DIFFERENTIATION STRATEGY AND PERFORMANCE OF BATA SHOE COMPANY OUTLETS IN NAIROBI CITY COUNTY, KENYA

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university. No part of this research project should be reproduced without authority of the author or/and of Kenyatta University.

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DEDICATION

I dedicate this research project first and foremost to the Almighty God for giving me the resources, strength and capacity to do the study. To my husband James and my children Timon, Tiffanna and Tavin, who have patiently accommodated me through the rough and tough patches I went through as I did my studies, to my mum and dad for fully supporting me and standing in the gap for me emotionally, financially and spiritually may God bless you big.
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OPERATIONAL DEFINITION OF TERMS

Customer Service: Customer service differentiation is based on the rationale that organization can obtain a competitive advantage through the training and the hiring of staff to enable them offer good customer service compared to those in rival organizations. The well trained staff should exhibit the following characteristics: competence, courtesy, credibility, reliance, responsibility and good communication skills. The corporation which has these kinds of employees will get a differential advantage in the aspect of the staff.

Differentiation: Differentiation encompasses value addition to the product by introducing additional features that can attract customers. Companies can implement the differentiation strategy by focusing on the tastes, reliability of the product, features of the product, uniqueness and nature.

Performance: This is the accomplishment or achievement of given goals or tasks measured against known standards of accuracy and completeness. It is the fulfillment of an obligation in a way that relieves the performer from any liabilities in the organization.

Packaging Design: Is the procedure used in ensuring that products are well protected, well stored, distributed, sold and used. Packaging is a synchronized system of preparing goods for transport, logistics, warehousing, selling and the ultimate use.

Product Branding: Product branding is a long-term marketing support for a brand, which is based on how the characteristics of the consumers being targeted are defined. It entails a proper comprehension of the customers’ brand inclinations and the prospects from the
brand. It is a plan for the development of a flourishing brand with an aim of realizing specific objectives.

**Product Development:** It involves coming up with products that have new or diverse characteristics which provides latest or extra benefits to the buyer. It may involve adjustment of an existing product or its appearance, or establishment of a completely new product that meets the needs within a market niche.

**Strategy:** This is the direction and scope of an organization over the long-term within a challenging environment, to meet the needs of markets and fulfill stakeholders’ expectations.
ABSTRACT

Globalization has led to inflow of cheap leather products from such countries as China eroding the competitive position of Bata Shoe Company. The general objective of the study was to investigate differentiation strategy and performance of Bata Shoe Company Nairobi City County, Kenya. The specific objective of the study was to establish the effect of product development, to determine the effect of product branding, to determine the effect of packaging design and to determine the effect of customer service on performance of Bata Shoe Company. This study was anchored on Porter’s generic competitive strategy model, resource based view theory and the balanced scorecard. The study adopted descriptive research design. The target population of the study was 120 employees drawn from management of Bata Shoe Company outlets in Nairobi City County. The researcher used proportionate stratified sampling technique based on management levels to determine the sample size. The study used a semi-structured questionnaire, which was administered through drop and pick method to enhance the response rate. Descriptive statistics involved a summary measures including, mean and standard deviation. Nonetheless, inferential statistics entailed the use of multivariate analysis. A regression analysis was also employed with the aim of generating a regression output that was used in determining the effect of independent variables on the dependent variable and was used for making conclusions and generalizations. The results of data analysis were presented in form of figures, pie charts and tables. Qualitative data was analyzed using content analysis and presented in prose form. The findings of the study revealed that product development, product branding, and packaging design and customer service positively affect performance. The researcher recommends that; under Product development the company should intensify and allocate more and sufficient resources to product design and product improvement. Secondly, with Product branding, the company needs to focus its efforts on the brand association and brand positioning. Thirdly, under packaging design the company needs to put more focus on the logo and the color as they have the highest mean showing they have greater potential. Lastly, under Customer service differentiation, more emphasis should be placed on the communication and courtesy as depicted by the average mean scores. The company should also consider more training to its employees on communication and courtesy.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

In today's dynamic firms operate in a very volatile environment. This makes it imperative for them to react by examining the business performance and embrace the strategies that position them as viable in the market. For firms to effectively expand, they must respond with strategies to the challenges, opportunities, risks and limitations that come as a result of the forces from the external environment (Costa, 2007). Organizations are required to continuously examine the business environment through which they operate and its performance; this will enable them to understand the changes in the business environment hence developing proper strategies (Auster & Choo, 2004). While businesses continue to contemplate on the strategies to adapt to venture into the burgeoning retail industry, it is even more complex for the existing firms to sustain its market share, realize expansion and maintain its performance.

Environmental scanning is the process of acquiring and using of information regarding the trends, events, and correlations within a firm’s external environment; this information would give support to management in coming up with proper future course of action (Costa, 2007). Organizational performance is the real outcome of an organization as calculated against its intended outcomes. Profitability and the product performance levels usually determine organizational performance according to (Richard, 2009). Performance of a firm is measured by the output or results against its intended outputs. Richard (2009) further explained that performance covers three specific areas of a firm, that is; financial performance as based on profits, returns on assets and returns on investment; market performance of a product based on the sales and market share and return to shareholder which comprises total shareholder return and the added economic value. In the recent years, many companies have endeavored to administer its performance by making use of the balanced scorecard. In this method, performance is examined and appraised in several dimensions such as service to the customers, financial performance, social responsibility
and employee welfare. The idea of linking competitive strategy to performance was first introduced by Barney (2002). Barney further indicates research and experience with people in the sector demonstrated what distinguishes high performers from their competitors. Most companies contend with each other on the foundation of a one point of differentiation. Nevertheless, those who perform better than others have always ensured that there is a balance, association and continuous review of the pillars of high performance namely; market focus position, distinctive capabilities and performance anatomy.

According to Gathoga (2011), the ability of a company to do better than its competitor is contingent on five main factors. These are; capacity to harness the trends of the market activities, ability to obtain and protect a fair market share, ability to take advantage of premium pricing, discreet creation and new product development. A Company performance is the measure of effectiveness levels, and environmental responsibility like the waste reduction, cycle time, regulatory compliance, and productivity. Performance can also be described as the metrics of how a particular request is handled, the act of performing something successfully, using knowledge as distinguished from merely possessing it.

Kimotho (2012) describes performance as a result of all the firm’s operations and strategies. Noum (2007) is of the opinion that performance entails what people do in regard to organizational responsibilities. Companies have used various standards when measuring and reporting their performance. The main tools often used to determine performance are the market share of the firm within the industry of operation and its profitability. Profitability is used to determine the company return on capital employed which gives the shareholders value.

Pearce and Robinson (2003) sighted three objectives, which define the performance of a company and these are; market survival, profit it generates and growth. There is an inexplicit correlation between the growth of a firm and the firm’s market survival and the profits generated. The balance score card method was brought about by Kaplan and Norton (2011) as a better method of measuring the performance of an organization. It
helps define the cause and effect associations of a strategy and provides a premise through which an organization can transform its objectives into a financial position that is consistent with its mission and vision.

1.1.1 Differentiation Strategy

The ability of a firm to attract new customers while maintaining the existing ones better than its competitors is said to be having a competitive edge. According to Maluku (2013), a firm’s approach to business, and the steps it uses to grapple with competition and strengthen its share in the market, constitutes a firm’s competitive strategies. For this reason, a company must be very prompt in coming up with superior strategies so as to fully exploit the new opportunities better than its competitors. Thus, the firm has to focus in creating tomorrow’s competitive advantages faster than competitors mimic the ones it poses today. The approach used by an organization to gain a competitive hedge entails both defensive and offensive measures. Competitive strategies mainly deal with plans and policies that managers use to make an organization to provide greater customer value hence giving it an ability to compete successfully. For this reason competitive strategies are often viewed as limited in scope relative to business strategies. According to Porter (2008), there are five business strategies that can be adopted by organizations to gain competitive advantage. The five strategies relate to the extent to which the scope of a business’ activities are narrow versus the broad and the extent to which a business seeks to differentiate its products. Among the competitive strategies is the differentiation strategy, which this study will focus on.

Differentiation strategy encompasses value addition to the product by introducing additional features that can attract customers. Customers are often willing to pay an extra shilling arising from the additional features that are added to a product. For this strategy to be successful, the market should enable proper segmentation based on the product features. Companies can implement the differentiation strategy by focusing on the tastes, reliability of the product, features of the product, uniqueness and stature (Thompson, 2008). The successful implementation of this strategy is greatly dependent on the
activities that are carried out in the value chain therefore within the value chain each stage must have proper value addition framework.

Njoroge (2006) urged that purchasing and procurement activities are the main activities within the value chain where differentiation can be done. This will entail procuring raw materials that have the best quality. With such materials, manufacturing activities leads to better coverage in terms of warranty and result in more ease by the end user. This too can augment the outlook of the product, superior product, faster order processing, additional everyday sales calls and superior customer convenience.

Thompson (2008) notes that with differentiation strategy, greater performance can be realized by responding to customer requirements differently. With more exceptional differentiation, further sustainable benefits can be realized due to the fact that differentiation must without doubt add costs which can easily be recovered from a market where there is willingness to pay the premium prices. Harvey (2004) argues that differentiation when properly achieved can result in customer loyalty which gives an organization a competitive advantage. The various ways of applying the differentiation strategy include product development, product branding and packaging design.

Product development is a differentiation strategy that is executed at product level. According to (Bhasian, 2016) by incorporating strategy at the product level, the brands can distinguish themselves from the similar products in the markets and customers will view the products differently. Researchers have been fascinated by innovation and differentiation of products. Edward (2004) while examining the Monopolistic Competition came up with the idea of Product differentiation. He opined that in marketing, product differentiation involved making a product to have features that are distinct from others by making it more fascinating to a specific target market. This not only covers making your products distinct from that of competitors but also making it different from its own products. Bullinger (2008) stated that people always look forward to unique selling offer as a result of innovation and product development. Baumol (2001) emphasized that big firms use innovation as a competitive weapon, a compound of systematic innovative activity within the firm.
The key to achieving success in the business world today is through the creation of a strong brand and strong differentiation (Carter, 2014). Differentiation of a brand encompasses setting a brand apart from competition by bringing out clearly an association between the superior aspects of a brand and multiple benefits that accrue by using the brand. He further indicated that this association can cover; the characteristics of a product, its presentation, the emotional response it brings about, pricing, brand story and the experience of the end users. There are many ways you can differentiate your brand. The skill of brand differentiation is premised on the most effective differentiation of the brand in such a manner that will reflect the brand’s values. Bhasin, (2016) stated that promotion mix, branding and the company’s marketing communications are very helpful in coming up with a product’s differentiation strategy. The promotion mix helps in getting the right segment.

According to Irwin, (2004) packaging focuses on the container or covering that is used to hold a product. Packaging helps to protect the products from spoilage, breakage, tampering, and theft. It also enables proper identification and good storage of the products. A noteworthy upgrading in packaging can even build a new product by increasing the ways in which it can be used, and eventually increasing its potential markets. In business, an excellent package design is viewed as an indispensable part of booming business practice. Potential customers easily take recognize new products as they make their purchase in the shops. For this reason, packaging used must provide substantial information that will make them purchase the product.

Williams (2008) and Verghese (2015) stated that packaging appears among the elements that can support the implementation of efficiency and sustainability-oriented strategies. A part from the old ways of perceiving packaging as a means of protecting products, design requirements have been added to improve the differentiation. A number of authors like Saghir and Jönson (2001) and Bramklev (2009) have identified three major functions in packaging, which include the commercial function, the logistics function and the environmental function. For these functions to be carried out, it is fundamental to regard packaging as a method comprising three levels Hellström and Saghir (2006) which are
primary, secondary and tertiary packaging. It is important to note that packaging design affects both direct and indirect costs.

Customer service differentiation enables a company to build competence which is a proficiency that enables a company in the delivery of uniqueness to its customers. According to Jamali, El Dirani& Harwood, (2015), unique competencies are liable for the foundation of sustainable competitive advantages for a company. They also assist on the branching of the company to a broad mixture of interrelated markets. The fundamental test for a distinctive competency is its lack of ability to be copied or duplicated by rival companies. The distinctive competencies of a business necessitate the management to be totally in charge at all times. The management and administration of a business requires valuable financial management. Based on the size of the company, an accountant may need to be hired. A competent management has an elevated level of responsibility and organization. In the same way it conforms perfectly to business ethics. Competent management teams will also ensure that everything concerning the business is running smoothly. Competent managers should also have the ability of motivating employees so as to help increase the sales and profits of the company. A management team that is competent should be articulate in communicating the vision and mission of the company to the employees (Kersiene & Savaneviciene, 2015).

1.1.2 Bata Shoe Company

According the new World Bank report (2015) Kenya’s goal is to become an industrialized, middle-income country by 2030. One of the sectors that will help Kenya to achieve this goal is by developing the leather and leather goods which not only provide an opportunity but also helps in export diversification. African countries own 20 percent of the livestock population globally. Nevertheless, they account for 4% of global leather production and 3.3% of value addition in leather.

The global trade in leather is presently burgeoning and is projected at more than $100 billion per annum. Additionally, the demand for leather and leather products is on the rise more rapidly than supply. Mogollon (2015) stated that Kenya, which has the third largest livestock population in Africa, signifies a prospective area for economic growth and
employment. For this reason, Kenya can develop its leather industry, raise its competitiveness in leather and leather products, and boost exports and job creation.

Bata Shoe Company is unique in that it is the only shoe company in Kenya, which produces shoes for all categories of consumers under one brand and is great beneficiary of the leather industry. Today Bata shoe company products are the market leader in shoes production over seventy countries but faces stiff competition locally from other manufacturers, second hand shoes and other imported brands. According to a report by Bata (2018) on marketing mix, Bata Shoe Company has been taking the lead in the footwear industry from the time of its incorporation in Bangladesh. Bata achieves such a position in the customers mind that whenever they heard the name of Bata, footwear with high quality comes in to their mind. Bata gather for the footwear demands of both the higher and lower class.

It has developed a strong distribution channel all over the world through the establishment approximately 6,300 retail outlets, 10,000 franchises and thousands of depots and dealers. More than 20,000 people are directly involved in the production and selling of over 300 million pairs of shoes each year. Bata Shoe Company manages a retail presence in 22 countries Kenya being one of them, and runs 30 production facilities across 26 countries. Bata Shoe Organization has sold more than 14 billion pairs of shoes. In 1939, Bata Shoe Company started its processes in Kenya by setting up a factory in Limuru near Nairobi. Thriving with a capacity of nearly 60,000 shoes on daily basis, the factory has continued to develop in Kenya through the years.

The Bata Shoe factory in Kenya, estimates its annual sales at thirty million. 25 Out of the more than 111 retail outlets of the Kenyan Bata Shoe Company have its locations in Nairobi City County. Among the Shoe outlets located in Nairobi County include; Bata Hilton, which is housed on the Hilton building, Bata 680 shoe outlet situated at Six Eighty Hotel ground floor along Kenyatta Avenue. Along the Nairobi’s Tom Mboya Street, is another outlet. Bazaar building at Biashara Street also houses another outlet commonly named, Bata Biashara Street. Adjacent to the Nation centre along Kimathi
Street in Nairobi is an outlet. Bata Moi Avenue, it is along Moi Avenue, close to Chicken House among others (Bata, 2018).

1.2 Statement of the Problem
In spite of the practice of premium pricing, the Bata Shoe Company outlets have been facing stiff competition from the second hand cheap shoe products that has slowed its performance (Okado, 2001). Globalization has increasingly contributed to inflow of cheap leather products particularly from China and India, ultimately eroding the competitive position of Bata Shoe Company (Machangi, 2011). This scenario has been compounded by availability of imported second hand leather products at relatively low cost (Dinh, 2012). As reported by World Bank (WB), manufacturers of leather products in Kenya such as Bata Shoe Company have been exposed to intense price based competition, which has resulted in shift of the market share in favour of imported leather products (WB, 2015).

There are many studies that have been carried out on strategies aimed at enhancing business performance. Moghaddam and Foroughi (2012) carried out a study on the influence of marketing strategy elements on market share of polymer sheets manufactures firms in Iran. The commerce performance and economic earnings of the firm can be summarized in market share. One of the marketing strategy elements identified is the product strategy and how it influences the share of market of firms in Iran. The end result of the study showed that product strategy among other strategies namely; promotion strategy, pricing strategy and place strategy are important elements to increase the market share. From the findings product strategies such as product variety, product quality and product specification helps a firm in increasing the share market. However, the study utilized an exploratory research design and therefore cannot be generalized.

Chege (2014) carried out a study on the competitive strategies adopted by Nakumatt holding to gain competitive advantage. Among the strategies identified as used by the Nakumatt Holdings is differentiation strategy and branding. This study was however, limited in the sense that while it identifies the factors that influence the strategies adopted
by the retail chain, it fails to establish the link between strategies and performance of the supermarket. Further, the study adopted a cross-sectional research design, which could not facilitate collection of historical data necessary for testing the impact of interventions as targeted by the research topic.

Wilbrodah and Mbithi (2015) carried out on the factors influencing competitive advantage among supermarkets; the study showed that there is favorable environment for product innovation in the supermarket. The study recommended supermarkets need to adopt product and service innovations and provide the favorable environment by encouraging research and development, providing financial sources to support new innovations; putting efficient programs and policies, promoting positive innovative culture systems; promote knowledge management and motivating innovators to benefit from organizational innovations. The study adopted descriptive research design, which cannot be used to correlate variables or determine cause, and effect, which is necessary for the research topic. Therefore, based on extensive literature review, this study sought to investigate the effect of differentiation strategy on performance of Bata Shoe Company outlets Nairobi City County, Kenya.

1.3 Objectives of the Study
The general objective of the study was to investigate the effect of differentiation strategy on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

1.3.2 Specific Objectives
The specific objectives of this study were:

i) To establish the effect of product development on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

ii) To determine the effect of product branding on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

iii) To determine the effect of packaging design on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

iv) To determine the effect of customer service differentiation on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.
1.4 Research Questions
The research questions of this study are:

i) What is the effect of product development on performance of Bata Shoe Company outlets in Nairobi City County, Kenya?

ii) What is the effect of product branding on performance of Bata Shoe Company outlets in Nairobi City County, Kenya?

iii) What is the effect of packaging design on performance of Bata Shoe Company outlets in Nairobi City County, Kenya?

iv) What is the effect of customer service differentiation on the performance of Bata Shoe Company outlets in Nairobi City County, Kenya?

1.5. Significance of the Study
The study will be of importance to the management of Bata shoe Company in Kenya and its outlets, especially the marketing managers, the study would provide information that would help them in decision making in as far as the best strategies to adopt in order to grapple with competition from the small retail stores dealing in footwear. The Bata Shoe Company management can also learn on the effectiveness of using product, brand and packaging to cut an edge from its competitors.

The management of the other manufacturing firms in the leather industry will benefit from the findings of this study as it brings out the role of product development, product branding and packaging design in the performance of the industry as well as gain competitive advantage. Furthermore, management will understand the effects of differentiation strategy on the organization performance. Management of the manufacturers firms will also benefit from the enhanced understanding of the content and postulate of Porters Generic competitive strategies, Resource Base review and balance scored.

The findings and the outcomes of the research will also be valuable to researchers and academicians, as it would act as a spring board for additional research. The academicians will make use of the study and its findings to initiate further pondering on competitive
strategies. This study would be a reference source material for potential researchers on other interrelated topics. The study will therefore add to the body of empirical knowledge on the most effective strategies that footwear retailers can adopt in order to maintain and improve its performance.

1.6 Scope of the Study
The study was conducted in the Bata Shoe Company outlets in Nairobi City County, Kenya. The study involved the investigation of the effect of differentiation strategy on the performance Bata Shoes Company outlets in Nairobi City County, Kenya. The unit of observation was the management employees of Bata Shoe Company outlets in Nairobi City County. The target population for this study was 120 senior, middle and functional level employees from finance, operations and marketing departments. The study made use of descriptive research design. These target population was believed to possess relevant information pertaining to the research variables of the study and the fact that the managers are the policy makers. The location was preferred because of its accessibility and the fact that it contains a huge market share of Bata products.

1.7 Organization of the Proposed Study
This study is structured as follows, the preceding chapter one presents the background of the study, statement of the problem, research objectives, and research questions, significance of the study, scope of the study, limitations of the study and the organization of the study. Chapter two presents the literature review on differentiation strategy and performance as well as theoretical review, the empirical review, a summary of literature review with a tabulation of the research gaps identified and finally the conceptual framework of the study. Chapter three shows the research methodology which includes research design, target population, sampling design, data collection, data analysis and Ethical consideration. Chapter four presents the research findings while chapter five presents a summary, conclusions and recommendation of the study.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter presents the theoretical review, the empirical review and the conceptual framework of the study.

2.2 Theoretical Literature Review
This section discusses the theories to which this study is premised upon. The theories discussed include the Porters Model, Resource Based View and the Balance Scorecard.

2.2.1 Resource Based View
Resource based view RBV is a method used to achieve competitive advantage that was developed by Penrose (1959). It analyzed the competitiveness of an organization using four dimensions namely; creating competitive advantage, sustaining the competitive advantage, isolation mechanisms and competitive advantage and economic rents. The resource-based view is a decision-making outline used to establish the strategic resources that have the potential to deliver relative advantage to the firm; the resources can be utilized by an organization in order to achieve sustainable competitive advantage (Barney & Hesterly, 2010).

Conner, (1991) emphasized that firm resources that are both heterogeneous and immobile, as well as possessing attributes of value, rareness, imitability and organization as a potentials source competitive advantage. This firm specific perspective can be used to build and support a case for explaining performance heterogeneity of firms in the same industry. Resources based view supposes that firms are diverse for the reason that they possess diverse resources. This means that firms employ diverse strategies due to the diverse resource mixes. According to Acedo, Barroso, and Galan (2006), the important resource for an organization is the knowledge. The RBV aims to direct decision-making efforts to the resources within an organization for instance; the knowledge of employee,
their abilities and competence with the possibility of achieving better performance than its competitors.

According to Peteraf and Bergen (2003), resources include both the tangible and intangible assets that an organization controls and use them to visualize and execute its strategies. Further, they argue that by controlling its resources organizations can be ahead of its competitors. More importantly, competitors may be in no position to challenge the focal organization due to the lack of similar resources. The RBV is premised on the idea that if all firms had the same quantity of resources, then the same strategy will be used by all firms therefore none will have a hedge over the other (Rumelt, 1987). Barney (2001) noted that competitive gain is felt where an organization is executing a strategy that is not being executed by the competitors at the same time. According to the resource based theory, a firm can only sustain its competitive gains if other firms within the same market are unable to copy the strategies that are used within the firm. For this reason, a competitive advantage is not considered to exist as long as the competitors can duplicate the competitive gains.

The proposition by Barney (1991) that firms are heterogeneous because they possess heterogeneous resources and by extension different strategies for exploitation of the various resource mixes can be used provide insights to performance pattern in the leather industry. RBV stresses the need to focus managerial attention on firm's internal and specific resources in an effort to identify the stock of assets, capabilities and competencies with the potential to deliver superior competitive advantage. The theory was found to be crucial for this study since it linked the external factor of the company through the porter generic competitive model and the external factors of the company’s environment factor by the balanced score card. Nevertheless, when a resource is rare, scares imitable they enable a company to gain a competitive advantage. Thus RBV was used by the researcher to underpin the independent and dependent variables.

2.2.2 Porter’s Generic Competitive Strategy Model
Porter (1985) first set out the Porters generic competitive strategy model. The position of a firm in any industry determines if it is profits are above or below the industry average. The most important thing for a firm is to be above average in its profits in the long-run
and to have a consistent competitive advantage. Cost leadership, focus, and differentiation are the main advantages that a firm can exploit to attain performance that is above average within the industry it operates (Porter, 2008). For this reason, the rationale behind competitive strategy formulation is to establish the association between an organization and its business environment. An understanding of these principal causes of competition helps a business to identify the best policies and strategies that will guide its expansion goal and ultimately in the improvement of its performance. Various authors like Young and Dulewicz (2009) opines that greater performance can be realized through the use of a generic strategy, which covers; the establishment of a cost leadership, focus, and differentiation as approaches to business competition. The failure by a firm to employ any of these approaches may result in dismal performance relative to firms that employ the generic strategy.

**Figure 2.1: Porter’s Three Generic Strategies**

Cost leadership strategy is a competitive strategy where a firm places inferior prices with an aim of expanding its market share. Cost-leadership strategies can be of assistance to big businesses in as far as fighting off challenger companies besides the brands that may not be equipped with the operational strength and size desired to compel prices to their
lowest points. Differentiation strategies target quality and value-seeking customers with premium offerings and strong brand equity. This strategy ensures that the competitors cannot offer what they offer. Some businesses prefer to center on one or more constricted market segments to shield themselves from competition. Focus strategy aids companies with inadequate resources to contend with competition. Focus strategy aims at making an offering that is cheap in a market segment that is so much targeted. It also targets niche market segments that have product lines that are specialized. As with the difference between cost-leadership and a price-centered focus strategy, a niche-market focus differs from a differentiation strategy by its specialization on highly customized offerings that target specific market subsets (Kiechel & Walter, 2010).

Zekiri (2012) also outlines three approaches to competitive strategy; low cost leadership strategy where an organization seeks to be a low cost producer overally. Differentiation strategy is where the organization strives to make its product different from that of its competitors and, focus strategy where the firm focuses on a narrow portion of the market. The model of generic competitive strategy advanced by porter has been used in this study to underpin the differentiation strategy as the independent variable.

2.2.3 Balanced Scorecard

Kaplan and Norton (1992) are credited with developing the Balanced Scorecard (BSC). The foremost strength of the Balanced Scorecard lies on its emphasis on the relationship between performance and the business unit strategy. According to Drury (2008), the Balanced Scorecard (BSC), provides an integrated outline of measuring performance, management, focused on financial and non-financial performance measures. The BSC has a holistic viewpoint, where the mission and strategies are changed into goals and targets, which ensure that a strategy can be, executed (Niven, 2003). The balanced scorecard has a broader application, bringing into line a mixture of management processes and center attention on implementing long term strategy and enabling the alignment of a mixture of management processes. Weinstein (2009) urges that the BSC focus on the management control system, strategic goals of the organization and the performance measurement system that evaluate the progress in achieving these goals.
Balanced scorecard is guided by; learning and growth, inside business processes, customers and finance. The four standpoints of the scorecard allow a sense of balance between short and long-term goals, between the desired results and the drivers of performance of those results, and also between hard and softer objective measures. According to the scholars, when an organization focuses more on the learning processes within an organization the end result is likely to be greater business processes. This is then likely to translate to customers getting satisfied and being loyal leading to improved returns on investments.

Lee (2006) opines that the there are certain characteristics that legitimize the balance scorecard as a valuable structure for realizing an improved performance. The BSC inspire incessant improvement, it helps in visibly outlining your purpose, it is easy to comprehend and apply. The author further proposed a complete outline of administering performance management hinged on the aspects of a Balance Scorecard. As per the author, the underlying principle of a balance scorecard is that the employees with the needed skills will make the process to be of good quality, improve the employees will improve process quality and save on time, which will ultimately result in a prompt delivery hence building the loyalty of the customer. The end result is that an organization will attain greater profits from their investments and satisfy the shareholders.

BSC has been ascertained as a very useful tool in planning and communicating a strategy which translates to successful implementation of a strategy in an organization. A successful execution of a strategy is contingent on effective strategic planning. Huang (2009) recommended a holistic approach to the BSC and the knowledge dependent system through the use of the analytic hierarchy process. This implies that, the BSC is a structure that manages performance and has been successfully utilized by organizations to realize and assimilate the strategic contribution. This eventually assists organizations in making sure that there is uniformity and integration between the non-financial and financial measures. Therefore the postulates of the BSC will be helpful in the study as it seeks to identify how the four perspectives that is learning and growth, internal business processes, customers and finance will be used to give Bata Shoe Company a competitive advantage through differentiation strategy.
2.3 Empirical Literature Review

This section reviews the various studies done on the strategies used to improve performance within an organization.

2.3.1 Product Development and Performance

Liu, Lin and Huang (2014) investigated the effect of product development on operating performance of textile industry in Taiwan. Product development was measured using technical innovation, market innovation and functional innovation whereas operating performance was operationalized on the basis of operational performance financial performance and organizational effectiveness. Regression analysis was used to determine the effects of product development on performance. The results of inferential statistics showed that product development enhances operating performance textile industry. However, this study was conducted in the Taiwanese textile industry and thus the contextual bias does not support making generalization to the leather industry and in particular the outlets of Bata Shoe company in Nairobi City County. Similarly, the indicators of product development and operating performance are not consistently and sufficiently supported by the existing body of theoretical literature. In the current study, product development was measured using product design, product improvement, product functionality and product performance.

Mbithi, Muturi and Rambo (2015) investigated the effect of product development strategy on performance of the Sugar Industry in Kenya. In this study, product development strategy was unbundled into development of new product and improvement of existing products while performance measures were output turnover, profitability, sales quantities and capacity utilization. Linear regression analysis was used as a basis for understanding the effect of the product development on performance. The results of coefficient of determination showed that product development strategy can predict company performance. Nevertheless the study was conducted in sugar industry whose environment conditions varies from the leather industry in terms of complexity and dynamism and thus the findings and conclusion may not be generalized to the Outlets of Bata Shoe Company.
Muchai (2006) investigated the influence of product development on competitive advantage of Coca-Cola Limited in Kenya. Product development was measured using the product innovation whereas competitive advantage was informed by the Porter’s generic strategies of cost leadership, differentiation and focus. The study made use of case study research design and collected both quantitative and qualitative data using questionnaire and interview methods. The quantitative and qualitative data that was gathered by the researcher was analysis entirely using commonality of ideas and themes and presented in narrative form. The study found that new products development is important since it inhibits competition with other players in the market, thus giving the company a competitive edge. It can be noted that even though thematic analysis as a technique for data analysis may be useful, reliable and sufficient for qualitative empirical data, the approach suffers significant shortcomings when applied in the analysis of responses from structured questions. In this case, the researcher did not adequately analyze quantitative data in order to understand and describe the relevant sample measures as well as make corresponding inferences and conclusions about the population. The current study made use of appropriate quantitative techniques which facilitated the computation of mean and standard deviation, and making of inferences in respect of the population that was of interest to the researcher.

2.3.2 Product Branding and Performance

Chege (2014) carried out a study on the competitive strategies adopted by Nakumatt holding to gain competitive advantage. Among the strategies identified as used by the Nakumatt Holdings are customer orientations, strategic mall location, technology leverage, aggressive branch expansion, innovation, differentiation, branding, brand positioning, centralized quality control and the management system. This study was however limited in the sense that while it identify the factors that influence the strategies adopted by the retail chain, it fails to set up the link connecting strategy and performance of supermarkets hence this study sought to fill this research gap.

Kalu, Anywanwu and Oluchuku (2014) surveyed on the relationship that exists between of brand expansion such as similarities in product kind, on market performance measures which include; the volume of sales, profitability and growth of sales growth. The
observation from the study was that ever since the recession that took place in 1990s, most firms have found themselves losing loyal customers. This is because of the inability of the firms to sustain the continuously changing tastes and preferences of the customers. Consequently, numerous brands are no longer in existence. 98 questionnaires were administered targeting commercial managers, marketing managers, sales managers and sales leads as a percentage of the selected target population of a firm under study. The result from data analysis pointed out that a considerable proportion of the aggregate soft drinks sold annually were derived from the expanded brands of the original products. This study comes to a conclusion that the pooled influence of similarity of product group e.g. fit perception will give a major boost to the overall performance of a firm in the market. The study however was only inclined to the soft drinks industry that's why this study was required to fill this research gap

Anduku, Abuga and Otola (2015) in their study sought to establish the consequence of branding strategies which are; name and image on the public sugar manufacturing firms’ performance in Western Kenya. The target population of the study was the employees of 4 public sugar manufacturing firms that operate within Western Kenya. The findings of the study indicated that, the name and image of a brand had a positive and significant consequence on the performance of the sugar firms under study. It was thus recommended that there is a need for firms to harness its efforts in brand attributes in order to attain good performance. This study however focused on the sugar manufacturing firm thus this study sought to address the branding strategies in relation to the shoe industry.

Veljković and Kaličanin (2016) studied on the effect of brand management practices on business performance. The aims of this study were to ascertain the practices of managing a brand, how they determine a company’s performance, and if indeed there are differences statistically among the sampled companies in regard to each component within the brand management practice (BMP) model. Serbia was the place where the study was conducted and it involved 118 managers and experts involved in marketing and the administering of brands. The results were important in understanding the foremost drivers of excellent brand management practice and their outcomes on business
performance in diverse sectors. The study however focused on the general brand management practices common in various industries in Serbia. This study was however specific to the Bata Shoe Company outlets in Nairobi City County, Kenya.

2.3.3 Packaging Design and Performance
Ahmed, Parnar, and Amin (2014) carried out a study on the function of packaging on consumer’s buying habits. Using a study sample of 150 respondents, the findings from the data analysis reveals a positive relationship that exists between packaging and consumer buying decision. The study found that the elements of packaging which include; the material, color, wrapping design and originality are the most vital things that a consumer considers when making any assessment of whether or not to buy a product. Lastly, it has been established that the packaging is one of the most essential and potent factor, which determines consumer’s purchasing decision. The major shortcoming of this study is that while it establishes the relationship between packaging and consumer buying decisions it doesn’t establish its relationship with performance of an organization. The current study however focuses on the relationship between packaging design and performance of Bata shoe company outlets in Nairobi City County, Kenya.

Dhurup, Mafini and Dumasi (2014) conducted a study on the consequence that packaging, pricing and brand knowledge have on brand loyalty. The study adopted a quantitative survey approach. Data was obtained from a selected sample of 212 consumers of a variety of paints’ brands. Regression analysis was used in investigating the effect of packaging, pricing and brand knowledge on the brand loyalty. The study concluded that the success of businesses is greatly reliant on their ability to incessantly augment their products’ packaging by means of good pricing and brand knowledge plans in order to advance brand loyalty. The major limitation with this study is that while packaging is identified as a key strategy, its relationship with performance is not identified hence the current study aimed at filling the research gap.

Mazhar, Daud, and Bhutto (2015) in their study sought to explain the function of packaging on buying behavior of the consumers. The goal of the study was to comprehend the indispensable factors, which drives the success of a brand. As per the
finding of the research, packaging was the most essential factor in the success of a brand. It is also concluded that the elements of packaging like its color, material used to package, wrapping design and innovation are fundamental consideration when consumers are considering to buy. The major limitation of this study was that while it identifies the role of packaging in consumer decision making, it doesn’t establish a direct relationship with performance of the organization in terms of the profitability, which the current study links between packaging design and performance.

Onyedikachi and Ugochukwu (2015) focused on packaging characteristics and the effect that it has on the brand preference for cosmetics products within the state of Abia in Nigeria. The sample size used was 250. The study recommended that sufficient packaging strategies should be put together and executed by manufacturing companies, at the point of package designing. While the study focuses on the effect of characteristics of packaging on brand inclinations, the ultimate effect of packaging on performance was not identified hence this study will aim at filling the research gap. Therefore the postulates of this tool were helpful in the study as it aimed at identifying how packaging design will give Bata shoe Company outlets a competitive advantage.

2.3.4 Customer Service and Performance
Chowdhury and Bokhari (2014) carried out a study on the determinants of differentiation of customer service for a company’s competitive advantage. The study was exploratory and used the factor analysis with a sample size of 150. The main findings of the study disclose that the factors that are considered essential for shaping customer service from the standpoint of customer satisfaction are visibly appealing personality and Tangibility, assurance, credibility and accessibility, responsiveness, empathy and Reliability. While the study was helpful to this study, it failed to establish a direct connection between the Customer service and the ultimate performance of an organization. The current study aims at establishing the impact of customer service on the performance of the organization.

Kihombo (2015) studied the effects of customer service on organizational performance with reference to KCB, he noted that customers are highly informed and demanding, thus requires service quality, service speed and responsiveness. It was noted that customers’
needs and wants have become important for firms to succeed and perform. Case study research design was utilized in the methodology. A sample size of 60 respondents including employees and customers was used in the study. Data collected were analyzed and processed through descriptive analysis. The findings show that respondents argued that customer service provision has contributed to the reduction of public relations costs. Moreover, the majority of respondents agreed that the extent to which customer service mechanisms and strategies implementation at KCB were carried out they increased and improved its performance. This has been so from the fact that many of the employees perceived the strategies as a tool to raise their customers’ satisfaction and organizational performance. The study also stated that employees trainings enhanced customer services and increased skills to enable attain work performance. However the study focused on banking sector, which has different operating environment and different objectives compared with the leather industry which the current study aimed to fill the research gap.

2.4 Summary of Literature Review and Research Gaps
The summary of literature review and research gap is summarized in the table below:

Table 2.1: Summary of Research Gaps

<table>
<thead>
<tr>
<th>Author/s</th>
<th>Research Topic</th>
<th>Research Findings</th>
<th>Research Gaps</th>
<th>Focus of Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veljković and Kaličanin (2016)</td>
<td>Consequence of brand management practices on the performance of business.</td>
<td>There was noteworthy differences among companies with regard to individual components of practices of brand management</td>
<td>Focused on the general brand management practices common in various industries in Serbia</td>
<td>This study was specific to the shoe industry in Kenya.</td>
</tr>
<tr>
<td>Onyedikachi and Ugochukwu (2015)</td>
<td>Characteristics of packaging and consequence it has on brand</td>
<td>Size, colour, and shape were positive and noteworthy Factors that brand inclination for cosmetics</td>
<td>Effect of packaging on market performance is not identified</td>
<td>Effect of packaging on market performance is identified</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Summary</td>
<td>Findings</td>
<td>Conclusion</td>
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<tr>
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<td>------------</td>
</tr>
<tr>
<td>Muchai (2006)</td>
<td>The influence of product development on competitive advantage of Coca-Cola Limited in Kenya.</td>
<td>The study found that new products development is important since it inhibits competition with other players in the market, thus giving the company a competitive edge.</td>
<td>The researcher did not adequately analyze quantitative data in order to understand and describe the relevant sample measures as well as make corresponding inferences and conclusions about the population.</td>
<td>Product development on competitive advantage of Coca-Cola Limited in Kenya.</td>
</tr>
<tr>
<td>Moghaddam and Foroughi (2012)</td>
<td>Effect of marketing mix elements on the share of market of Iranian firms.</td>
<td>Product strategy helps in improving the market share of firms.</td>
<td>Doesn’t focus on the direct relationship between product strategy and performance in terms of profits and sales revenue.</td>
<td>Establishes the link between product strategy as a differentiation strategy and market performance.</td>
</tr>
<tr>
<td>Kihombo, Dafrosa B (2015)</td>
<td>Effects of customer service on organizational performance with reference to KCB.</td>
<td>Customer service provision has contributed to the reduction of public relations costs.</td>
<td>The study focused on banking sector.</td>
<td>Customer service on organizational performance with reference to KCB.</td>
</tr>
<tr>
<td>Kalu, Anywanwu and Oluchuku (2014)</td>
<td>Effect of brand extension on marketing performance.</td>
<td>Major proportion of the total soft drinks products sold annually belong to the expanded brands of the original product.</td>
<td>Focus is on the soft drinks industry.</td>
<td>Brand strategy and performance in shoe industry in Kenya.</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Findings</td>
<td>Library</td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Dhurup, Mafini and Dumasi (2014)</td>
<td>The result of packaging, pricing and brand knowledge on brand loyalty</td>
<td>Packaging, pricing and brand knowledge showed major positive interaction with brand loyalty.</td>
<td>The study sought to establish direct relationship between packaging strategy and performance of shoe industry.</td>
<td></td>
</tr>
<tr>
<td>Chowdhury and Bokhari (2014)</td>
<td>Determinants of differentiation of customer service for a company’s competitive advantage</td>
<td>Factors that are considered essential for shaping customer service differentiation are appeal personality, tangibility, accessibility, responsiveness, empathy and Reliability.</td>
<td>Fails to establish a direct connection between the Customer service differentiation and the ultimate performance of an organization. Establishes the relationship between customer service differentiation and performance.</td>
<td></td>
</tr>
<tr>
<td>Chege (2014)</td>
<td>Competitive strategies adopted by Nakumatt holding to gain competitive advantage</td>
<td>Aggressive branch expansion, innovation, differentiation, branding, brand positioning, centralized quality control were the strategies adopted</td>
<td>Fails to identify the link connecting strategies and the performance of the supermarket. Links the differentiation strategies with performance of shoe industry.</td>
<td></td>
</tr>
<tr>
<td>Ahmed, Parnar and Amin (2014)</td>
<td>Effect of packaging</td>
<td>There is a positive link</td>
<td>Focus is only on the buying</td>
<td>Sought to identify the</td>
</tr>
<tr>
<td>Year</td>
<td>Study</td>
<td>Focus</td>
<td>Source</td>
<td></td>
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<tr>
<td>------------</td>
<td>------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>(2014)</td>
<td>on the consumer buying decision</td>
<td>between packaging and the buying decision of consumers</td>
<td>decision of customer and not how packaging affects performance of company</td>
<td>link between packaging and market performance</td>
</tr>
</tbody>
</table>

Source: Author and Literature Review (2018)
2.5 Conceptual Framework

The conceptual framework helps in showing the expected relationship between the independent variable (differentiation strategy) and the dependent variable (performance) of Bata Shoe Company outlets in Nairobi City County, Kenya. The independent variables under study were product development, product branding and packaging design with the dependent variable being performance.

![Conceptual Framework Diagram]

**Differentiation strategy**

- **Product Development**
  - Product design
  - Product improvement
  - Product functionality
  - Product performance

- **Product Branding**
  - Brand awareness
  - Brand positioning
  - Brand image
  - Brand association

- **Packaging Design**
  - Design
  - Colour
  - Materials quality
  - Logo

- **Customer service**
  - Competence
  - Communication
  - Credibility
  - Courtesy

**Performance**

- Profitability
- Market share
- Customer satisfaction
- Corporate image

**Independent variables**

**Dependent variable**

*Figure 2.2: Conceptual Framework*

*Source: Author, (2018)*
Product development involves coming up of products that have new or diverse characteristics which provides latest or extra benefits to the buyer. It may involve adjustment of an existing product or its appearance, or establishment of a completely new product that meets the needs within a market niche. Product branding is a long-term marketing support for a brand, which is based on how the characteristics of the consumers being targeted are defined. It entails a proper comprehension of the customers’ brand inclinations and the prospects from the brand. It is a plan for the development of a flourishing brand with an aim of realizing specific objectives. Packaging design is the procedure used in ensuring that products are well protected, well stored, distributed, sold and used. Packaging is a synchronized system of preparing goods for transport, logistics, warehousing, selling and the ultimate use.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
The chapter presents the design used in the research, target population, sample size and sampling procedure, data gathering instrument, test of validity, test of reliability, data gathering procedure, data analysis and presentation and ethical consideration.

3.2 Research Design
The study adopted a descriptive research design. According to Collins (2002), descriptive research design involves facts finding and enquiries of different types by explaining a state of affairs as it exists in the current. (Mugenda & Mugenda, 2003; Kothari, 2004) stated that descriptive research is concerned with recounting the uniqueness of a particular entity or group. It is a process of gathering data with an aim of answering questions regarding the status of the area under discussion and other phenomena using multiple sources of evidence to draw general conclusions from the facts discussed. The authors further noted that descriptive research design is used for studies, which are trying to investigate the status of the problem. The method is suitable for obtaining information for decision making, identify the current practices, conditions, opinions and relationships among variables hence was appropriate for investigating the effect differentiation on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

3.3 Target Population
The target population of this study comprises of employees at managerial level of Bata Shoe Company outlets in Nairobi City County. These employees consists management team in senior managers, middle managers and functional managers as shown in Table 3.1.
Table 3.1: Population of Study

<table>
<thead>
<tr>
<th>Employee Strata</th>
<th>Number of employees</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Middle Managers</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>Functional Managers</td>
<td>55</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Bata Shoe Company Outlets (2018)

The total target population was 120 employee encompassing senior managers, middle managers and functional managers. The senior managers comprise the smallest group at 21% of the total population while middle managers and functional managers are 33% and 46% respectively of the total population.

3.4 Sample Size and Sampling Procedure

The researcher used proportionate stratified sampling technique based on management levels to determine the sample size. A sample design is the technique that the researcher adopts in the selection of items for the sample (Mugenda, 2003). The proportionate stratified sampling technique was used because the respondents in the sub sections or departments were expected to have information on the answers that were sought for. In this study, the researcher used 50% of the target population as the research sample in line with the standards recommended by Kothari (2004). Table 3.2 shows the distribution of sample size.
### Table 3.2: Distribution of Sample Size

<table>
<thead>
<tr>
<th>Employee Strata</th>
<th>Number of employees</th>
<th>Multiplier Factor 50%</th>
<th>Distribution of the Sample</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>25</td>
<td>0.5</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Middle Managers</td>
<td>40</td>
<td>0.5</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Functional Managers</td>
<td>55</td>
<td>0.5</td>
<td>28</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>60</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Researcher (2018)**

A sample of 60 respondents distributed proportionately across all management levels in various departments was selected from the target population. Senior managers with the smallest group made the least contribution of 21% while middle managers and functional managers are 33% and 46% respectively of the total sample size.

### 3.5 Data Collection Instrument

The main source for data collection in the study was the primary data. Semi structured questionnaires were used in collecting primary data. 60 questionnaires were distributed to selected employees within each of the existing departments in Bata Shoe Company outlets in Nairobi City County. Selltiz (2007) indicated that questionnaires that come back should be those of smart presentation, short, clear and easy to fill. In addition, questionnaires are more convenient; and they can be administered to a large number of individuals simultaneously (Tuckman, 2009). The questionnaires comprise both the closed and open-ended questions. The open-ended questions will provide additional information that may not be captured by the closed-ended questions. Kothari (2004) argues that the questionnaire as a tool of data collection is quite popular, particularly in case of extensive enquiries. The questionnaire has two major sections. Section A addresses employees’ personal profile. Section B was sub-divided into four sub-sections with questions regarding the effect of Product development, Product branding and Packaging Design on performance of Bata Shoe Company outlets in Nairobi City County.
3.6 Test of Validity

Validity is the degree to which an instrument measures what it is projected to measure and performs the way it was designed to perform. Bollen (1989) defined content validity as a qualitative type of validity where the area of the concept is clear. The author further stated that there are no clear means of measuring content validity since concepts the domain is ambiguous. However, the content validity was measured by the theoretical or concept adopted in the study indicators. Content validity is a qualitative way of making sure that indicator brings out meaning of a concept as defined in the study. Construct validity is how well the concept of the study is translated into operating reality, (Trochim, 2006). Construct validity was measured by the outcome of the study and how they actualized. Face validity is a subjective judgment where the validity is measured at how well or bad it looks at face value. Validity can be described as a way an idea in the study is conceptualized. To be in a position to ascertain the validity of a research tool the study will seek opinions from different quarters like experts in the field of study, the supervisors involved in the study and lecturers in the school of business. Mugenda and Mugenda (2003) noted that the usual procedure in assessing content validity of a measure is to use a professional or expert in a particular field.

3.6.1 Test of Reliability

Reliability can be described as the tendency towards consistency (Shanghverzy, 2003). According to (Treiman, 2009); different measures of the same concept duplicated over time should bring out the same results. Reliability is the same as the uniformity of a test, assessment, observation, or other measuring mechanism. Cronbach’s alpha based on internal consistency will be ascertained through the use of SPSS to ascertain the reliability of the survey tool. The Cronbach’s $\alpha$ coefficient is within the range from 0 to 1 in providing this by and large evaluation of a measure’s reliability A minimum $\alpha$ coefficient between 0.65 and 0.8 is recommended; $\alpha$ coefficient, that are below 0.5 are generally not acceptable, particularly for scales that are one dimensional (Meeker &Escobar, 2014).The study adopted cronbah test at $\alpha$ coefficient of 0.70.
A pilot study was conducted to determine the reliability and validity and the results are presented in the table below;

**Table 3.3 Reliability and Validity Test**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>No of Items</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product development</td>
<td>0.756</td>
<td>7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Product branding</td>
<td>0.812</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Packaging design</td>
<td>0.924</td>
<td>6</td>
<td>Reliable</td>
</tr>
<tr>
<td>Customer service</td>
<td>0.745</td>
<td>5</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance</td>
<td>0.807</td>
<td>4</td>
<td>Reliable</td>
</tr>
<tr>
<td>Overall Reliability Coefficient</td>
<td><strong>0.8088</strong></td>
<td><strong>28</strong></td>
<td>Reliable</td>
</tr>
</tbody>
</table>

**Source (Pilot Data, 2018)**

The table above indicates an overall cronbach alpha score test of 0.8088 which implies good reliability since this value is higher than the acceptable threshold of 0.70

### 3.7 Data Collection Procedure

The study utilized semi-structured questionnaire, which were administered through drop and pick method to enhance the response rate. The researcher obtained an introductory letter from the Bata Shoe Company to collect data from its outlets, and then personally delivered the questionnaires to the respondents. The researcher assured the respondents about confidentiality of the data collected. The respondents were given some time to fill in the questionnaire, after which the duly filled questionnaires were picked for data analysis.

### 3.8 Data Analysis and Presentation

Data collected was condensed first to recognize the items that might not have been responded to correctly. The information was grouped into topics. Closed-ended data was analyzed using descriptive statistics, while the open-ended data used content and thematic analysis. Descriptive statistics aids in summarizing the general tendencies in data, present an understanding of how different scores might. It also provides an insight into where one
score stands in relative to others (Creswell, 2005). The results were then organized and tabulated in tables, percentages, pie charts and a regression output, which were interpreted to provide useful information on the effect of differentiation strategy on performance of Bata Shoe Company outlets in Nairobi City County. A regression analysis was also employed with the aim of generating a regression output that was used in determining the effect of independent variables on the dependent variable. The study employed the multiple regression model shown below.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \]

Where; \( Y \) is the dependent variable (performance) measured using sales revenue of leather industry \( \beta_0 \)is a constant,
\( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the regression coefficients
\( X_1, X_2 \) and \( X_3 \) represent the independent variables where:
- \( X_1 = \) Production development of Bata shoe company outlets
- \( X_2 = \) Product branding of Bata shoe company outlets
- \( X_3 = \) Packaging design of Bata shoe company outlets
- \( X_4 = \) Customer service of Bata shoe company outlets

The research used 95% confidence level to test for the significance of the model variables i.e. at P-values =0.05

The purpose of this model was to observe the correlation between differentiation strategy and performance of Bata shoe company outlets. It took into account the effect of independent variables; Product development, Product Branding, Packaging Design and Customer Service on the performance of Bata Shoe Company outlets in Nairobi County, Kenya.

3.9 Ethical Considerations

In this study, confidentiality was paramount regarding all the information relating to the study of Bata Shoe Company outlets in Nairobi City County, Kenya. The researcher did not disclose the names of the respondents participating in the study. Questions that are embarrassing and irrelevant, as well as those with threatening language or are likely to
make respondents nervous were avoided. A letter of authority to undertake the research from the National Commission for Science, Technology and Innovation (NACOSTI) was obtained. The researcher also sought permission from the Bata Shoe Company human resources manager and consent obtained from individual participants.
CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction
This chapter presents the analysis of response rate, background information of respondent, descriptive and multiple regression analysis. Data was analyzed, discussed and compared with theoretical and empirical literature review in chapter two.

4.2 Analysis of Response Rate
The response rate was analyzed on the basis of the proportion of the questionnaires that were duly completed and returned as presented in Figure 4.1

Figure 4.1: Response Rate
Source: Survey Data (2018)

The results in Figure 4.1 indicate the response rate was 75% which was good and representative. This is consistent with Mugenda and Mugenda (2003) that a response rate of 50% and above is adequate for analysis and drawing conclusion.
4.3 Background Characteristics of the Respondents
The researcher analyzed the biographical characteristics of the respondent in terms of the gender, age, management level and the length of service in the company.

4.3.1 Analysis of Gender of Respondents
The researcher analyzed the gender of the respondents as shown in figure 4.2

![Figure 4.2: Gender of the Respondents](source: Survey Data (2018))

According to the findings, majority of the respondents were male at 60% while female constituted 40%. Despite the variations, the two types of gender were fairly represented in the study.

4.3.2 Age of the Respondents
The researcher analyzed the age of the respondent as presented in figure 4.3
The results of the analyses in figure 4.3, indicates that the respondents were unevenly spread across the various categories of age structure. It can be noted that a majority of the respondent were in the category of 25-35 years of age. However, the smallest proportion of respondents was above 45 years of age. It is evident from the results that all the age categories were fairly represented in the study.

4.3.3 Level of Management
The researcher analyzed the management levels of the respondents and results are presented in table 4.1

Table 4.1: Levels of Management.

<table>
<thead>
<tr>
<th>Employee Strata</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Middle management</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Functional management</td>
<td>29</td>
<td>58</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)
The findings of the analysis in figure 4.1 reveal that the functional management was the majority of respondents at 58%, followed by middle level management at 40% and senior management at 2%. Despite the variance in different management levels, results illustrates that all the management levels participated fairly in the research.

4.3.4 Length of Service in the Company
The researcher analyzed the length of service in the company and the results presented in figure 4.4

![Graph showing length of service distribution](image)

**Figure 4.4: Length of Service**

**Source: Survey Data (2018)**

The results of analysis in figure 4.4 demonstrates that majority of the respondents had worked for the company for 5-10 years, while the fewest serving respondents were above 15 years. The respondents were unevenly distributed across the various years of service. It can be noted despite the uneven distribution the results were fairly represented in the study. These results confirm that the employees involved in this study had necessary experience to provide the information that was of interest to the researcher.

4.4 Descriptive Analysis
The researcher used mean and standard deviation to present the summary measures of the sample that was observed. Analysis of descriptive statistics was conducted on the basis of
the data collected on the variables that were at the core of this study. The observed sample formed the basis for quantitative data analysis for this study.

4.4.1 Product Development

The researcher analyzed the data collected on product development using product design, product improvement, product functionality and product performance as presented in Table 4.2.

Table 4.2: Descriptive Statistics on Product Development

<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product design enables the company to attract new customers</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.26</td>
<td>0.59</td>
</tr>
<tr>
<td>Product improvement results in customer retention</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.77</td>
<td>0.70</td>
</tr>
<tr>
<td>Product functionality results in satisfying customer needs</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.46</td>
<td>0.88</td>
</tr>
<tr>
<td>Product performance enhances standards accuracy</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.51</td>
<td>0.73</td>
</tr>
<tr>
<td>Quality and unique products led to improved performance</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.02</td>
<td>0.63</td>
</tr>
<tr>
<td>Product improvement enables the company to gain competitive advantage</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.53</td>
<td>0.52</td>
</tr>
</tbody>
</table>

**Aggregate scores**

3.93 0.68

Source: Survey Data (2018)

The findings of the descriptive analysis on product development indicates that the average mean were 3.93 and a standard deviation of 0.68. The aggregate mean of 3.93 approximates to 4 on likert scale that confirms that the respondents were in agreement that activities relating to product development are practiced. It is evident that product functionality had the least mean of 3.46 whereas product improvement had the highest mean of 4.53. The variability of the indicators is narrow which demonstrates that the sample mean is stable and reliable for estimating the mean of the population from the sample. Notably, the low variation deriving from the sample mean and standard deviations is an indication that the activities for product development are important and applied in Bata Shoe Company outlets. This finding is in agreement with the study by
Liu, Lin and Huang (2014) who in results of inferential statistics showed that product development enhances operating performance textile industry.

### 4.4.2 Product Branding

Product branding was measured using brand awareness, brand positioning, brand image and brand association as displayed the results in Table 4.3

<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand awareness have increased customer numbers</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.98</td>
<td>0.50</td>
</tr>
<tr>
<td>Brand Positioning has less to improved profitability</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.52</td>
<td>0.67</td>
</tr>
<tr>
<td>Brand Image has led to acquisition and retention of customers</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.45</td>
<td>0.42</td>
</tr>
<tr>
<td>Brand Association enables marketers to sell more and win the market share</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.57</td>
<td>0.57</td>
</tr>
<tr>
<td>Brand awareness builds customer loyalty</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.02</td>
<td>0.54</td>
</tr>
<tr>
<td>Brand image has led to more product knowledge thus increase in sales</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.13</td>
<td>0.77</td>
</tr>
</tbody>
</table>

**Aggregate scores**

| 3.78 | 0.58 |

**Source: Survey Data (2018)**

The results of the descriptive analysis on product branding shows that the average mean were 3.78 and a standard deviation of 0.58 . The aggregate mean of 3.78 which approximates to 4 on likert scale implies that it’s a stable estimator of the population mean and can be used for decision and reasoning regarding the target population. The variability of the measures is narrow which demonstrates that the sample mean is steady and dependable. Moreover, there is a small variation on the measures implying that they are practiced in Bata Shoe Company outlets to improve its performance. The findings are in agreement with the study by Chege, (2014) which established a positive association between product branding and performance in Nakumatt supermarket.
4.4.3 Packaging Design

The researcher analyzed the data collected on packaging design which was measured using design, color, material quality and logo as presented the results in Table 4.4

Table 4.4: Descriptive Statistics on Packaging Design

<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company offers unique packaging design of its products which led to improved performance</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.66</td>
<td>0.67</td>
</tr>
<tr>
<td>The color used on the product has led to customer attraction</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.32</td>
<td>0.62</td>
</tr>
<tr>
<td>Material quality used by the company while packaging is good</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.75</td>
<td>0.59</td>
</tr>
<tr>
<td>The packaging graphics like the logo are of great attraction to the customers</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.57</td>
<td>0.48</td>
</tr>
<tr>
<td>Packaging design used improves the pricing leading to increased profits</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.47</td>
<td>0.51</td>
</tr>
<tr>
<td>Improved packaging design has led to customer satisfaction and thus customer retention</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.91</td>
<td>0.65</td>
</tr>
<tr>
<td><strong>Aggregate scores</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>4.11</strong></td>
<td><strong>0.59</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The results of the descriptive analysis on packaging design shows that the average mean were 4.11 and a standard deviation of 0.59. The aggregate mean of 4.11 which approximates to 4 on likert scale implies that it’s a steady estimator of the population mean and can be used to for conclusions and inferences regarding the target population. The variability of the indicators is narrow which confirms that the sample mean is stable and reliable. Furthermore, the narrow variation of responses reveals that the measures adopted as packaging design by Bata Shoe Company outlets are practiced to enhance its performance. This finding is in agreement with the study by Dharup, Mafini and Dumasi, (2014) which found out that packaging design and performance have a positive association. The finding further agrees with the study done by Onyeadikachi and Ugochukwu (2015) who established a positive association between packaging design and performance.
4.4.4 Customer Service affect Performance

Customer service was measured using competence, communication, credibility and courtesy as presented the results in Table 4.5

### Table 4.5: Descriptive Statistics on Customer Service

<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The competence of personnel has led to better performance</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.56</td>
<td>0.71</td>
</tr>
<tr>
<td>Communication is essential in customer attraction and retention</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.60</td>
<td>0.63</td>
</tr>
<tr>
<td>Employee courtesy plays a major role in making the customers more satisfied</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.37</td>
<td>0.62</td>
</tr>
<tr>
<td>Good communication from the employees has improved the company image hence performance</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.11</td>
<td>0.64</td>
</tr>
<tr>
<td><strong>Aggregate scores</strong></td>
<td></td>
<td></td>
<td></td>
<td>4.06</td>
<td>0.63</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The findings of the descriptive analysis on customer service reveals that the average mean were 4.06 and a standard deviation of 0.63. The aggregate mean of 4.06 which approximates to 4 on likert scale implies that it’s a reliable estimator of the population mean and can be taken for conclusions and references regarding the target population. The variability of the measure is narrow which demonstrates that the sample mean is stable and reliable. Notably the minor variations on the measures are an indication that the activities are major and are utilized in Bata Shoe Company outlets. Despite the variations customer service measure is practiced in the organization and thus considered as an important measure for the company performance. Jamali, Dirani and Harwood, (2015) in their study found similar results with regard to the association between the personnel differentiation and performance.

4.4.5 Performance of Bata Shoe Company Outlets

The study sought to analyze performance based on the profitability, market share, customer satisfaction and corporate image and the results are presented in table 4.6
Table 4.6: Descriptive statistics of Performance of Bata Shoe Company Outlets

<table>
<thead>
<tr>
<th>Variables</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is increase in profitability of the Company</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.26</td>
<td>0.80</td>
</tr>
<tr>
<td>The market share of the company has increased</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.57</td>
<td>0.70</td>
</tr>
<tr>
<td>The company has maintained good customer satisfaction</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>3.87</td>
<td>0.92</td>
</tr>
<tr>
<td>There is improved corporate image of the company</td>
<td>45</td>
<td>1</td>
<td>5</td>
<td>4.41</td>
<td>0.77</td>
</tr>
<tr>
<td>Aggregate scores</td>
<td></td>
<td></td>
<td></td>
<td>4.28</td>
<td>0.79</td>
</tr>
</tbody>
</table>

Source: Survey Data (2018)

The results on performance indicated that market share had a mean of 4.57, followed by corporate image with a mean of 4.41, then profitability with 4.26 and customer satisfaction at 3.87. The average means score of 4.28 and standard deviation of 0.79 reveals that most respondents agree that differentiation strategy results in good performance. The narrow variability suggest that the responses of employees are concentrated around the aggregate mean score and thus the sample mean is a stable estimator of the true mean in this study. It is therefore apparent the activities of customer service adopted are practiced and crucial in Bata Shoe Company Outlets in Nairobi City County, Kenya.

4.5 Inferential Analysis

This section focused on the Correlation analysis and multiple regression analysis on the effect of differentiation strategy (product development, product branding, packaging design and customer service) on the performance of Bata Shoe Company Outlets in Nairobi City County, Kenya.
4.5.1 Correlation Analysis

Bivariate correlation analysis was conducted to show relationship between the dimensions of independent variable and dependent variable. The results of product moment correlation are displayed in Table 4.7.

Table 4.7: Correlation Test

<table>
<thead>
<tr>
<th>Source of Bata Shoe co.</th>
<th>Performance of Bata Shoe co.</th>
<th>Product development</th>
<th>Product branding</th>
<th>Product design</th>
<th>Customer service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance of Bata Shoe co.</td>
<td>Pearson Correlation</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>Pearson Correlation</td>
<td>.450*</td>
<td>.132</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.147</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product branding</td>
<td>Pearson Correlation</td>
<td>.237*</td>
<td></td>
<td>.080</td>
<td>-.108</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.008</td>
<td>.382</td>
<td>.238</td>
<td></td>
</tr>
<tr>
<td>Product design</td>
<td>Pearson Correlation</td>
<td>.313*</td>
<td>-.080</td>
<td>-.108</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.382</td>
<td>.238</td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td>Pearson Correlation</td>
<td>.321*</td>
<td>.117</td>
<td>.128</td>
<td>-.070</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.198</td>
<td>.162</td>
<td>.446</td>
</tr>
</tbody>
</table>

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

Source: Survey Data (2018)

Table 4.7 indicates there is a significant positive relationship between the product development strategy and the performance of Bata shoe company (r=-0.450, p value 0.000). There is a significant correlation between product branding and performance of Bata Shoe company outlets (r=0.237, p-value 0.008). There is also a significant association between the product design and performance (r=0.313, p value 0.000). Finally, there is a significant correlation between customer service and performance of (r=0.321, p-value 0.000). According to Green, (2008), if a pair of variable has a
correlation of 0.8 or -0.8 (i.e. r^2 of 64% or more), then the pair is strongly correlated and this means that multicollinearity exists. From the table, none of the pair of association has r of more than 0.8 (64%) hence the data has no multicollinearity problem. The results of bivariate correlation analysis shows there is an association of the dependent variables and independent variable the Yang Spencer, Joiner, and Salmon (2009) that differentiation strategy tend to place a high emphasis on performance.

4.5.2 Multiple Regression Analysis

In this study, multiple regression analysis was carried out to investigate the effect of differentiation strategy on the performance of Bata Shoe Company outlets in Nairobi City County Kenya. Product development; product branding, packaging design and customer service were regressed on performance. The results of the regression analysis are presented in Table 4.8

### Table 4.8: Multiple Regression Analysis of Variables on Differentiation Strategy

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Beta Coefficients</th>
<th>Std. Error</th>
<th>Standardized Beta Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.976</td>
<td>1.062</td>
<td>1.861</td>
<td>.065</td>
<td></td>
</tr>
<tr>
<td>Product development</td>
<td>.145</td>
<td>.065</td>
<td>.481</td>
<td>2.203</td>
<td>.024</td>
</tr>
<tr>
<td>Product branding</td>
<td>.285</td>
<td>.120</td>
<td>.714</td>
<td>2.371</td>
<td>.019</td>
</tr>
<tr>
<td>Packaging design</td>
<td>1.103</td>
<td>.188</td>
<td>1.372</td>
<td>5.859</td>
<td>.000</td>
</tr>
<tr>
<td>Customer service</td>
<td>.466</td>
<td>.181</td>
<td>.848</td>
<td>2.577</td>
<td>.011</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>.824^a</td>
<td>0.679</td>
<td>0.621</td>
<td>0.1316</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>4</td>
<td>3.91</td>
<td>11.78</td>
<td>.00^b</td>
</tr>
<tr>
<td>Residual</td>
<td>46</td>
<td>0.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

b. Predictors: (Constant), product development, branding, packaging and customer service

Source: Survey Data (2018)
The regression model that was estimated through the results of regression analysis is presented below.

\[ Y = 1.976 + 0.145 \text{Product Development} + 0.285 \text{Product Branding} + 1.103 \text{Packaging Design} + 0.466 \text{Customer Service} \]

The results of the model summary show that the coefficient of multiple determinations is 0.62 implying that the four measurements of response strategies are in together responsible of 62 percent of variation in performance of Bata Shoe Company outlets in Nairobi City County, Kenya. Notably, the results of ANOVA reveals that regression model adequately fitted the observed data as the estimated model was confirmed to be statistically significant at \( F = 3.91 \) and calculated probability value of 0.001 which is less than the 0.05 threshold adopted. This study made use of the ANOVA statistics to find out the significance of the association between the performance of Bata Shoe Company outlets in Nairobi City County, Kenya and the independent variables. From the findings, the model was significant which implies that the model was good for estimation. Therefore, the regression analysis revealed that holding the four dimensions of response strategies to a constant zero, performance would be at a level of 1.97.

**4.5.3 Specific Objective One**

In the first specific objective the researcher sought to establish the effect of product development on performance of Bata Shoe Company outlets in Nairobi City County. The result of regression analysis shows that a unit increase in product development is responsible for 0.145 increases in performance. Therefore the study concludes that product development affects performance. The findings and conclusions of this study are in agreement with the empirical inferences made in the study conducted by Liu, Lin and Huang (2014) that product development enhances the operating performance on an organization. This conclusion is also corroborated by the inferences made by Mbithi, Muturi and Rambo (2015) that product development strategy has a positive contribution to company’s performance. Similarly, the results of this study supports the conclusion made by Muchai (2006) that new products development is responsible for enhanced performance and provides a firm with a competitive edge by availing relatively superior
products in the market place. The findings also resonates with the postulates of resource based view of the firm that intangible resources that are an imperative for product development are a source of competitive advantage that is responsible for enhanced corporate performance.

4.5.4 Specific Objective Two

The researcher sought to establish the effect of product branding on performance of Bata Shoe Company outlets in Nairobi City County. Regression analysis carried out showed that a unit increase in product branding is responsible for 0.285 increases in performance. This result definitely affirms that there is a positive and significant relationship between product branding and performance of Bata Shoe Company outlets in Nairobi City County, Kenya. The findings are in agreement with the study by Kalu, Anywanwu and Oluchuku, (2014) who surveyed on the effect of brand extension such as Product Category similarity, on marketing performance metrics of sales volume, sales growth and profitability. The study found a positive association between branding and performance. Further, a study by Anduku, Abuga and Otola (2015) also established that branding strategy namely, brand name and image affects the performance of public sugar manufacturing firms in Western Kenya positively. The findings support the postulates of RBV on the importance of organizational strategies in value addition and increasing performance of organizations.

4.5.5 Specific Objective Three

The researcher sought to determine the effect of packaging design on performance of Bata Shoe Company outlets in Nairobi City County, Kenya. According to regression analysis increase in packaging design holding other factors constant, result are 1.103 increase in performance of Bata Shoe Company outlets in Nairobi City County, Kenya. This concludes that packaging design by itself affects performance. Prior studies have also found a similar outcome. For instance Ahmed, Parnar, and Amin (2014) carried out a study on the role of packaging on consumer’s buying behavior and found a positive effect of packaging design on customer decision. Secondly a study by Dhurup, Mafini and Dumasi (2014) on the impact of packaging, price and brand awareness on brand loyalty and performance which turned out to have a positive association. These results support
the empirical findings of Mazhar, Daud, and Bhutto (2015) that concluded packaging design established a positive correlation with performance.

4.5.6 Specific Objective Four

The researcher sought determines the effect of customer service on performance of Bata Shoe Company outlets in Nairobi City County, Kenya. The findings revealed a positive relationship between customer service and performance of Bata Shoe Company outlets. The correlation showed 0.321 association in customer service and performance, affirms that there is great association between customer service and performance. Regression analysis on the other hand showed that a unit increase with customer service is responsible for 0.466 increases in performance. This corroborates with the study by Chowdhury and Bokhari (2014) who established how customer service enables a company to have competitive advantage hence increased performance. Another study carried out by Jamali, El Dirani & Harwood, (2015), also found a significant importance of customer service on the performance of a company. These results also agree with the propositions of Resource based view, that a resource like the customer service can be used to enhance the performance of an organization.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the findings, conclusions, and recommendations of the study. The study aimed at investigating the effect of differentiation strategy on performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

5.2 Summary
The first objective of the study was to establish the effect of product development on the performance of Bata Shoe Company outlets. Product development was measured using indicators which are product design, product improvement, product functionality and product performance. The results from the descriptive statistics indicate that product development was practiced in Bata Shoe Company outlets. Statistical analysis of the data gathered showed that product development has a significant effect on performance and this confirms that the study expectations were met.

The second objective of the study was to determine the effect of product branding on the performance of Bata Shoe Company outlets. Product branding was carried out using the following indicators brand awareness, brand positioning, brand image and brand association. The measures showed that the activities were practiced in Bata Shoe Company outlets. Further, the results from the regression analysis show that the effect of product branding on the performance has a positive effect on the company thus the expectation of the research was confirmed.

The third objective of the study was to determine the effect of packaging design on the performance of Bata Shoe Company outlets. The results obtained from the descriptive statistics used indicators such as design, color, material quality and logo. Analysis of the measures indicated that activities of packing design were greatly practiced in Bata Shoe Company outlets. The regression analysis confirmed the effect of packaging design on
the performance of Bata Shoe Company outlets was significant and positive thus meeting the expectation of the study.

The fourth objective was to determine the effect of customer service on the performance of Bata Shoe Company outlets. The findings from the descriptive statistics show that the respondents agree that performance of the company was greatly affected by the customer service. The regression analysis on the effect of customer service which was measured using competence, communication, credibility and courtesy, demonstrated that the activities were practiced by Bata Shoe Company outlets. The results from correlation test showed that customer service has greatly contributed positively to the performance of the company and so to the expectation of the study.

5.3 Conclusion
Organizations are required to continuously examine the business environment through which they operate and its performance; this will enable them to understand the changes in the business environment hence developing proper strategies (Auster & Choo, 2004). This study sought to establish the effect of differentiation strategy on the performance of Bata Shoe Company outlets in Nairobi City County, Kenya. The study narrowed it down to four specific objectives.

The first objective of the study was to establish the effect of product development on the performance of Bata Shoe Company outlets in Nairobi City County; Kenya. The study concluded that product development is a critical focus of management of organizations especially in the face of environmental dynamisms that characterizes the context of business operations. The results of the study revealed that there is a moderate positive linear correlation between the research variables. In addition, product development was empirically confirmed to have a statistically significant effect on performance.

The second objective of the study was to determine the effect of product branding on the performance of Bata Shoe Company outlets Nairobi City County, Kenya. The study concludes that product branding significantly affect the performance of Bata Shoe Company outlets Nairobi City County, Kenya. Similarly the study showed that there is
positive correlation between the product branding and performance. Moreover, product branding was highlighted to have moderate impact on performance.

The third objective of the study was to determine the effect of packaging design on the performance of Bata Shoe Company outlets Nairobi City County, Kenya. The study concludes that packaging design significantly and positively affects the performance of Bata Shoe Company outlets Nairobi City County, Kenya and it is an important variable that the management of organizations applies to enable them be abreast with the changing dynamics of the industry. The results of the study revealed that there is a moderate positive linear correlation between the research variables.

The fourth objective was to determine the effect of customer service on the performance of Bata Shoe Company outlets Nairobi City County, Kenya. The study concludes that customer service significantly affect the performance of Bata Shoe company outlets Nairobi City County, Kenya. In conclusion, customer service is a crucial element that should be utilized by the management to improve performance of the company. The results from correlation test showed that customer service has greatly contributed positively to the performance of the company. Generally, from the findings the researcher concludes that the differentiation strategy have a significant positive effect on the performance of Bata Shoe Company outlets in Nairobi City County, Kenya.

5.4 Recommendation for Policy and Practice
The researcher makes recommendations that will be helpful to policy makers in the Bata Shoe Company and its outlets in Nairobi City County, Kenya.

5.4.1 Recommendations on Product Development
It is recommended that management of Bata Shoe Company Outlets in Nairobi City County, Kenya should promote activities relating to product design, product improvement, product functionality and product performance through embracing innovative ideas, monitoring and responding to the changes in the needs of the customers and adequate committing resources for product development. Given that the activities for product development are important and applied in Bata Shoe Company outlets, it is necessary for management to initiate practices that would result in enhanced product
functionality so as ultimately satisfy the needs of the customers. In addition, future researcher should focus on investigating other factors that may jointly with product development influence performance in the leather industry.

5.4.2 Recommendations on Product Branding
The study revealed that with Product branding is crucial in ensuring the company performs better. Its is in this regards that a recommendation is made to the management of Bata shoe company to embrace all the indicators of product branding to be able optimally maximize its benefits. The management can invest more resources on this variable, noting that branding is one of the key elements in today’s market which greatly influence the performance of a company. They can achieve this by ensuring that the employees are well trained to know the best and upcoming branding ideas and skills, which can attract more customers, thus increase performance. However, the management should also think outside the box to keep pace with new and dynamic environment in the leather industry.

5.4.3 Recommendations on Packaging Design
It is recommended that management of Bata Shoe Company Outlets in Nairobi City County, Kenya should promote activities relating to design, colour, material quality and logo which is critical in ensuring packaging design is achieved in improving performance. The management should embracing innovative ideas, monitoring and responding to the changes in the needs of the customers. Packaging design was found to have a positive effect on the company needs and more also the logo and the color which have the highest mean showing they have greater potential in improving performance. Moreover, future researcher should focus on investigating other factors that may jointly with packaging design influence performance in the leather industry.
5.4.4 Recommendations on Customer Service

Customer service being a differentiation strategy needs more emphasis especially on the communication and courtesy as depicted by the average mean scores. The company management should consider more training to its employees on communication, credibility and competence, and courtesy. It would be important to provide sufficient resources to improve on customer service by ensuring all its indicators are valued equally. Some of the resources recommended for the management to act upon are proper tools of services, good working environment and motivation among others, considering that customer service is the backbone of most organizations in ensuring they achieve good and proper performance. The management can also incorporate the employees in the strategy and idea reviewing since they are ones on the ground and know best what is needed to achieve performance.

5.5 Recommendation for Further Study

A similar study could be carried out in other organizations to find out whether the same results will be obtained. Coefficient of determination covered a larger percentage of the variation on performance of Bata Shoe Company and its outlets, however further research should be carried out on the remaining percentage of study.

Further research should be carried out on similar firms within the leather industry, featuring on the same strategy or others with various indicators to try and validate the findings and conclusions in this study. Further research should be done to investigate the effect of other factors which may not have been conceptualized in this study.
REFERENCES


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APPENDICES
APPENDIX I: LETTER OF INTRODUCTION

Fridah K.Kobia
Kenyatta University, School of Business,
P.O Box 19161 – 00501,
Nairobi.

8th February 2018

Dear Sir/Madam,

RE: AUTHORITY FOR DATA COLLECTION
I am a postgraduate student at Kenyatta University in the School of Business Administration undertaking a management research thesis on ‘Differentiation strategy and performance of Bata Shoe Company Outlets in Nairobi City County, Kenya. To be able to accomplish this purpose, you have been selected to participate in this academic research. I therefore kindly request you to assist me collect the data by filling in the attached research questionnaire. The information that you will provide will be exclusively used for academic purposes and will be treated with utmost confidence. A copy of the final report will be availed to you upon request.

Your assistance will be highly appreciated.

Yours sincerely,

Fridah K.Kobia.
D55/CTY/PT/34011/2015
APPENDIX II: QUESTIONNAIRE FOR EMPLOYEES

Instruction

Please tick where appropriate

Section A: General Information

1. Gender: [ ] Male [ ] Female

2. Age
   [ ] Below 25 years [ ] 25-34 years
   [ ] 35-44 Years [ ] 45 and above

3. Working Experience
   [ ] Less than 5 years [ ] 5-9 Years
   [ ] 10-15 Years [ ] Above 15 Years

4. Level of Management
   [ ] Lower Management
   [ ] Middle level Management
   [ ] Top Level Management

Section B: Product development and Performance of Bata Shoe Company Outlets.

5. Using a scale of 1-5, please indicate your agreement/disagreement levels with the following statements on the influence of product development on the performance of Bata Shoe Company outlets in Kenya. The rating scale indicates agreement levels as follows: 1- Strongly Disagree, 2 – Disagree, 3- Neither Agree nor Disagree, 4 – Agree, 5 – Strongly Agree.
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>disagree</th>
<th>Strongly disagree</th>
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<tbody>
<tr>
<td>Product design enables the company to attract new customers hence improving the performance.</td>
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<td>Product improvements results in customer retention hence increased sales revenue.</td>
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<td>Product functionality results in satisfying customer needs thus increasing market performance</td>
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<td>The Company offer quality and unique product/services which has led to the improvement in its performance</td>
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<td>Product performance enhances standards accuracy thus improving the performance of Bata Shoe Company Ltd.</td>
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<tr>
<td>Strategies that focus on product improvement enables Bata Shoe Company Ltd to gain competitive advantage thus improve the performance.</td>
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6. In your opinion, are there product development measures that have been taken to influence the performance of Bata Shoe Company outlets in Nairobi City County, Kenya? Yes [ ] No [ ]
Kindly give reasons for your answer

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**Section C: Product Branding and Performance of Bata Shoe Company Outlets.**

6. Using a scale of 1-5, please indicate your agreement/disagreement levels with the following statements on the relationship between product branding and the performance of Bata Shoe Company outlets in Nairobi City County, Kenya. The rating scale indicates agreement levels as follows: 1- Strongly Disagree, 2 – Disagree, 3- Neither Agree nor Disagree, 4 – Agree, 5 – Strongly Agree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
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<tbody>
<tr>
<td>Brand awareness strategies have increased customers number thus improved the performance of Bata Shoe Company Outlets</td>
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<td>Brand awareness strategies have helped in building customer loyalty hence retaining the existing clients thus improving market performance of Bata Shoe Company Outlets.</td>
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<td>Improving on brand positioning has led to improved profitability thus improving performance of Bata Shoe Company Outlets.</td>
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<td>Brand image has led to</td>
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acquisition and retention of customers thus improving the performance of Bata Shoe Company Outlets.

An effective brand association enables marketers to sell more and win the market share

Brand image has led to more knowledge of the company’s products thus increasing sales and ultimate good performance

7. In your view, does product branding influence the performance of Bata Shoe Company outlets in Nairobi City County, Kenya? Yes [ ] No [ ]

Kindly elaborate

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Section D: Packaging Design and Performance of Bata Shoe Company Outlets.

8. Using a scale of 1-5, please indicate your agreement/disagreement levels with the following statements on the effect of packaging design on the performance of Bata Shoe Company outlets in Nairobi City County, Kenya. The rating scale indicates agreement levels as follows: 1- Strongly Disagree, 2 – Disagree, 3- Neither Agree nor Disagree, 4 – Agree, 5 – Strongly Agree.
<table>
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<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>disagree</th>
<th>Strongly disagree</th>
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<tbody>
<tr>
<td>The company offers unique packaging design of its product/services which has led to the improvement in their performance</td>
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<td>The colour used on the has led to customer attraction thus increasing the number of customers which has led to the improvement in their performance</td>
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<td>The material quality used by Bata Shoe Company while packaging is good giving it a competitive advantage over its competitors.</td>
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<td>The packaging design used improves the pricing of the products leading to increased profitability and ultimately good performance.</td>
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<td>The packaging graphics like the logos are of great attraction to the customers’ thus increasing sale, which will increase revenues.</td>
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Improved packaging design has led to customer satisfaction thus retention of customer which increases performance

9. Do you believe packaging design influences the performance of Bata Shoe Company outlets in Nairobi City County, Kenya? Yes [ ] No [ ]

Kindly elaborate

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Section E: Customer Service and Performance.

10. Using a scale of 1-5, please indicate your agreement/disagreement levels with the following statements on the customer service and performance of Bata Shoe Company Outlets in Nairobi City County, Kenya. The rating scale indicates agreement levels as follows: 1- Strongly Disagree, 2 – Disagree, 3- Neither Agree nor Disagree, 4 – Agree, 5 – Strongly Agree
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
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<tr>
<td>There competence of personnel has led to better performance of employees hence influencing the performance of Bata shoe Company</td>
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<td>Communication is essential in customer attraction and retention which ultimately improves the market share of Bata shoes Company</td>
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<td>Employee courtesy plays a major role in making the customers more satisfied</td>
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<td>There is a continuous improvement of the employee skills and competences through trainings in Bata Shoe Company.</td>
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<td>There is credibility from the employee which attract more customers thus improved performance</td>
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<tr>
<td>Good communication from the employees has improved the company image thus increased sales</td>
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</table>
11. Do you believe customer service differentiation influence performance of Bata shoe Company outlets Nairobi City County, Kenya?

Section F: Performance of Bata Shoe Company Outlets.

13. Using a scale of 1-5, please indicate your agreement/disagreement levels with the following statements on the performance of Bata Shoe Company outlets in Nairobi City County, Kenya. The rating scale indicates agreement levels as follows: 1- Strongly Disagree, 2 – Disagree, 3- Neither Agree nor Disagree, 4 – Agree, 5 – Strongly Agree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>disagree</th>
<th>Strongly disagree</th>
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<tbody>
<tr>
<td>There is increase in profitability of Bata Shoe Company</td>
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<tr>
<td>The market share of Bata shoes Company has increased</td>
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<td>Bata Shoe Company has maintained good customer satisfaction.</td>
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<tr>
<td>There is improved corporate image of Bata Shoe Company.</td>
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</tbody>
</table>
APPENDIX III: RESEARCH AUTHORIZATION

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/CTY/PT/34011/2015
DATE: 15th May, 20178

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR FRIDAH K KOBIA – REG. NO. D53/CTY/PT/34011/2015

I write to introduce Ms. Fridah K. Kobia who is a Postgraduate Student of this University. She is registered for MBA degree programme in the Department of Business Administration.

Ms. Kobia intends to conduct research for a MBA Project Proposal entitled, “Differentiation strategy and performance of Bata Shoe Company in Nairobi City County, Kenya”.

Any assistance given will be highly appreciated.

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL
APPENDIX IV: RESEARCH APPROVAL

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail:  dean-graduate@ku.ac.ke
Website:  www.ku.ac.ke

FROM: Dean, Graduate School
TO:  Fridah K. Kobia
      C/o Business Administration Dept.

DATE: 15th May, 2018

SUBJECT: APPROVAL OF RESEARCH PROPOSAL

We acknowledge receipt of your revised Research Proposal as per our recommendations raised by the Graduate School Board of 9th May, 2018 entitled "Differentiation strategy and performance of Bata Shoe Company in Nairobi City County, Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University’s Website under Graduate School webpage downloads.

Thank you,

ELIJAH MUTUA
FOR DEAN, GRADUATE SCHOOL

C.c. Chairman, Department of Business Administration
Supervisors:

1. Dr. Godfrey Kinyua
   C/o Department of Business Administration
   Kenyatta University

RM/mn
APPENDIX V: RESEARCH AUTHORIZATION NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
22413-49,33105571,2219420
Fax: +254-20-318245,318249
Email: dp@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

Ref: No. NACOSTI/P/18/56697/23263 Date: 13th June, 2018

Fridah Karimi Kobia
Kenyatta University
P.O. Box 43844-00100
NAIROBI

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Differentiation strategy and performance of Bata Shoe Company in Nairobi City County, Kenya,” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 11th June, 2019.

You are advised to report to the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

DR. STEPHEN K. KIBIRU, PhD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.
APPENDIX VI: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:

MS. FRIDAH KARIMI KOBIA
of KENYATTA UNIVERSITY, 2257-202
KNH, has been permitted to conduct
research in Nairobi County
on the topic: DIFFERENTIATION
STRATEGY AND PERFORMANCE OF BATA
SHOE COMPANY IN NAIROBI CITY
COUNTY, KENYA
for the period ending:
11th June, 2019

Permit No. : NACOST/P/18/56697/23263
Date of issue: 13th June, 2018
Fee Received: Ksh. 1000

[Signature]

Director General
National Commission for Science, Technology & Innovation
Turnitin Originality Report
Project second review Nov 2018 by Fridah Kobia
From Masters Thesis (Masters Thesis)

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   Class: Proposals March 2016
   Assignment:
   Paper ID: 651445693
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   Submitted to EDMC on 2013-04-16
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   Submitted to Kenyatta University on 2018-10-04
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   http://ir-library.broadinstitute.org/
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   https://www.coursehero.com/file/22168121/BATA/