

## Strategic Positioning and Competitive Advantage of Commercial Banks in Uasin Gishu County, Kenya

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### ABSTRACT

*Strategic positioning has been identified as an important weapon to manage the competition in the business environment. However, despite the use of strategic positions, many banks in the country are facing challenges from the competition destabilizing the position they hold. Thus, the sole reason of the project was to establish how strategic positioning affects competitive advantage of banks in Uasin Gishu County Kenya. The specific objectives were; to examine the effects of mono-segment positioning, multi-segment positioning, standby positioning, adaptive positioning and defensive positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya. The study was guided by Resource-Based-View, The Game Theory, Market Based View Theory and Open Systems Theory. Explanatory research design was used in this study. The unit of analysis was commercial banks in Uasin Gishu County, Kenya and the unit of observation was 748 employees in 25 banks. A stratified random sample was used as a significant blend of categorization and randomization. A sample of 173 employees was selected. Questionnaires were used in collection of data. Descriptive statistics and multiple regression analysis were used to analyse data. The study established a positive and significant relationship between mono-segment positioning, multi-segment positioning, standby positioning, adaptive positioning and defensive positioning on organizational competitive advantage. The study concludes that through mono-segment Commercial banks are free to devote all of their resources to attracting a single, narrowly defined type of customer with a specific need it can fulfill better than other companies. Through multi segment Commercial banks can analyze various customer groups and targeting specific products to meet their demands. Through standby positioning, commercial banks can base their strategy completely on a new segment which increases its focus and profitability. Through adaptive the brand loyalty of commercial banks definitely increases and also market segmentation increases competitiveness of a firm from a holistic view and defensive positioning leads to customer retention throughout customer life cycle. The study recommends that commercial banks in Uasin Gishu County implementing mono segment should concentrate all their efforts in a single segment with a single marketing mix so as to avoid confrontation with financial institutions. On multi segment, commercial banks should categorize their customers along demographic, geographic, behavioral, or psychographic lines or a combination of them. This will enable them offer products and services effectively by understanding distinctive needs of the groups. On standby positioning strategy, commercial banks should only opt execute a mono-segment positioning strategy only during unavoidable situations. To minimize response time, the banks should prepares a standby plan that specify the product(s) and their attributes as well as details of the marketing program(s) that would be used to position the new product. On adaptive positioning, commercial banks should aim at changing or reforming a bank's marketing mix to suit to the particular geography in which the bank is operating. This will enable the banks to effectively tailor their products and service in rapid and unparalleled ways to meet their customers' interests and needs. On defensive positioning, commercial banks should resort to position defense to ensure a new bank's market entry does not impact or weaken their brand. They may also opt*

*to preempt competitive strategies by introducing an additional brand in a similar position for the same segment.*

**Key Words:** Strategic Positioning, Competitive Advantage, Strategic Management, Commercial Banks in Kenya, Uasin Gishu County

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## 1. INTRODUCTION

In today's dynamic and globalized business world with hyper competition and technology adoption, organizations are striving to gain and maintain competitive edge by using different tactics and tools (Keller, Parameswaran & Jacob, 2011). The authors further indicate that firms which position themselves within a particular market place relative to competitors, earn higher rates of return. Onguko and Ragui (2014) observe that determining the organization's objective position in the market requires access to both internal and external analysis and, ultimately, the ability to interface the two. Therefore, it can be argued that for organization to be successful in the long term, its operation must be completely different from those traditional business counterparts. Janiszewska (2012) suggested that a good strategy is one that actually generates a competitive advantage that differentiates an organization with its competitors by giving it sustainable edge that is valuable, rare and not easy to imitate. According to Patel (2015) positioning as a strategy defines how an organization is to compete and survive in the marketplace. The author further indicates that organizational competitive advantage is achieved by a combination of unique resources and a high level of competence. Organizational strategic managers must therefore plan the product mix that will result in a combination of elements that make up the product.

Competitive advantage is what enables a business organization to thrive. It is the objective of strategy. It is the combination of elements in the business model which enables a business to better satisfy the needs in its environment (Johnson, Scholes & Whittington, 2015). Riwo-Abudho, Njanja and Ochieng (2013) states that firms create and sustain competitive advantage because of the capacity to continuously improve, innovate, and upgrade their competitive advantages over time. A company could achieve competitive advantage by producing similar quality products or services but at lower costs or by offering unique products and services and charging premium price for that. Competitive advantage is acquired when a company gets features that are superior to those of competition. Value adding strategies that the competitor is not applying can enable a company acquire competitive advantage. However, as the notion of competitiveness itself arises many doubts regarding determinants (Lu, 2006). Williams (2012) observe that a bank achieves competitiveness when the bank develops features superior enable it to beat competition. It comes with no surprise that best performing banks continually innovate and come up with strategies that gives them a position superior to the competition.

Strategic positioning reflects what the perception consumers have about the products or organizational performance on specific features with respect to competitors. It can also be developed by differentiating the product against competitors (Day, 2014). Blankson (2015) observe that before developing positioning strategy, it is essential requirement to identify and analyses the image and properties of business rivals with concentration. Consumers' perception is very crucial because customers have to choose between Organizations and rival presentation, and they prefer product with superior advantages which has that significant

features which customers expect. Mono-segment positioning is focused on one market, Multi-segment positioning means to appeal to customers from variable tests or markets, Standby positioning is used to minimize response interval moving from multi-segment, to mono-segment positioning, Adaptive positioning is seasonally and constantly positioning a product to emulate the evolution of the unique needs of a segment and introduction of additional products by defensive positioning in the same position for the similar segment to shield from competition (Walker, Boyl, & Lure, 2001). However, Thompson (2010) indicate that some organizations focus to select physical positioning (physical characteristics, technical characteristics, and objective characteristics), and some organizations select perceptual positioning (focusing on clients expectations, perception, being subjective). Planning strategically is a key element to achieve an industry's aspiration.

Multi-segment strategies arise when multiple segments are pursued with a marketing mix for every segment and different marketing plans for each one of the segment (Moyo, 2015). In this marketing strategy, a business decides to deliver distinct offerings to every distinct market segment of target. Moutinho (2017) show that multi-segment marketing attempts to appeal to several market segments. The business thus acquires a robust status in serving this group of customers and turn out to be a network for additional customer group products that could get in use. Standby positioning is used to minimize respond time switching from multi-segment to mono-segment positioning. It may not be in the best economic interest of a firm to switch from a multisegment positioning strategy to a monosegment strategy. In such a case, the firm may decide to implement a monosegment positioning strategy only when forced to do so, In order to minimize response time, the firm prepares a standby plan specifying the product(s) and their attributes as well as details of the marketing program(s) that would be used to position the new product. Adaptive positioning constitutes of the market partition with the aim at choosing one or more segments in the market, of which the firm can target through development of precise marketing mixes which adjust to specific needs in the market (Restrepo, 2013). Abeck (2017) observe that effective adaptive positioning strategy allows the marketers to provide a difference between segments according to their response to market variables. For instance, the marketers can define the differences between price sensitive consumers and non-price sensitive consumers as a result of segmentation. Defensive positioning involves introducing additional brand in a similar position for the same segment to defend itself against competitors (Boyd, Walker, & Larreche, 2010). Day and Wensley (2014) observe that the firm may preempt competitive strategies by introducing an additional brand in a similar position for the same segment. This will reduce immediate profitability, but it may allow the firm to better protect itself against competitors in the long term.

In Kenya, banking industry is developing both in customer base, financial products, and business innovation and in staff numbers making the Kenyan banking industry a major player in the global market (CBK, 2009). According the Kenyan's deposit protection fund report (2010) between 1985 and 2005 39 banks failed to succeed. The banks in Kenya have experienced challenges in 25years resulting in closure of 37 banks between 1986 to 1998 (Githinji and Njoroge, 2006; Ngugi, 2002), However, there has been a consistent improvement in profitability over the last nine years, with the banks recording very high profits (Nyamogo & Temegen, 2012). Most banks are therefore employing strategic positioning strategies to enhance their competitive advantage. Actors in this industry have faced growing competition recently resulting from increased innovations and information technology within the industry and new banks immergence in the industry. With such a market, banks have been forced to think out of the box and employ strategies to help them deal with the ever changing financial industry.

## **2. STATEMENT OF THE PROBLEM**

With increased levels of competition, local companies have had to strategically position and aligning themselves to capture new markets or retain its existing market share. However, despite the importance of strategic positioning, within the companies time for its implementation has been limited. Strategic positioning is viewed as a key weapon in confronting the competitiveness in a market and also as an element of enhancing the competitiveness of these firms (Kent, 2005). Ideally, for an organization to deliver profits it's key to institute winning strategies that deliver market dominance. Several banks today are facing a myriad of challenges that have threatened their competitive positions. Recently, banking sectors has been engaged in many scandals since the beginning of the new millennium (Albdour & Altarawneh, 2012). These scandals have resulted in a loss of trust that banks had with stakeholders such as customers, employees, the public, governments and investors. Commercial banks must put strategies within acceptable boundaries, in varied ways, instituted on varied competences for reasons of creating competitive advantages even in the very risky environment. Most banks in Kenya have found roots of positioning themselves in their organization in order to become competitive. Kim, (2005) pointed out that a company needs excellent strategies that will boost it and enable achievement of competitive advantage.

Nyakondo (2010) conducted a study on the factors influencing banking industry to adopt positioning strategies on mobile banking and established that some banks had adopted mobile banking to a moderate extent with emphasis on the implementation of mobile banking as a method of positioning strategy. However, the study used a cross-sectional research design. Kasyoka (2011) conducted a study on the use of positioning strategies as a way of achieving a sustainable competitive advantage and found that cutting edge technology was helping the organization in achieving a sustainable competitive advantage. However, the study focused on telecommunication industry. Muriel (2011) researched on positioning strategies and performance of commercial banks in Kenya and revealed that positioning strategies positively and significantly enhances the performance of the bank. However, the study used qualitative data. Therefore, this study sought to establish how strategic positioning influences competitive advantage of commercial banks in Kenya.

## **3. OBJECTIVE OF THE STUDY**

The general objective of the project was to establish the effects of strategic positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya.

The study was guided by the following specific objectives:

- i. To examine the effects of mono-segment positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya.
- ii. To establish the effects of multi-segment positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya.
- iii. To determine the effects of standby positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya.
- iv. To determine the effects of adaptive positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya.
- v. To determine the effects of defensive positioning on competitive advantage of commercial banks in Uasin Gishu County, Kenya



#### **4. THEORETICAL REVIEW**

These are theories that already exist on strategic positioning on competitive advantage, how they relate and to which extent investigation has been done. Here we will look at Resource Based theory and Game theory and how they are relevant to the study.

##### **4.1 Resource-Based-View**

The concept of sustainable competitive advantage existed since 1983, when Dayt recommended a number of competitive advantage strategies. The phrase SCA was coined by Porter in 1984, when he highlighted the various types of competitive strategies companies can use for example differentiation, cheap products, and keenness to acquire an advantage in a particular industry. No similar definition in practice for competitive advantage or in the literature that exists in strategic marketing. Most of the time the word is used interchangeably to refer to excellence in resources and and skills applied (Dayt & Wesley, 1989). Hoffer (2001) in his study he gives a summary of all prior work done which are related to sustainable competitive advantage. In line with the study of varied views that exists in literature he highlighted the definition of SCA: A SCA is the reward or gain of putting in practice a unique and superior value-addition strategies not being practiced by competitors, together with the incapability to copy the advantages of this strategy (Hoffer, 2001). Several writers enumerate sources of Sustainable competitive advantage variedly. Ideally the predominant theory pointing out sources of competitive advantage is the resource-based view (RBV). From 1982 Wensley highlighted the design to identify the network interaction of the sources of performance results and advantage. There is pointing out that the center to competitive advantage lies in more complex and excellent production. Capabilities and assets are the main sources of competitive advantages as laid out in Resource based view. What the business has accumulated in the course of its operation are the assets, and what ensure these assets are properly applied to deliver results are the capabilities. Abilities differ from assets meaning financial value cannot be attached to them, as with tangible physical things, and are so heavily rooted in the company's norms and practices that it's not possible to copy them (Derrick and Coolt 1988, 1995). The resource-based view theory became famous during early 90s. Most of the RBV theories were initiated in 1985-1998 and there are no key progresses on this approach hence. The resource based view of the company is anchored on two critical assumptions, as envisaged in strategic management theory: that product features of competing companies vary heterogeneity; and that these variety may occur for long duration (Matai, 1996).

##### **4.2 The Game Theory**

This study was guided by Game Theory by Shubik, M. (1972) which focuses on conflict and cooperation and it is applicable when the activities of various agents are interrelated. These may be groups, persons, single entities, or a mixture of all. The concepts of game theory provide an understanding on how to structure, formulate, analyze, and comprehend strategies used (Turocie & Sengel, 2002). Game theory can be defined as part of a large body of theory providing a formal language to describe conscious, goal-oriented, decision making processes involving one or more players. The solution concepts derived from game-theory may be thought of as normative or descriptive views of multi-person decision-making (Shubik, 1972). Game theory may also be described as the analysis of rational behaviour in situations involving interdependence of outcomes (Camerer, 1991). The essence of game theoretic models is two or more players who have a range of actions or similar freedom to a set of choices, and also have certain information. Each player has a set of preferences for the diverse possible outcomes, and the results of the interaction depend on all the players decisions.

### **4.3 Market Based View Theory**

The Market-Based View (MBV) of strategy argues that enterprise factors and external marketplace orientation are the primary determinants of company's growth (Peteraf & Bergen 2003; Porter, 1980). The market-based view (MBV) of the firm focuses on the link between organizations' strategies and their external environments (Grant, 1991). Its first basic assumption is that strategically relevant resources are distributed homogeneously among the firms within an industry. The second assumption refers to the mobility of these resources, which in the MBV are highly mobile (Barney, 1991). Accordingly, for a firm to grow it must depend on its ability to take advantage of imperfectness on the market in which it sells its goods or services. This is to say, an organization has to identify a position in the enterprise where the business enterprise can best shield itself in opposition to and the competitive forces. In the MBV, a competitive advantage can be achieved by performing strategically relevant activities at lower costs than competitors or in a unique way that is valuable to customers (Porter et al., 2004). Therefore, the MBV shows that the three generic competitive strategies (differentiation, focus and cost leadership) can be pursued separately or in combination and have the long-term objectives to create a defensible position within the industry and to outperform competing actors within that industry.

### **4.4 Open Systems Theory**

Open system theory was developed by Ludwig von Bertalanffy (1956), a biologist, but it was immediately applicable across all disciplines. Open systems viewpoint see agencies each as hierarchical structures and as loosely coupled structures. Hatch (1997) indicates that the subsystems are not always represented via departments in a business enterprise, however might instead resemble patterns of interest. Interdependencies and connections inside a subsystem have a tendency to be tighter than between subsystems. These "strong sub-assemblies" provide an awesome survival benefit to the whole system. This theory is relevant to the study because it holds that in order for the enterprise to attain its targets and goals, it's important that it operates as an open system wherein it takes care of the surroundings in its selection making procedure because failure to do this will lead to failure to supply on organizational goals. The interaction of the organizations in this situation then effects to the manufacturing of key sources that allow businesses to be sustained or to change with a view to continue to exist. Open systems approach to management considers all corporations as open systems that are influenced by means of the surroundings wherein they exist.

## **5. CONCEPTUAL FRAMEWORK**

This is a model presentation where a research represents the relationship between variables for example independent variables and dependent variables. The relationship is shown either diagrammatically or graphically. Figure 1 shows the relationship between the independent variable (Mono-segment positioning, Multi-segment positioning, Defensive positioning, Adaptive Positioning and Standby positioning) and dependent variable (Competitive advantage of banks

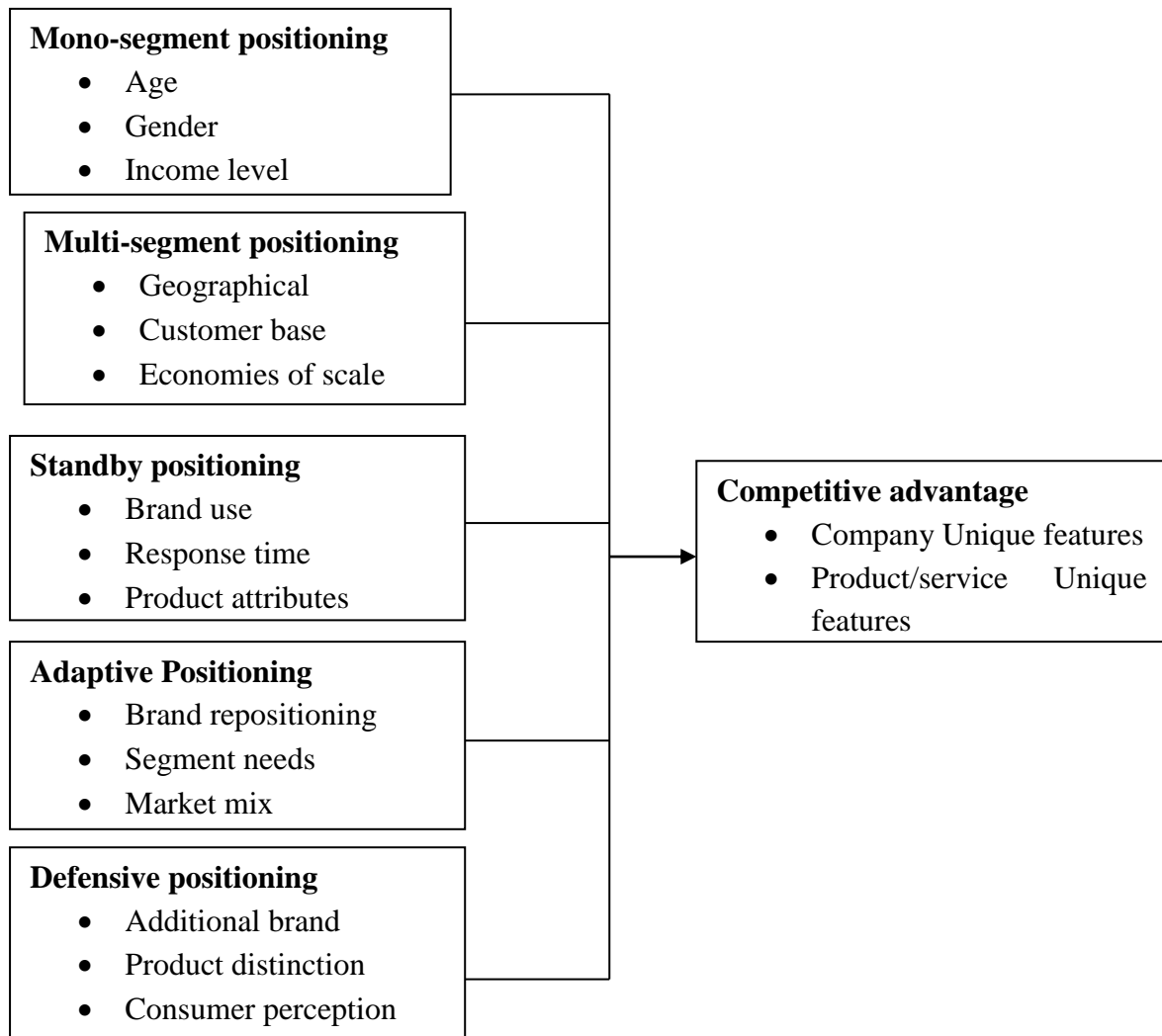


Figure 1: Conceptual Framework

## 6. RESEARCH METHODOLOGY

Explanatory research design was used in this study. The unit of analysis was commercial banks in Uasin Gishu County, Kenya and the unit of observation was 748 employees in 25 banks. A stratified random sample was used as a significant blend of categorization and randomization, which facilitated a qualitative and quantitative research to be carried out (Cohen, 2003). Stratified random sampling ensured inclusion, in the sub-groups samples, that would have been left out fully by other sampling methods because they are less in the population. The sample was arrived at using coefficient of variation. Nassiuma, (2000) points out that, a coefficient of variation in the range of  $21\% \leq C \leq 30\%$  and a standard error in the range  $2\% \leq e \leq 5\%$  majorly good. Coefficient variation of 30% and a standard error of 2% will hence be applied.

Using Nassiuma (2000) formula, a sample of 173 employees was selected. The instruments for collecting data used in this project were derived by the researcher. Questionnaires were used in collection of data. Prior to data collection, the researcher sent a letter to the sampled Banks that gave permission for the data to be collected. Permission was granted by the Branch managers of the specific bank after the researcher gave a detailed explanation on the core purpose of the research and what it entailed for the bank. Afterwards, the researcher

proceeded to the respondents explaining the purpose of the visit. The respondents were assured confidentiality of any information given out.

The initial data analysis was done using descriptive statistics such as, mean, standard deviation and variance to give glimpse of the general trend. However, correlation analysis was used to determine the nature of the relationship between variables at a generally accepted conventional significant level of  $P=0.05$  (Sekaran, 2003). In addition, multiple regression analysis was employed to test the hypotheses. Multiple regression analysis is applied to analyze the relationship between a single dependent variable and several independent variables (Hair *et al.*, 2005). The study also utilized variable inflation factor (VIF) to handle the issue of Multi-co linearity.

## 7. RESEARCH FINDINGS

### 7.1 Correlation Analysis Results

**Table 1: Correlations Results on Mono-segment Positioning**

Spearman's rho	Mono-segment positioning as a Factor	competitive advantage of banks	
		Correlation Coefficient	.359**
		Sig. (1-tailed)	.0508
		N	159

**\*\*.** Correlation is significant at the 0.05 level (1-tailed).

The table above show that there is a positive and significant relationship between mono-segment positioning and competitive advantage of banks at  $r = .359^{**}$ ,  $p = .05$  significant level. Calculating the coefficient of determinant R, mono-segment positioning contributes 12% variability to competitive advantage of banks when other factors are held constant. Study done by Pike, (2001) established that mono segment positioning encompasses instituting a marketing and product program designed to the suitability of one market segment.

**Table 2: Correlations Results on Multi-segment Positioning**

Spearman's rho	multi-segment positioning	competitive advantage of banks	
		Correlation Coefficient	.322**
		Sig. (1-tailed)	.043
		N	159

**\*\*.** Correlation is significant at the 0.05 level (1-tailed).

The table above show that there is a positive and significant relationship between multi-segment positioning and competitive advantage of banks at  $r = .322^{**}$ ,  $p = .05$  significant level. Calculating the coefficient of determinant R, multi-segment positioning contributes 10.4% variability to competitive advantage of banks when other factors are held constant. Stamate (2014) study established that having a multi segments can be successful when market conditions are favorable.



**Table 3: Correlations Results on Standby Positioning**

Spearman's rho	<b>standby positioning</b> as a Factor	<b>Competitive advantage of banks</b>	
		Correlation Coefficient	.298**
		Sig. (1-tailed)	.045
		N	159

**\*\*.** *Correlation is significant at the 0.05 level (1-tailed).*

The table above show that there is a positive and significant relationship between standby positioning and competitive advantage of banks at  $r = .298^{**}$ ,  $p = .05$  significant level. Calculating the coefficient of determinant R, standby positioning contributes 8.9% variability to competitive advantage of banks when other factors are held constant.

**Table 4: Correlations Results on Adaptive Positioning**

Spearman's rho	<b>adaptive positioning</b> as a Factor	<b>competitive advantage of banks</b>	
		Correlation Coefficient	.309**
		Sig. (1-tailed)	.046
		N	159

**\*\*.** *Correlation is significant at the 0.05 level (1-tailed).*

The table above show that there is a positive and significant relationship between adaptive positioning and competitive advantage of banks at  $r = .309^{**}$ ,  $p = .05$  significant level. Calculating the coefficient of determinant R, adaptive positioning contributes 9.5% variability to competitive advantage of banks when other factors are held constant. Mohsenzadeh and Ahmadian (2016) study showed that adaptive strategies mediate the effect of production capability and export performance. A study by Hooley, (2001) standby positioning may not yield positively for an organization. Switching to a multi-segment positioning strategy from a mono-segment strategy by use of multiple brands.

**Table 5: Correlations Results on Adaptive Positioning**

Spearman's rho	<b>defensive positioning</b> as a Factor	<b>Competitive advantage of banks</b>	
		Correlation Coefficient	.328**
		Sig. (1-tailed)	.043
		N	159

**\*\*.** *Correlation is significant at the 0.05 level (1-tailed).*

The table above show that there is a positive and significant relationship between defensive positioning and competitive advantage of banks at  $r = .328^{**}$ ,  $p = .05$  significant level. Calculating the coefficient of determinant R, defensive positioning contributes 10.8% variability to competitive advantage of banks when other factors are held constant.

## 7.2 Regression Analysis

In this section the researcher sought to come up with a regression model for the five categories explaining the competitive advantage of banks. This enabled the determination of how well multiple independent variables (variables characterizing each of the three categories) to predict the value of a dependent variable. The dependent variable can be characterized as competitive advantage of banks. Multiple regression was used to predict competitive advantage of banks in a situation in which mono-segment positioning factors, multi-segment positioning factors, standby positioning factor, adaptive positioning and defensive positioning factors influence competitive advantage of banks. In multiple regressions, the linear model takes the form of the equation:

$$Y_i = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \dots + b_nX_n + e_i$$

Where  $y_i$  = the outcome variable (competitive advantage of banks)

$b_0$  = is the Y-Intercept which is the competitive advantage of banks with no factor influence.

$b_1$  = coefficient of mono-segment positioning predictor ( $X_1$ )

$b_2$  = coefficient of multi-segment positioning factors predictor ( $X_2$ )

$b_3$  = coefficient of standby positioning predictor ( $X_3$ )

$b_4$  = coefficient of adaptive positioning predictor ( $X_4$ )

$b_5$  = coefficient of defensive positioning predictor ( $X_4$ )

$b$  values tells us the degree that each predictor affects the outcome; if the effect of all the other predictors are held constant.

**Table 6: Regression Model**

Change Statistics									
Mod		R	Adjusted	Std. Error	R	Square F			Sig.
el	R	Square	R Square	of the Estimate	Change	Change	df1	df2	Change
1	.781 <sup>a</sup>	.609	.589	1.423	.011	.588	5	173	.002 <sup>a</sup>
a. Predictors: (Constant), Mono-segment, Multi-segment, Standby, Adaptive, Defensive									

Table 6 shows a model summary that provides information about the regression line's ability to account for the total variation in the dependent variable.  $R^2$  also called the coefficient of determination, is the statistical measure of how close the data are to the fitted regression line which is 0.609 (60.9%). The adjusted  $R^2$ , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 0.589 (58.9%) of the changes in the competitive advantage of commercial banks variables could be attributed to the combined effect of the predictor variables. This means that other variables not studied contribute 41.1% of competitive advantage of commercial banks in Uasin Gishu County, Kenya.

**Table 7: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.466	1	.466	1.867	.004 <sup>b</sup>
	Residual	62.116	249	.249		
	Total	62.582	250			
2	Regression	2.861	2	1.430	5.940	.003 <sup>c</sup>
	Residual	59.721	248	.241		
	Total	62.582	250			
3	Regression	3.846	3	1.282	5.391	.001 <sup>d</sup>
	Residual	58.736	247	.238		
	Total	62.582	250			
4	Regression	4.085	4	1.021	4.295	.002 <sup>e</sup>
	Residual	58.497	246	.238		
	Total	62.582	250			
5	Regression	4.685	5	1.021	4.015	.002 <sup>f</sup>
	Residual	58.395	245	.238		
	Total	62.582	250			

a. Dependent Variable: competitive advantage of banks

b. Predictors: (Constant), mono-segment positioning as factor

c. Predictors: (Constant), mono-segment positioning as factor, multi-segment positioning as factor

d. Predictors: (Constant), mono-segment positioning as factor, multi-segment positioning as factor, standby positioning as a factor

e. Predictors: (Constant), mono-segment positioning as factor, multi-segment positioning as factor, standby positioning as a factor, adaptive positioning as a factor

f. Predictors: (Constant), mono-segment positioning as factor, multi-segment positioning as factor, standby positioning as a factor, adaptive positioning as a factor, defensive positioning as a factor

Table 7 contains an analysis of variance (ANOVA) that tests whether regression is significantly better in predicting the outcome than using the mean as the best guess. Specifically the F ratio represents the ratio of the improvement in prediction that results from analyzing with regression relative to the inaccuracy that still exists. For the 1<sup>st</sup> model predicting mono-segment positioning, the F-ratio is 1.867 which is greater than 1 and is also highly significant at  $P < .05$ , we can interpret the results as meaning that regression significantly improved the ability to predict the competitive advantage of banks variable because the F-ratio is more significant. For the 2<sup>nd</sup> model predicting mono-segment positioning and multi-segment positioning where the F-ratio is 5.940 which is greater than 1 and is highly significant at  $P = .001$ , we can interpret the results as meaning that regression has significantly improved the ability to predict the competitive advantage of banks variable with even an extra predictor because the F-ratio is more significant. For the 3<sup>rd</sup> model predicting, mono-segment positioning, multi-segment positioning and standby positioning as a factor, the F-ratio is 5.391 which is greater than 1, also which is highly significant at  $P = .05$ , we can interpret the results as meaning that regression significantly improved our ability to predict the competitive advantage of banks variable because the F-ratio is more significant. For the 4<sup>th</sup> model predicting mono-segment positioning, multi-segment positioning, standby positioning and adaptive positioning as a factor, the F-ratio is 4.295 which is greater than 1, also which is highly significant at  $P = .05$ , we can interpret the results as meaning that regression significantly improved our ability to predict the competitive advantage of banks variable because the F-ratio is more significant. For the 5<sup>th</sup> model predicting mono-segment positioning, multi-segment positioning, standby positioning, adaptive positioning and

defensive positioning as a factor, the F-ratio is 4.015 which is greater than 1, also which is highly significant at  $P=.05$ , we can interpret the results as meaning that regression significantly improved our ability to predict the competitive advantage of banks variable because the F-ratio is more significant. We can conclude that the prediction of regression increases with additional variable so long as their correlation is significant.

**Table 8: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
mono-segment positioning	.018	.013	.086	1.366	.001	-.044	.008
multi-segment positioning	.013	.005	.197	2.722	.007	-.022	.004
standby positioning	-.020	.010	.127	1.954	.052	-.040	.000
adaptive positioning	.006	.006	.066	1.003	.017	-.005	.016
defensive positioning	-.012	.005	.176	.722	.007	-.002	.004
4 (Constant)	2.323	.315		7.378	.000	1.703	2.944

a. Dependent Variable: competitive advantage of banks

Therefore it is possible to have a model that;

Competitive advantage of banks = 2.323 (Constant) + .086 × mono-segment positioning) + (.197 × multi-segment positioning) + (.127 × standby positioning) + (.066 × adaptive positioning) + (.176 × defensive positioning). In Table 8, mono-segment positioning as a factor with a standardized beta coefficient of .086 indicates that as mono-segment positioning increases by 1 std deviation, the competitive advantage of banks increases by .086 std deviations if the effects of other predictors are held constant. Multi-segment positioning as a factor with a standardized beta coefficient of .197 indicates that as multi-segment positioning increases by 1 std deviation the competitive advantage of banks increases by .197 std deviations if the effects of other predictors are held constant. Standby positioning as a factor with a standardized beta coefficient of .127 indicates that as standby positioning increases by 1 standard deviation, the competitive advantage of banks increases by .127 std deviations if the effects of other predictors are held constant. Adaptive positioning as a factor with a standardized beta coefficient of .066 indicates that as adaptive positioning increases by 1 std deviation the competitive advantage of banks increases by .066 std deviations if the effects of other predictors are held constant. Defensive positioning as a factor with a standardized beta coefficient of .176 indicates that as defensive positioning increases by 1 std deviation the competitive advantage of banks increases by .176 std deviations if the effects of other predictors are held constant. The t-test shows that the b-values obtained are different from

zero (and big relative to its standard error). The mean used to extract significant variables accurately represent the true mean, since the confidence intervals at 95% implying that the sample mean must be close to the true mean.

## 8. CONCLUSIONS

The study concludes that there is a positive and significant relationship between mono-segment positioning and competitive advantage of banks. Commercial banks are free to devote all of their resources to attracting a single, narrowly defined type of customer with a specific need it can fulfill better than other companies. Because the commercial banks can focus its marketing resources so efficiently it can capture market share despite being much smaller than some of its competitors. The study concludes that there is a positive and significant relationship between multi-segments positioning and competitive advantage of banks. Commercial banks can analyze various customer groups and targeting specific products to meet their demands. The study concludes that there is a positive and significant relationship between standby positioning and competitive advantage of banks. Through standby positioning, commercial banks can base their strategy completely on a new segment which increases its focus and profitability. The study concludes that there is a positive and significant relationship between adaptive positioning and competitive advantage of banks. The brand loyalty definitely increases and also market segmentation increases competitiveness of a firm from a holistic view. The study concludes that there is a positive and significant relationship between defensive positioning and competitive advantage of banks. Defensive positioning leads to customer retention throughout customer life cycle.

## 9. RECOMMENDATIONS

Commercial banks in Uasin Gishu County implementing mono segment should concentrate all their efforts in a single segment with a single marketing mix so as to avoid confrontation with financial institutions. Commercial banks in Uasin Gishu County focusing on multi segment should categorize their customers along demographic, geographic, behavioral, or psychographic lines or a combination of them. This will enable them offer products and services effectively by understanding distinctive needs of the groups. Commercial banks in Uasin Gishu County focusing on standby positioning strategy should only opt execute a monosegment positioning strategy only during unavoidable situations. To minimize response time, the banks should prepares a standby plan that specify the product(s) and their attributes as well as details of the marketing program(s) that would be used to position the new product. Commercial banks in Uasin Gishu County implementing adaptive positioning should aim at changing or reforming a bank's marketing mix to suit to the particular geography in which the bank is operating. This will enable the banks to effectively tailor their products and service in rapid and unparalleled ways to meet their customers' interests and needs. Commercial banks in Uasin Gishu County should resort to position defense to ensure a new bank's market entry does not impact or weaken their brand. They may also opt to preempt competitive strategies by introducing an additional brand in a similar position for the same segment. This will reduce immediate profitability, but it may allow the firm to better protect itself against competitors in the long term.

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