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Effects of Product Differentiation Strategies on Organizational Competitiveness: A Case of EABL, Kenya

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Abstract

Purpose: Product differentiation is achieved by offering a valued variation of the physical product. Firms have come to realize that in order to provide value and win customers, there is need to quickly and accurately identify changes in customer needs, design and develop more complex products which would provide higher levels of customers support and service. The study sought to fill the existing knowledge gap by establishing the influence of product differentiation strategies in achieving competitive advantage in EABL.

Methodology: The target population was 14 managers from different departments. The study adopted a semi-structured questionnaire to collect primary data. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze the data. Qualitative data, which was mainly gathered from open and close ended questions. The data was consolidated, interpreted and then analyzed through content analysis. Regression analysis helped the study to establish the statistical significance of product differentiation in achieving competitive advantage in EABL.

Results: From the findings, there are has been a product process differentiation in EABL where observable characteristics of a product that are relevant to customers' preferences and choice processes are met. These include size, shape, color, weight, design, material, and technology. The pricing of the products influence achievement of competitive advantage, the different products offered by the company led to production of reliable service delivery channels, products being designed as per customer needs, thus reducing failure costs and that the company has reasonable charges. The study also established that product market differentiation affect competitive advantage positively.

Unique contribution to theory, practice and policy: The study recommends that strategic leadership of the firm should consider adopting product differentiation as they are the most dominant generic strategies adopted by similar organizations.

Keywords: *cost differentiation, distribution channels, market differentiation, product process differentiation, competitive advantage*

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1.0 INTRODUCTION

Strategic management is viewed as the set of decision s and actions that result in the formulation, implementation and control of plans designed to achieve an organization's vision and mission, strategy and objectives within the business environment in which it operates, (Pearce & Robbinson, 2007). Strategy implementation is an integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and this ensures that the organization the mission, vision, strategy and strategic objectives of the organization are successfully achieved as planned.

In present days, firm's environment is dynamic and thus, organizations experience a constant need to change in order to adapt to the new environments. Therefore, strategy is a central concern for practically every organization. Even the relatively stable environments, an organization is bound to be faced with continuous choices to be made, (Okumus, 2003). Organizational choices should reflect a direction that will ensure the firm's success or at least it's survival. The implementation of strategic plans is the cog that helps firms to cope with changes in the environments. Implementing good strategies is one of the important factors that enable the firm to survive and develop. Given the changes in the external environment as a result of globalization, competition, technological advancements, economic recession, regulatory framework, firms must adjust their ways of doing things by implementing new strategies, (Mbwaya, 2012).

According to Porter, (1980), as cited by Mekie, (2014), the industry structure within which an firm competes and how it positions itself against the competition, will determine the performance of the individual firm. On the other hand, Peteraf and Barney, (2003), advocated for Resource based view (RBV) approach to strategy implementation. This approach considers the internal environment facing an organization and emphasizes the internal capacities of the organization in formulating strategies. The RBV approach argues that resources are simultaneously valuable, rare, imperfectly imitable and substitutable. In addition, they are a crucial source of competitive advantage, (Petraf & Barney, 2003), and continue to sustained performance differences between companies, (Hoopes et al., 2003).

RBV approach emphasizes on resources capabilities of an individual firm, (Collins & Montegomery, 2007). However, Mekie, (2014), provided an alternative five forces framework which takes the industry structure as its starting point. Njau, (2002), points out that implementation of a chosen strategy is by any measure, one of the most vital phases in strategic management since it is here where action is taken. In an effort to improve the performance of a firm, managers formulate and implement various strategies required for the success of a firm but they struggle to translate these "theories" into action plans for successful organizational performance.

Since the world is becoming more and more competitive, firms are in turn striving to gain competitive advantage over others in the same industry and are consequently turning to more innovative sources through their human resource practices, (Sparrow, Schuler & Jackson, 2004). This competitive advantage may be achieved through the adoption of good human resource management practices.

1.2 Problem Statement

Chermack and Provo, (2005), allude that, while we see organizations experience success with new strategies, most struggle. The authors argue that one needs to only look at the following statistics to determine that barriers to executing strategy are becoming increasingly important to understand and avoid. Beer and Eisen, (2004), stated that 60% of strategy implementation failures are due to ineffective communication among executives, managers and line workers. 85% of management teams spend less than one hour a month on strategy issues and only 5% of employees understand their corporate strategies. 92% of the organizations do not report on lead performance indicators, (Renaissance Solutions Survey, 1999, as cited by Sterling, 2003). Only 11% of the companies employ a fully fledged strategic control system, (Goold, 2002). Rapns, (2005), as cited by Ateng, (2007), says that on average, the success rate of strategy implementation ranges between 10% and 30%. The reasons for these failures may be identified as unfeasibility of the strategy, weak management, lack of effective communication, lack of commitment by the implementers, unawareness or misunderstanding of strategy, unaligned organizational systems and resources, poor coordination, uncontrollable environment and negligence of daily business.

Today's industry is facing dramatically aggressive competition in a new deregulated environment, (Reynolds, 2005). Successful product differentiation strategies lead to superior performance and competitive advantage, (Porter, 2004). The ability of a firm to command competitive advantage depends on the sustainability of the competitive advantage it has over other players in the same industry. The rapid change in today's environment where market place is increasingly competitive and the rate of innovation rising, coupled by the pressure of the emergence of global knowledge-based economy have made firms to realize that product differentiation strategies are their key assets (Snyman & Kruger, 2004).

Strategy implementation is a problem in many companies. Kauffman and Raps, (2005), point out that the problem in strategy implementation is illustrated by low success rates of between 10% and 30% of intended strategies, As the strategy advances to implementation phase, the primary objectives dissipate and the initial momentum is lost before the expected benefits are realized. According to Kauffman and Raps, (2005), successful strategy implementation is a challenge that demands patience, stamina and energy from the involved managers. They further argue that the key to success is an integrative view of the implementation process.

Strategy implementation has attracted less attention in strategic research than strategic formulation. The reasons for this include, first, people are not sure what strategy implementation includes and where it begins and ends, secondly, strategy implementation is less glamorous than strategy formulation, thirdly, there are only a limited number of conceptual models of strategy implementation and fourthly, people overlook strategy implementation because of a belief that anyone can do it, (Alexander, 2011).

Locally, there are studies that have been done in establishing the link between competitive strategies and competitive advantage. Kinyua (2010), carried out a study on competitive strategies adopted by microfinance institutions in Nairobi. Mwaura (2010), also carried out a study to determine the extent to which banks achieve competitive advantage through product differentiation focusing on credit cards users. There is no study that has focused on effects of product differentiation strategies on achieving competitive advantage in EABL. This study therefore seeks to fill the existing gap by establishing the effects of products differentiation strategies in achieving competitive advantage.

1.3 Specific Objectives

i. To establish the influence of product cost differentiation in achieving competitive
ii. advantage in EABL
iii. To determine the influence of product distribution channels in achieving competitive advantage in EABL
iv. To assess the influence of product market differentiation in achieving competitive advantage in EABL
v. To determine the effect of product process differentiation in achieving competitive advantage at EABL.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.2.1 Innovation Theory

Berlin, Walter and Gruyler (2004), allude that evolution of innovation theories can be explained by the increasing importance of social ingredients which were originally based solely on tangible capital. This can be illustrated by the following, which have been deemed important by innovation specialists, Kipping and Engwwa, (2003). Innovation derived from science, (technology push), innovation derived from market needs, (market pull), Innovation derived from linkages between actors in the market, Innovation derived from technological networks and innovation derived from social networks.

The authors, above, further explain that the first explicit theory of innovation management is the technology push theory or engineering theory. In this theory, the innovation opportunities are found in the uptake of research results. According to this theory, basic research, industrial and R&D are the source of new or improved processes. Alternative views gave birth to market pull theory which gives a central role to research as a source of knowledge to develop or improve products and processes. Then the chain-link theories explain the fact that linkages between knowledge and market are not as automatic as assumed in the engineering and market push theories. Mufford (2011), is of the same view. Moreover, the theory that the specialists tend to put more emphasis on, is the social network theory which says that innovation is determined by research (technology push theory) and by unordered interaction between firms and other actors, (technology networks theory). The insight is that knowledge plays a more crucial role in fostering innovation, (Berlin *et al.,* 2004).

The framework in innovation involves systematic steps. First and foremost, innovation triggers an opportunity which could be in the form of technological opportunities, or changing requirements on the part of markets. Secondly, it involves funding the resources in the portfolio or mobilizing them. Thirdly, it involves developing a venture. Having picked the relevant trigger signals, a firm makes a strategic decision to pursue them. Fourthly, creation of value. This refers to managing the process to maximize the chances of capturing the value (Bessant & Tidd, 2011).

2.2.2 Porter's Generic Strategy

Genetic strategies can be successfully linked to organizational performance through the use of key strategic practices, (Porter, 1985). The author indicates that generic strategies of low cost differentiation, focus and combination strategies are generally accepted as a strategic typology for organizations. His view is that low cost and differentiation are discrete ends of a combination that may never be associated with one another. However, authors have since developed a theory to counter Porter's view, suggesting that low cost and differentiation may actually be independent dimensions that should be vigorously pursued simultaneously, (Hill, 1998: Murray, 1988). Empirical research using the MIS database by Miller and Dess (1993), suggests that the generic strategy framework could be improved by viewing cost, differentiation focus as three dimensions of strategic positioning rather than as three distinct strategies.

The idea that pursuing multiple sources of competitive advantage is both viable and desirable has also been supported by other researchers, (White, 1998). Thus, the research in strategic management following from Porter, (1980), does not provide unequivocal support for his original formulation. Although many firms pursuing cost and differentiation simultaneously may become stuck in the middle, there is clear evidence to suggest that at least some firms have successfully in achieving superior economic performance by pursuing both strategies.

2.2 Conceptual framework

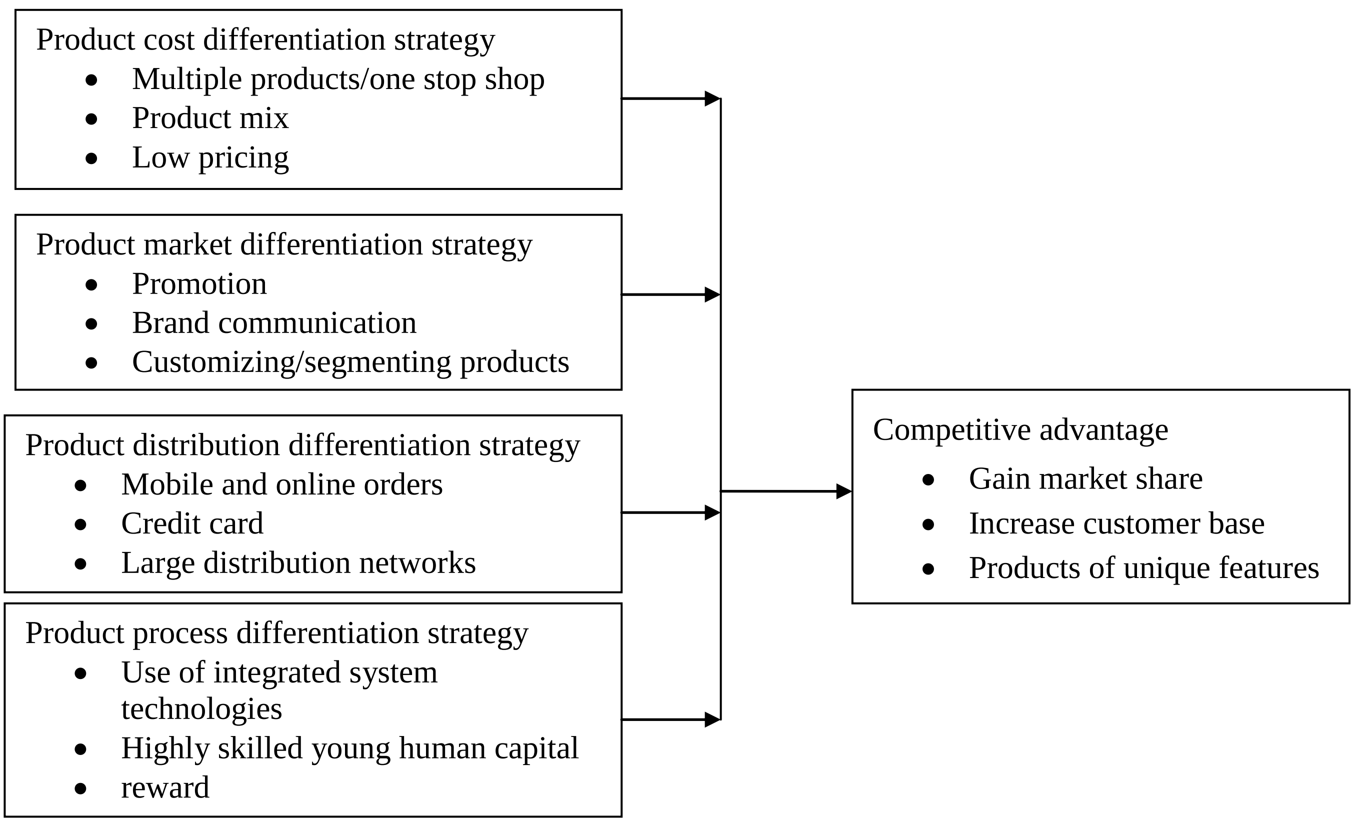

Figure 1: Conceptual framework

2.3 Empirical Review

Chan and Jamison (2001), carried out a study to identify competitive strategies applied in banks in China. The authors found out that the sector witnessed important players going in and out, different legal regulations were fulfilled, the structure and intensity of the competition became different and the trade differentiation became the most important element of the competition strategies during that time.

Further, Bonaccorsi, Patti and Gobbi (2001), carried out a study to determine the effect of competition on commercial banks in Italy. They sampled 15 commercial banks in Rome. From their study, they found out that competition leads to higher growth rates and greater access to credit effects including less new firm creation, expansion and employment, less economic and slower exit of growth mature firms.

Moreover, Ferdinard (2002), investigated on competitive strategies applied by Tesco Company Ltd in the UK. The study was carried out on 230 employees in various departments. The author noted that the company positioned to capitalize on a value proposition which emerged from their low cost emphasis. The study also established that the company typically focused their efforts on value oriented customers in the market. Value products focused on providing value oriented customers with products that are indeed value for money, relative to competitive offerings.

In addition, Alamdari and Fagan (2005), conducted a study to determine the effectiveness of the low cost model and effect it has on profitability. They found that the lowest costs would earn the highest profits in the event the products are essentially undifferentiated and selling in a standard market price. Companies following this strategy place emphasis on cost reduction in every activity in the value chain. The authors however found that company's focus on reducing costs even sometimes at the expense of other vital factors.

Al-alak, Saeed and Trarabieh (2011), examined the relationship between customer orientation, innovation differentiation, market differentiation and organizational performance. A survey of 16 banks provided the basis for the empirical inquiry. The relationship between the four latent constructs examined using structural equation modeling and confirmatory factor analysis. The findings showed that customer orientation contributes positively to organizational performance. Another thing that the study established was that innovation differentiation on organizational performance was greater than market differentiation. In addition, doing both simultaneously achieves greater competitive advantage that leads to best results in the firm's performance.

Diris, Iyiola and Ibidunni (2013), examined product differentiation as a tool of competitive advantage on optimal organizational performance, focusing on Unilever, Nigeria Plc. The study was to examine the influence of product differentiation as a tool of competitive strategy on firm performance. To investigate on this relationship, 323 customers comprised the sample. To get a clear analysis, the study centered on two variables; the dependent variable and independent variable. The results indicated that product differentiation as a tool for competitive advantage has positive and significant influence on organizational performance of manufacturing companies.

3.0 RESEARCH METHODOLOGY

This study employed a case study. The target population of this study were, one supply chain director, two production managers, four packaging managers, two brewing managers and one marketing manager as well as four distribution managers. All of them total 14 respondents. The study adopted a stratified random technique to select the respondents. The sample size was therefore 14 respondents. Data was acquired both from primary and secondary sources. The study adopted questionnaires as the data collection instrument. Secondary data, on the other hand, was collected through published reports and human resource documents. The questionnaires were tested to ascertain validity and reliability. Prior to the main study, a pilot study consisting 10% of the target population need to be conducted in order to determine validity and reliability of the instruments to be used in the study. The reliability of the questionnaires was determined using test-retest method. Quantitative data collected was analyzed by descriptive statistics and inferential analysis. A linear regression model was used to describe the relationship between independent and dependent variables. Linear regression analysis showed the correlation between independent and dependent variables as well as the intervening and moderating variables. Quantitative data was presented by the use of graphs, frequency distribution tables.

Below is the linear regression model that was used.

$Y= \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B4X_4 +\varepsilon$ - reduced model

Where Y = Dependent variable (competitive advantage)

β_0 = Constant term

X_1 = Cost differentiation

X_2 = Market differentiation

X_3 = Process differentiation

X_4 = Product differentiation

aι, = Coefficient of the variable X_1,=1,2,3,4,

ε = Error term (standard error) which will be assumed to be normally distributed at mean 0 and variance 1

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

Response rate is the extent to which the final data set includes all sample members and is calculated from the number of people who responded from the entire sample. This excludes those who declined to participate and the unavailable. From the 14 served with questionnaires, all of them returned the them, consisting of 100% response rate. This response rate was quite commendable and was made a reality by the fact that the researcher self-administered the questionnaire to the target population.

4.2 Results of the Pilot Study

In order to test for scale reliability of the dependent and independent variables, the study used Cronbach's Alpha and factor analysis as results in table 1 illustrate. Factor analysis was also used to assess scale reliability. Factor analysis also allows for the rotation of items in order to identify more commonalities between items and more factors can be identified through this process. DeVellis (2003) suggests a factor loading of 0.65 or higher is strong. Factor loadings above 0.40 were considered acceptable for this study.

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Table 1: The Results of the Pilot Study on Factor Loading

Cost differentiation	0.928	9
Product market differentiation	0.906	7
Product distribution channels	0.951	7
Product process differentiation	0.947	8
Competitive advantage	0.967	8

4.3 Demographics

4.3.1 Level of Education

The study sought to find out the academic qualifications attained by respondents. From the findings, majority (50%) of the respondents indicated that they had university level of education, 30% had college level while 10% of respondents indicated that they had post graduate level of education. This implies that the study had the information from literature and competent personnel who had experience on product differentiation strategies in achieving competitive advantage in EABL.

Table 2: Level of Education

Level of Education	Frequency	Percentage
University	7	50
College	5	30
Post graduate	2	20
Total	**14**	**100**

4.3.2 Position in the Company

From the respondents, 25% of the respondents were supply chain directors, 21% of the respondents were operational managers, 23% of the respondents were distribution managers, 22% were packing managers.

Table 3: Position in the Company

Position	**Frequency**	**Percentage**
Supply Chain Directors	4	25
Operational managers	2	21
Distribution Managers	3	22
Packaging Managers	3	22
Branding Managers	2	23
Total	**14**	**100**

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4.3.3 Experience in the company

The study sought to know the period of time the respondents had been working in the company. From the findings, 33% of the respondents had been working in the company for 1-5 years. 27% of the respondents indicated that they had been in the company operations for 6 to ten years while 21% of the respondents indicated that they had worked for 11 to 15 years and 19% had been in operation for less than a year.

Table 4: Period of Service

Period	Percentage
1-5 years	33
6-10	27
11-15	21
Less than a year	19

4.3.4 Current Market Share

The study sought information on the current market share. From the findings, the majority of the respondents pointed that the current market share is at 25%-40% had 54%, 34% indicate the market share to be at 10%-25%, while 12% indicated it at 10%. This implies that the market share is important and influenced by product differentiation.

Table 5: Current Market Share

Market Share	Frequency	Percentage
25-40%	8	54
10-25%	4	34
10-10%	2	12
Total	**14**	**100**

4.4 Descriptive

4.4.1 Company undertake promotion of its products

The study investigated on the extent the company undertakes promotion of its products. From the findings, it was clear that, majority of the respondents at 75% presented that the company undertakes promotion to a very great extent. 25% of the respondents indicated that the bank products were promoted to a great extent, while the rest were neutral. In addition, the study assessed the extent to which the company segmented the market based on the products offered in the market. From the findings, majority of the respondents at 75% indicated that the company segmented the market based on the products offered in the market to a very great extent while 25% pointed out that the company segmented the market based on the products offered in the market to a great extent.

Table 6: Promotion of company's products

Response	Percentage
Very great extent	75%
Great extent	25%
Total	**100%**

4.4.2 Product market differentiation influence in achieving competitive advantage

The study assessed the extent to which respondents agreed with the given statement concerning product market differentiation influence in achieving competitive advantage in the company. From the findings, majority of the respondents strongly agreed that the company heavily invests on positioning portfolio thus increasing its performance, brands communications boosts product awareness and segmentation or regional marketing has been adopted as indicated by the mean of 4.85, 4.79, 4.72, and 4.71 with standard deviation of 0.71, 0.62,0.60 and 0.67. Most of the respondents agreed that the company's segmentation influence its competitiveness, marketing improve sales, marketing lead to designing of customized products in order to meet the customers' expectation and the company gain more market share due to brand marketing as indicated by a mean of 4.66, 4.56, 4.51 and 4.50 with a standard deviation of 0.69, 0.64, 0.58, and 0.53.

Table 7: Product Market Differentiation Influence on Competitive Advantage

Statement	Mean	Standard Deviation
Marketing improve sales	4.45	0.64
Brand communication boost product awareness	4.72	0.60
Segmented marketing has been adopted by the company	4.71	0.67
The company heavily invest on electronic and print media promotions	4.85	0.73
Company apply technology market positioning portfolio	4.79	0.62
Marketing lead to designing of customized products	4.51	0.58
The company gain more market share due to brand marketing	4.50	0.53

4.4.3 Product marketing differentiation influence the achievement of competitive edge

From the findings, the majority at 60% respondents agreed that product market differentiation strategies positively affected competitive edge. Another 40% of the respondents agreed that product marketing differentiation influenced competitive advantage of the company.

Table 8: Product marketing differentiation strategies

Response	frequency	percentage
Strongly agree	9	60%
Agree	5	40%
Total	**14**	**100%**

4.4.4: Product Distribution Channels

The study sought to establish whether the company adopts the given distribution channels. From the findings, the majority at 77% of the respondents indicated that the company has effective distribution channels for the products while 23% indicated that it did not have effective distribution channels for its products.

Table 9: Distribution channels for products

Response	Frequency	Percentage
Yes	11	77
No	3	23
Total	**14**	**100%**

4.4.5: Company's adoption of alternative channels to offer products

Respondents were requested to indicate the extent to which the company adopted alternative distribution channels in terms of services away from the headquarters in offering its products. From the findings, the majority at 77% of the respondents strongly agreed that the company has adopted alternative channels in terms of services away from its headquarters where the manufacturing takes place. On the other hand, 23% agreed.

Table 10: Company's adoption of alternative channels

Response	Frequency	Percentage
Very great extent	11	77%
Great extent	3	23%
Total	**14**	**100%**

4.4.6: Human Resource influence delivery of company's products to the market

The study sought the respondents' view in regard to if human resources influence the delivery of products to the market. From the findings, the majority of 64% believed that human resources play a very significant role in this regard. Another 36% agreed that human resources influence delivery of products to the market at a great extent.

Table 11: Human Resources influence on delivery of bank products to the market

Response	Frequency	Percentage
Very great extent	9	64%
Great extent	5	36%
Total	**14**	**100%**

4.4.7 Product Process Distribution

The study assessed whether the company was committed towards the improvement of quality on products. From the findings, all the respondents submitted that the company was committed

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towards improvement of products. They indicated that the employees were motivated by acknowledging their accomplishments and their ability to reach or even surpass customers service targets and goals. There were documentation of the events that lead to the customer complaints or issue in order to improve quality of the products.

This implies that the customers consider the company's product as quality and the management is committed towards continuous improvement. This concurs with Porter's Organizing Committee, (2005), support from the top and credibility within the organization and ability to measure results are the success factors a company is committed to.

Table 12: Company's commitment towards improved quality of products

Response	Frequency	Percentage
Yes	14	100%
Total	**14**	**100%**

4.4.8: Company engages in technology upgrade to improve its performance

The respondents were requested to indicate the extent to which the company is involved in technology upgrade in order to improve on its performance. From the findings, all the respondents view that the company do so. This implies that the company properly put to use information technology, thus achieving competitive advantage. These findings agree with Pearce and Robison's (2000) findings, who stated that most of change process initiatives are induced by work flow, technology upgrade, performance improvement and/or changes in business/revenue model that influence business activities.

Table 13: Company engages in technology upgrade to improve on performance

Response	Frequency	Percentage
Very great extent	14	100%
Total	**14**	**100%**

4.4.9: Human Resource influence on the process of company products to the consumer

The study sought to establish to what extent human resource affect the process of company products to the consumer. From the findings it was clear that the majority of the respondents, at 70%, were of the view that the process of company products to the consumer, human resource influenced it at a very great extent. They explained that the human resource in the company ensure that products are positioned in people's mind. On the other hand, 30% held the opinion that human resource influence the process to a great extent. The products are processed through customers' eyes making it easier for them, faster and less expensive. This implies that for long term profits in the company, human resource continuously give customers the products satisfaction. This is achieved when human resources influence the process of the company products to the customers. Pearce and Robinson, (2000), was of the same observation since he stated that the creation and optimization of the processes goes beyond tools and practices, thus implying that there is another force that plays a significant role and this points to the human resource.

Table14: Human Resource influence the process of company products to the customers

Statements	Frequency	Percentage
Very great extent	10	70%
Great extent	4	30%
Total	14	100%

4.4.10 Product Process differentiation influence on achieving competitive advantage

The study sought to assess the extent to which product process differentiation strategy influence achievement of competitive strategy in the company. From the findings, the study determined that the majority of the respondents held the opinion that the company adopted regulations, telecommunication technologies in the delivery of products and resolve risks facing employees effectively, thus achieving competitive edge. The parameters were as follows: very great extent has a mean of 4.90, 4.81, 4.75, 4.60, with a standard deviation of 0.78, 0.77, 0.63, and 0.53. Most of the respondents stated that enhanced co-operation from the company departments, effective management and enhancement of staff motivation influence the achievement of competitive advantage to a great extent as indicated by a mean of 0.59, 4.55, and 4.52 with a standard deviation of 0.55, 0.49, and 0.48. Most of the respondents stated that the company focus on integration of initiatives into the company's strategy, promotion of credibility within the company and the top management support and commitment towards achievement of best returns, influence the achievement of competitive advantage to a great extent by a mean of 4.42, 4.20, and 4.02 with a standard deviation of 0.44, 0.35, and 0.29. This implies that the product process differentiation strategy influence the achievement of competitive edge.

The respondents were further requested to state any other way through which product process differentiation in the company influence the achievement of competitive advantage and they illustrated the following: from the findings, the respondents held the view that there has been a product process differentiation in the company where observable characteristics of a product, relevant to the customer's choice and preferences, are met. These include size, shape, color, weight, design, material, and technology. These findings concur with Pearce and Robinson, (2000), who found that a firm's positive interaction with its customers, enhance work flow, communication, quality customer services and upgrading of technology, thus leading to continuous improvement of revenue model that influence the activities more than its rivals in the industry.

Table 15: Product process differentiation influence achieving competitive advantage

Statement	Mean	Standard Deviation
The company adopt regulations	4.90	0.78
The company adopt technology in delivery of products	4.75	0.63
The company telecommunication technology upgrade	4.81	0.77
Effective management on competition in the market	4.55	0.49
Resolution of risks of employees	4.60	0.53
The top management's support and commitment	4.02	0.29

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Management's focus on integration of initiatives on strategy	4.42	0.44
Company enhances staff motivation	4.52	0.48
Promotion of credibility	4.20	0.35
Enhanced cooperation within departments	4.59	0.55

4.5 Regressions

4.5.1 Model Summary without Constant

The model equation, $y=b_5x_{5+}$ e measured at 81.8% as shown on table 4.75. The results showed that independent variables explained the variation in competitive advantage. This therefore indicate a strong relationship since the recommended level by Szewezak and Snodgrass, (2002) is at 30%. The relationship of, R = 0.764 and R^2 = 0.818 which means that 81.8% of the corresponding change in innovation development can be explained by a unit change in innovation drivers. Co-efficient of determination in linear regression relationship, tells how well the regression line fits the data. The results indicated that product cost differentiation, product distribution channels, product market differentiation and product process differentiation combined explained 81.8% of the variance in competitive advantage in EABL.

Table 16: Model Summary without Constant

R	R Square	Adjusted Square	RStd. Error of the Estimate
.764	.818	.713	7.57651

4.5.2 ANOVA Test

The total variance, (6.420) was the difference into the variance which can be explained by the independent variables and the variance,(Model), which could not be explained by independent variables and the variance which was not explained by the independent variables, (error). The study established that there existed a significant goodness of fit between variable as F-test (F=4.228, P=0.01<0.05). The calculated F=5.191, far exceeds the F-critical of 4.228. This implied that the level of variation between product differentiation and competitive advantage was significant at 95%.

Table 17: ANOVA Test

	Sum of Squares	df	Mean Square	F	Sig
Regression	2734.595	1	2734.595	4.228	0.000
Residual	9340.774	267	34.984		
Total	12075.369	268			

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The established regression equation was

$Y= 1.00+0.871X_{1+}0.628X_2+0.758X_3+0.516X_4$

From the above regression model, the values are the unstandardized coefficients and indicate the extent to which given product differentiation strategies influence the achievement of competitive advantage.

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

The study established that EABL offered training and consulting. The pricing of the products influence achievement of competitive advantage. The study determined that the company adopts low cost entry mode as a pricing strategy which has created more and faster value than firms could yield from reductions in variable and fixed costs or from increased volumes. From the findings, the different products offered by the company led to production of reliable service delivery channels, products being designed as per customer needs, thus reducing failure costs and that the company has reasonable charges. This increase customer base, thus enhance market share, the value of company product led to superior firm's performance.

The study also established that product market differentiation affect competitive advantage positively. It was clear the company adopted product marketing strategies and promotion strategies to a very great extent. The study also revealed that the company segmented the market based on the products offered in the market to a very great extent.

Further, the findings also confirmed that the company has effective distribution channels for the products, adopted alternative channels in terms of service delivery away from the factory to offer products. Human resources influence the delivery of products to the market to a very great extent. The study also determined that multiple payment channels including highly skilled human resource and distribution outlets in areas where there are no competitors are product distribution channels influencing competitive advantage. The company's infrastructure enhance the firm's performance hence attracting more customers than competitors in the market.

In addition, the findings suggested that the bank adapt to the regulations, telecommunication upgrade which positively affect competitiveness. Enhanced cooperation from the company's functions, effective management on competition and staff motivation add value to competitive edge. The company's focus on integration initiatives into its strategy, promotion of credibility and top management support and commitment towards achieving the best returns has a significant influence.

5.2 Conclusions

Based on the survey, the study concluded that quality service is key element of a successful business and that the businesses struggle to improve products so as to retain customers. The company adopt product differentiation strategies to deliver the best products at competitive prices to the customers. Customer focus pricing strategy are better positioned to use pricing as a competitive advantage across the market and customers segments, as well as the entire portifolio. Product cost differentiation prices play a central role in the consideration to switch to competitors. A low cost or cost leadership strategy is effectively implemented when the business designs, products and markets compared with competitors.

Another issue that come out strongly was that segmentation influence the firm's competitiveness, marketing improve sales, leads to designing of customized financial products that meet customer expectations thus making it to gain more market share due to branding marketing. Also, the firm puts in use the information technology which has eased communication during transactions, fostered customer-firm relationships, increased customer satisfaction, improved operational efficiency, reduced running costs, reduced transaction time, provided security to investors and promotes the company's profitability.

5.3 Recommendations

From the findings, it is important to engage in product designing and development. The study recommends that strategic leadership of the firm should consider adopting product differentiation as they are the most dominant generic strategies adopted by similar organizations.

First, the study recommend that companies adopt effective process delivery. They should have effectively distribution channels, as well as alternative channels in terms of service away from the factory. Secondly, the firm should focus on differentiating its products based on segmentation. Marketing lead to increased sales, as well as giving the firm a competitive advantage. Thirdly, as regards product process differentiation, the company should adopt technology in an attempt to ease communication during transaction, fostered customer-company relationship, which would increase customer satisfaction, improved operational efficiency, reduced operational costs and transaction time. This will provide security to investors from the long term profits earned as a result of continuously giving customers satisfaction which in turn increases sales.

5.4 Areas for Further Studies

A study could be undertaken to assess effects of implementation of product differentiation on organizational performance. A further study could be carried out on the influence of product differentiation strategies in achieving competitive advantage in another organization.

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