvement, ensuring long-term sustainability and competitive advantage.

RECOMMENDATIONS

To further enhance the competitiveness of SMEs in Morogoro Municipal Council, it is recommended that businesses continue to refine and adapt their market positioning strategies by investing in market research and customer feedback mechanisms to stay aligned with evolving market trends and customer preferences. Additionally, SMEs should focus on strengthening their brand messaging and differentiation strategies to create a more compelling value proposition that stands out in the market. Collaborative efforts with government and industry stakeholders to improve access to financial resources, skilled labor, and modern technology will also be crucial. By fostering continuous learning and innovation, SMEs can sustain their competitive edge and achieve long-term success in an increasingly dynamic market environment.

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