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Influence Of Product Differentiation Strategy In Achieving Competitive Advantage In Commercial Banks: A Case Of Equity Bank Limited

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ABSTRACT
Product differentiation is achieved by offering a valued variation of the physical product. Commercial banks in Kenya have come to realize that in order to provide value and win customers, there is a need to quickly and accurately identify changes in customer needs, design and develop more complex products which would satisfy those needs, provide higher levels of customer support and service. Equity Bank Limited has engaged in product designing and development. The study sought to fill the existing knowledge gap by establish influence of product differentiation strategies in achieving competitive advantage in Equity Bank Limited. The objective of the study was to determine influence of product differentiation strategies in achieving competitive advantage in commercial banks in Kenya. This research adopted a descriptive survey research design. The target population of this study was 200 supervisor staff working at Equity Headquarter, Nairobi. The study adopted stratified sampling which was used to select the sample size of 100 respondents. The study used a semi structured questionnaire to collect primary data. The questionnaire was made of mixture of close and open ended items. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze the data. Data presentation was done by the use of pie charts, bar charts and graphs, and frequency tables to ease understanding and interpretation of the data. Qualitative data, which was mainly gathered from open ended questions. The study was consolidated, interpreted and then analyzed through content analysis. Regression analysis helped the study establish the statistical significance of influence of product differentiation in achieving competitive advantage in commercial banks. Regression analysis helped the study establish the statistical significance of influence of product differentiation in achieving competitive advantage in commercial banks. From the findings, there has been a product process differentiation in the bank where observable characteristics of a product or service that are relevant to customers' preferences and choice processes are met. These include size, shape, color, weight, design, material, and technology. The study concluded that financial institutions adopt product differentiation strategies to deliver best deposits pack at the best prices to the customers. The study concluded that for long-term profits in the banks is influenced by the continuously giving customers the products to their satisfaction and the creation and optimization of process goes beyond tools and practices.

Keywords: Product Differentiation, Market, Process, Distribution,, Strategy Competitive Advantage,

INTRODUCTION

The pursuit of competitive advantage is at the root of organizational performance and as such understanding the source of sustained competitive advantage has become a major area of study in the field of strategic management (Porter, 2008). The resource-based view stipulates that the fundamental sources and drivers of competitive advantage and superior performance are chiefly associated with the attributes of resources and capabilities, which are valuable (Barney, 2011). Furthermore, the resource-based view provides an avenue for organizations to plan and execute their organizational strategy by examining the role of their internal resources and capabilities in achieving competitive advantage. As globalization leads to more intense competition among manufacturing organizations, with increase in customer demands, these organizations tend to seek competitive advantage by producing products with more valued features, such as product quality, product flexibility or reliable delivery (Baines and Langfield-Smith, 2003). As such, a differentiation strategy would provide greater scope for these organizations to produce products with more valued, desirable features as a means of coping with such demands.

One central measure of organizational effectiveness is the creation and continuance of a differentiation of organization products. Many broad initiatives such as efficiency, core competency advancement, actualization of customer-centric products and services, and limitation of the fixed costs of doing business can help to achieve a sustainable competitive advantage within the marketplace. But product differentiation is a targeted expertise designed to impact productivity and innovation in profound ways. It represents a new technology that is changing the competitive landscape of contemporary business (Smith, 2006). According to Bani-Hani and AlHawary (2009), competitive advantage from product-price-performance is almost short term, especially in an era where technologies are altering the existing business boundaries. Bonaccorsi di Patti and Gobbi (2001) carried out a study on the effect of competitive strategies in commercial banks in Italy and found that competitive strategies led to achieving competitive advantage and leads to higher growth rates and greater access to credit by new firms. Ferdinard (2002) carried out a study on the competitive strategies applied by banks in the UK and found that banks were positioned to capitalize on a value proposition which emerged from their low cost emphasis.

Commercial banks offers best lending pack at low interest rate. The unique features or benefits should provide superior value for the customer if this strategy is to be successful. Because customers see the product as unrivaled and unequaled, the price elasticity of demand tends to be reduced and customers tend to be more brands loyal. Through the bank internet service customers are offered paying of bill through the net. It has also enabled the customers to ensure that they get their daily update of the bank statement transferring of cash and offsetting loans. Commercial banks in Kenya are operating in a hyper competition environment, influenced by product designing and development to meet market demand. It is a condition of rapidly escalating competition in the financial institutions in Kenya based on financial price-quality positioning, competition to create new know-how and establish first-mover advantage, competition to protect or invade established product or geographic markets, and competition based on deep pockets and the creation of even deeper pocketed alliances.

Banking has traditionally operated in a relatively stable environment for decades. However, today the industry is facing dramatically aggressive competition in a new deregulated environment (Reynolds, 2005). Successful product differentiation strategies lead to superior performance and competitive advantage (Porter, 2004). The ability of a firm to command a competitive advantage depends on the sustainability of the competitive advantages that they command. The business environment in the country has drastically changed resulting in some commercial banks opening a number of branches across borders and thus increasing competition in the industry globally (Porter, 2004). The rapid change in today's business environment where the marketplace is increasingly competitive and the rate of innovation is rising, together with the pressure of the emergence of global knowledge-based economy, have made commercial banks to realize that product differentiation strategies is their key asset (Snyman and Kruger, 2004).

Commercial banks in Kenya have come to realize that in order to provide value and win customers, there is a need to quickly and accurately identify changes in customer needs, design and develop more complex products which would satisfy those needs, provide higher levels of customer support and service. Equity Bank Limited has engaged in product designing and development. Various financial products are designed to suit different categories of customers in Kenya and regional market. The Banks indulge in the use of strong and persuasive marketing communication efforts to promote its products focus on difference in quality of service and lower charges levied by various products. Recently, the bank brought mobility to banking with the new MVNO service to provide the most secure banking platform delivered via the mobile phone. Product pricing strategies reduces the middlemen layers of fee associated with mobile money transactions saving money for individual Kenyans and the Kenyan economy as a whole. Equity Bank Mobile transfers is charged at 1% of the transaction value compared to the prevailing market charges of 16%. Despite Equity Bank effort in differentiating its products in the market, there had been no empirical study that has focused in determining whether it has significantly led to achieving competitive advantage in the market.This paper therefore sought to fill the existing knowledge gap by establish influence of product differentiation strategies in achieving competitive advantage in Equity Bank Limited.

Research Objective

The general objective of the study was to determine influence of product differentiation strategies in achieving competitive advantage in commercial banks in Kenya.

LITERATURE REVIEW

Theoretical Literature Review

The Ansoff (1957) Product-Market Growth Matrix; is a marketing tool created by Igor Ansoff. The matrix allows managers to consider ways to grow the business via existing and/or new products, in existing and/or new markets – there are four possible product/market combinations. Product development in existing markets that provides new products, a firm with a market for its current products might embark on a strategy of developing other products catering to the same market. Frequently, when a firm creates new products, it can gain new customers for these products. Hence, new product development can be a crucial business development strategy for firms to stay competitive. An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm.

Scholars have since developed theory to counter Porter's view, suggesting that low cost and differentiation may actually be independent dimensions that should be vigorously pursued simultaneously (Hill, 1998; Murray, 1988). Empirical research using the MIS database by Miller and Dess, (1993) suggests that the generic strategy framework could be improved by viewing cost, differentiation and focus as three dimensions of strategic positioning rather than as three distinct strategies. The idea that pursuing multiple sources of competitive advantage is both viable and desirable has also been supported by other researchers (White, 1988). Thus, the research in strategic management following from Porter (Porter 1980; Porter 1985) does not provide unequivocal support for Porter's original formulation.

Alderson's general theory revolves around the interactions of firms and households, each of which he views as organized behavior systems. The goal of such systems is survival. Individuals join these systems because they expect that, through participation, they will more likely achieve their individual goals. Markets are cleared only when the naturally-occurring heterogeneity of resources can be altered to match the heterogeneity demanded by consumers. Thus, markets are heterogeneous with respect to both demand and supply. Pricing is the key mechanism that clears homogeneous markets. Alderson asserts that heterogeneous markets are discrepant by their very nature, and pricing alone will not be able to clear them. Some goods are left over which nobody wants. Some wants remain unsatisfied for the lack of corresponding goods. Some consumers accept goods which only partially satisfy their wants. This market imperfection results from a failure in market communication. Alderson argues that discrepant, heterogeneous markets can be cleared by either innovation or information. Innovation includes producing goods to satisfy needs currently unmet or inducing demand for existing products through marketing efforts.

Conceptual Framework

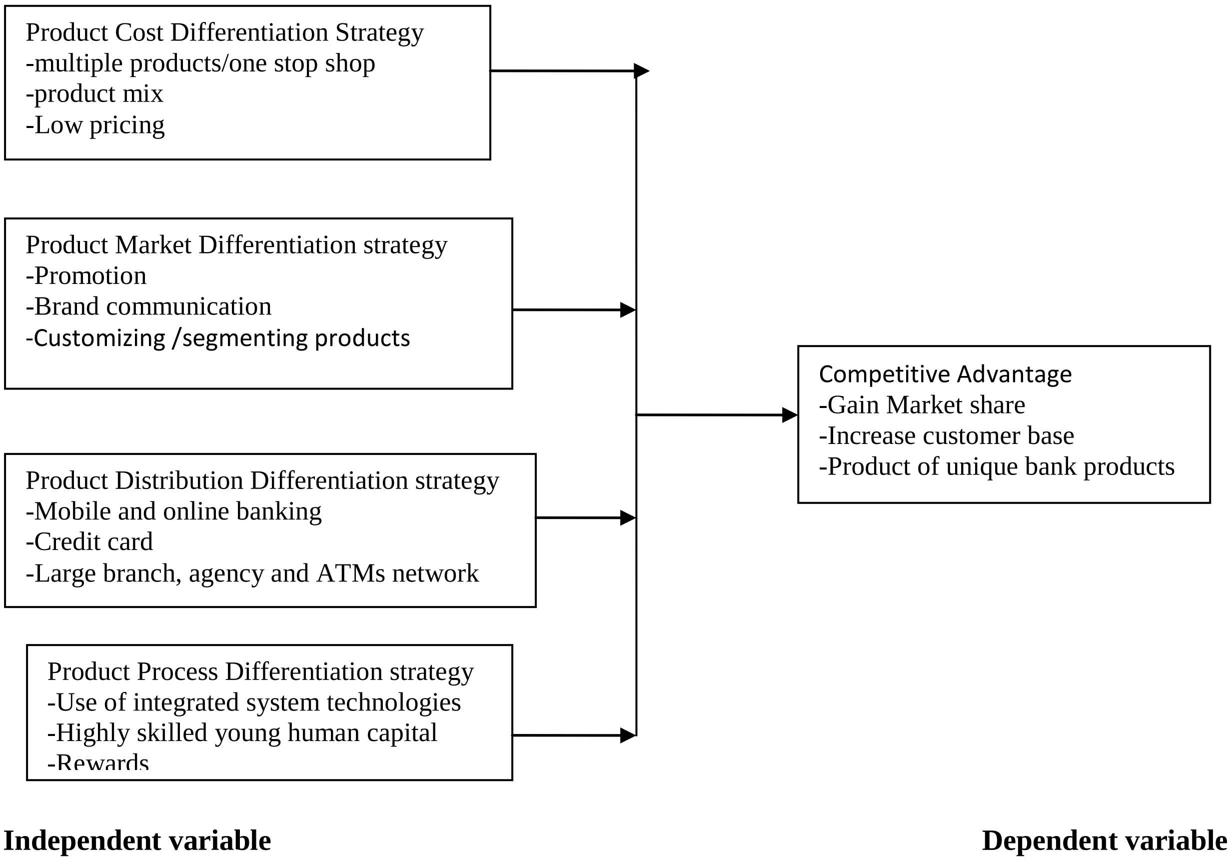

Figure 1: Conceptual framework

Product cost is often a highly prioritized service outcome when purchase price is a primary source of competitive differentiation. The total cost to produce and deliver the product to the customer provides a lower bound on profitable pricing and in this way limits pricing discretion. Price differentiation correlates negatively with attributes related to environmental hostility, uncertainty, dynamism and heterogeneity. It is likely to be found in predictable, stable markets. Consequently, growth in service delivery effectiveness is likely to result primarily from continuous improvement on the status quo. Mature process technologies and stable product designs reduce the possibilities of growth through innovation or integration, making improvement an important source of performance growth (Hayes et al., 2005).

The banks' mix and product offerings of many banks are very similar in an environment where there is an increasing need for banks to compete both amongst themselves to market them effectively (Mbaabu, 2007). Banks are increasingly using marketing aspect such as promotional activities to differentiate themselves from their competitors through image and/or brand communications in order to boost to create product awareness. This is occurring in a progressively more competitive financial environment characterized by over capacity and declining customer visits (LeHew & Fairhurst, 2000). The delivery system in commercial banks is a mix of human resources, locations, and equipment (Smith, 2006). Developments in technology and information systems have enabled banks to access target markets (Kuzilwa, 2005). Automated teller machines installations (ATM), electronic funds transfer (EFT) and credit cards, the human skills must be developed to gain every possible benefit to ensure employees in banks deliver out of technology and to forecast trends in technology so that new opportunities are identified early (Grant, 2010)**.** Differentiation can be based on the product itself, the delivery system, and a broad range of other factors. With these differentiation features, firms provide additional values to customers who will reward them with a premium price (Worthington & Edwards, 2000). The performance of banks is critical in being able to reach its target clientele and cover administrative and other costs.

Every business process whether stand-alone or aligned with other processes will yield some value, particularly more when aligned (Kemppainen and Vepsäläinen, 2003). So the process alignment is designed to derive a quantified benefit to meet and outperform competition. Process differentiation happens by understanding and enabling how the business interacts with different internal and external constituents and customers, and where and how those intersections create or impede value. Most of change/create process initiatives are induced by work-flow, technology upgrades, performance (continuous) improvements and/or changes in business/revenue model that influence business activities (Pearce & Robinson, 2000). Porter (2004) suggested four competitive strategies that are differentiation, cost leadership, focus(cost focus and differentiation focus) that could be adopted in order to gain sustainable competitive advantage by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. Service products, such as banks credit cards, being intangible and experiential in nature were different to evaluate prior to purchase and consumption. The study found that bank could reduced the cost of programs for banks to issue cards, pay merchants and settle accounts with customers thus allowing greater expansion of the payments and attain competitive . Visa and MasterCard developed rules and standardized procedures for handling the bank card paper flow in order to reduce fraud and misuse of cards.

Alamdari and Fagan (2005) carried a model-based study, by discussing the effectiveness of the low-cost model and the effect on the profitability of banks. The result revealed that bank with the lowest costs would earn the highest profits in the event when the competing products are essentially undifferentiated, and selling at a standard market price. Companies following this strategy place emphasis on cost reduction in every activity in the value chain. They however found that the company's focus on reducing costs, even sometimes at the expense of other vital factors, may become so dominant that the company loses vision of why it embarked on one such strategy in the first place.

A study on Ghana by Mathisen and Buchs (2005) used the Panzar–Rosse framework in determining the degree of competition in the Ghanaian banking sector. In their study, two reduced-form revenue equations are estimated; one for total (including interest) revenue scaled using total assets and the other for unscaled total (including interest) revenue. The explanatory variables used for this study are the three dimensional vector of factor prices; namely the ratio of personnel expenses over total loans and deposits, the ratio of interest expense over total deposits, and the ratio of other operating and administrative expenses over fixed assets. Basheer Abbas Al-alak, Saeed, Tarabieh (2011) examines the relationship between customer orientation, innovation differentiation, market differentiation and organizational performance in the banking industry in Jordan. The findings show that customer orientation contributes positively to organizational performance by providing innovation differentiation and market differentiation. Another finding of this study is that the impact of innovation differentiation on organizational performance is greater than market differentiation. In addition, doing both innovation differentiation and market differentiation simultaneously achieves greater competitive advantage that leads to best results in organizational performance. Diris, Iyiola & Ibidunni, (2013) carried out a study on product differentiation as a tool of competitive advantage and optimal organizational performance focusing on Unilever Nigeria plc). The result of the Regression analysis indicated that product differentiation as a tool of competitive advantage has a positive and significant influence on organizational performance of manufacturing companies in Nigeria. Seem (2011) investigated the extent to which banks achieve sustainable competitive advantage through product differentiation focusing on credit cards Issuers and found that banks need to recognize visa and master credit cards and identify its appropriate market for processing payments methods as a product differentiation to achieve sustainable competitive advantage.

RESEARCH METHODOLOGY

This research adopted a descriptive survey research design. The major reason for using descriptive survey research design is that is help in describing the state of affairs as it is at present (Mugenda & Mugenda, 2003). This design also helps in collecting qualitative data to provide a great depth of responses resulting in a better and elaborate understanding of the phenomenon under study. Descriptive research design was chosen because it would enable the researcher to generalize the findings to the larger population. The design was deemed fit in establishing the influence of product differentiation on achieving competitive advantage at Equity Bank Limited.

The target population of this study was all the supervisory staff working at Equity Headquarter, Nairobi. The study population comprised of General Managers, financial managers, marketing and research managers, credit analysts, operation managers, internal auditor, Human resources managers, Information technology support supervisors and cards & mobile banking supervisors making a total of 200 officers. This study adopted stratified sampling that involves dividing the target population into various managerial level at Equity Bank Limited. The management level of the different personnel's at Equity Bank Limited formed basis for stratification, 50% sample proportion was used to determine the sample size of the study. The distribution of the respondents was done based on Mugenda and Mugenda (2003) approach using 50 % of each category giving a sample size of 100 respondents as sample size.

The study used a semi structured questionnaire to collect primary data. The use of questionnaires was appropriate because they are cheap and are easy to construct. They also have standard answers that make it simple to compile data. The researcher pilot tested the questionnaire to test the validity of the questionnaire. Before using a questionnaire, it is always advisable to conduct a pilot study (Kothari, 2004). A pilot investigation was first conducted in order to assess the adequacy of the research design and of the questionnaire to be used such as to determine whether the anticipated respondents understands the questions asked in the instrument. Furthermore, a pilot survey brings to the light the weaknesses of the questionnaires and of the survey techniques. The study selected a pilot group of 10 respondents from the target population, 5 management staff and 5 supervisors in Equity Bank Limited that were not to be part of study sample.

The collected data was well examined and checked for completeness and comprehensibility. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze the data. Content analysis was used to analyse qualitative data (Norusis, 2007). Further inferential statistics like regression and correlation analysis were carried out to establish the extent to which product differentiation influence achieving competitive advantage in Equity Bank Limited. Regression analysis helped the study establish the statistical significance of influence of product differentiation influence achieving competitive advantage at Equity Bank .

RESEARCH FINDINGS AND DISCUSSION

Product Cost Differentiation in achieving competitive advantage

The study sought the pricing of the bank products influence achieving of competitive advantage. From the findings, majority 87% of the respondents indicated that pricing of the bank products influence achieving of competitive advantage while 13% of the respondents indicated that pricing of the bank products do not influence achieving of competitive advantage. Respondents explained that the bank has a pricing strategy that aligns with how different customers value their products and services. The approach is driven by customers' needs, preferences, behaviors, purchasing patterns, and price sensitivity. This implies that customer-focused bank pricing strategy are better positioned to use pricing as a competitive advantage across market and customer segments, as well as the entire portfolio of deposit, lending, and transaction products and services. This in line with Hayes et al. (2005), who stated that financial institutions adopt product differentiation strategies to deliver best deposits pack at the best prices to the customers.

From the findings, majority 74% of the respondents indicated that bank adopt low cost entry mode while 26% of the respondents indicated that bank do not adopt low cost entry mode. Respondents explained that bank pricing strategy in Equity bank has created more and faster value than banks could yield from reductions in variable and fixed costs or from increases in volume. The total cost to produce and deliver the product to the customer provides a lower bound on profitable pricing and in this way limits pricing discretion. This was in line with Hayes et al. (2005), who stated that Product cost is often a highly prioritized service outcome when purchase price is a primary source of competitive differentiation.

Product cost differentiation in achieving competitive advantage

The respondents were requested to indicate on the extent to which respondents agreed with the given statement concerning the product cost differentiation in achieving competitive advantage.

From the findings, majority of the respondents strongly agreed that the different bank products are offered at one banking branch as a one stop shop, products reengineering led to production of reliable financial service delivery channels, bank product are designed as per customer need reducing failure costs and that the bank offer financial mix at lower charges as indicated by a mean of 4.80, 4.79, 4.77 and 4.73 with standard deviation of 0.83, 0.84, 0.71 and 0.81.

Most of the respondents agreed that lower bank products attract and increase bank customer base, low charge of bank product led to increase in bank market share, The value of bank product led to superior bank performance in the market and Low cost led to product of quality financial products as indicated by a mean of 4.69, 4.67, 4.58 and 4.53 with standard deviation of 0.63, 0.60, 0.59 and 0.55. This research has shown that improvement in pricing will have impact of cost improvement. This is in line with Mbaabu (2007), who stated that a low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors.

Table 1 . Product cost differentiation in achieving competitive advantage

Statement on Product Cost Differentiation	Mean	Standard deviation
Low charge of bank product led to increase in bank market share	4.67	0.60
Products reengineering led to production of reliable financial service delivery channels	4.79	0.84
The value of bank product led to superior bank performance in the market	4.58	0.59
The bank offer financial mix at lower charges	4.73	0.81
Lower bank products attract and increase bank customer base	4.69	0.63
The different bank products are offered at one banking branch as a one stop shop	4.80	0.83
Low cost led to product of quality financial products	4.53	0.55
Bank product are designed as per customer need reducing failure costs	4.77	0.71

Product Market differentiation

The study investigated on whether bank adopted product marketing strategies. From the findings, majority 69% of the respondents indicated that the bank adopted product marketing strategies while 31% of the respondent indicated that bank has not adopted marketing strategies.

Product market differentiation influence achieving competitive advantage

The study sought the extent to which respondents agreed with the given statement concerning product market differentiation influence achieving competitive advantage in the banks.

Table 2. Product market differentiation influence achieving competitive advantage

Statement on products market differentiation	Mean	Std Dev
Marketing improve bank sales	4.56	0.64
Bank brands communications boost product awareness.	4.72	0.60
Segmented/regional marketing has been adopted by the bank	4.71	0.67
Bank is heavily on both electronic and print marketing promotions	4.85	0.71
Bank segmentation influence bank competitiveness	4.66	0.69
Banks apply the technology-market positioning portfolio increasing bank performance	4.79	0.62
Marketing lead to designing of customized financial product that meet customer expectations	4.51	0.58
The bank gain more market share due to brand marketing	4.50	0.53

Respondents strongly agreed that Bank is heavily on both electronic and print marketing promotions, banks apply the technology-market positioning portfolio increasing bank performance, bank brands communications boost product awareness and Segmented/regional marketing has been adopted by the bank as indicated by a mean of 4.85, 4.79, 4.72 and 4.71 with standard deviation of 0.71, 0.62, 0.60 and 0.67. Most of the respondents agreed that bank segmentation influence bank competitiveness, marketing improve bank sales, marketing lead to designing of customized financial product that meet customer expectations and the bank gain more market share due to brand marketing as indicated by mean of 4.66, 4.56, 4.51 and 4.50 with standard deviation of 0.69, 0.64, 0.58 and 0.53.This implied that product market differentiation influence achieving of competitive advantage to a great extent. The findings concurred with Heiko, Anders and Lars, (2011) who revealed that product market differentiation strategies through offering different bank product, pricing differently, segmentation of the market positively influence bank competitiveness and increase bank performance.

Product Distribution Channels

The respondents indicated that bank has adopted agent banking, mobile phone banking, use of RTGS and internet banking distribution, POS payment & international gateway payments, Use of retail network (branches) ATM and Mobile banking distribution channels to a great extent.

Table 3. Product distribution channels achieve competitive advantage

Statement of distribution channels differentiation	Mean	Standard deviation
The bank use ATMs increasing bank returns	4.56	0.49
Use of RTGS improve level of Non Funded income level	4.62	0.56
Establishment of the huge branch network	4.51	0.53
Use of high skilled human resource	4.86	0.69
The bank location in areas where there are no competitor banks	4.78	0.66
The use of mobile banking attract more customers than competitors in the market	4.69	0.61
The bank infrastructures enhance the bank performance	4.71	0.70
Multiple payment channels including international cards gateway	4.88	0.73

From the findings, majority of the respondents indicated that multiple payment channels including international cards gateway, use of high skilled human resource and the bank location in areas where there are no competitor banks are product distribution channels influencing competitive advantage to a very great extent as indicated by mean of 4.88, 4.86 and 4.78 with standard deviation of 0.73, 0.69 and 0.66. Most of the respondents indicated that the bank infrastructures enhance the bank performance, use of mobile banking attract more customers than competitors in the market, use of RTGS improve level of Non Funded income level, bank use ATMs increasing bank returns and establishment of the huge branch network influence competitive advantage to a great extent as indicated by mean of 4.71, 4.69, 4.62, 4.56 and 4.51 with standard deviation of 0.70, 0.61, 0.56, 0.49 and 0.53. Respondents were requested to indicate way through which product distribution channels in the bank influence achieving of competitive advantage. The findings implied that product distribution channel differentiation influence achieving of competitive advantage to a very great extent. The findings concurred with Grant, (2010) who found that delivery system in commercial banks which was a mix of human resources, locations, and equipment, use of Automated teller machines installations (ATM), electronic funds transfer (EFT) and credit cards, online channels, portals and web banks, proving service quality delivery over competitors in the banking market.

Product Process Differentiation

The study sought on understanding whether bank was committed toward improved quality of the bank product. Respondents indicated that the employees were motivated by acknowledging their accomplishments and their ability to reach or even surpass customer service goals. And that there was documentation of the events that lead to the customer complaint or issue in order to improve quality of the bank product. This implies that bank customers consider the bank's quality of service delivery and equity bank management is committed toward improved quality of the bank product. This is in line with Porter Prize Organizing Committee (2005), support from the top and credibility within the organization and ability to measure results are the success factors banks commits to. The study revealed that the bank use of Smart Cards, Internet and other technological advances place banks in the position of being producer, organizer and disseminator of information in society. This implies that equity bank properly put to use the information technology is properly thus achieving competitive advantage. This is in line with (Pearce & Robinson, 2000), who stated that most of change process initiatives are induced by work-flow, technology upgrades, performance improvements and/or changes in business/revenue model that influence business activities.

Process of getting bank product and services eased

The study established that through process differentiation the banks has been able to carry out tasks and define the outcomes benefit experiences, plan for the likely obstacles and retain a sustainable value for competitive advantage. This implies that the adoption of technology in banking sector is owing to the fact that, linguistic barriers needed to be put to an end. This is in line with Pearce & Robinson, 2000), who stated that bank has adopted technology which has eased communication during transaction, fostered customer-bank relationship, increased customer satisfaction, improved operational efficiency, reduced the running cost, reduced transaction time, given banks competitive edge, provided security to investors fund and promotion of other financial services.

At Equity Bank, human resources influence the process of bank products to the consumer to a very great extent while 30% of the respondents indicated that human resources influence the process of bank products to the consumer to a great extent. Respondents explained that human resources in the bank ensure that the products processed through the customer's eyes making it easier for customer, faster and less expensive. This implies that for long-term profits in the banks is influenced by the continuously giving customers the products to their satisfaction. This achieved when human resources influence the process of bank products to the consumer. This is in line with Pearce & Robinson (2000), who stated that creation and optimization of process therefore goes beyond tools and practices.

Product process differentiation influence achieving competitive advantage

Table 4. Product process differentiation strategy influence achieving of competitive advantage

Product process differentiation strategy statement	Mean	Standard deviation
The bank adapt to the regulations	4.90	0.78
The bank adopt technology in delivery financial products	4.75	0.63
The bank telecommunication technologies upgrade influence bank competitiveness	4.81	0.77
Effective management of competition in the market	4.55	0.49
Resolve risks facing employees before they occurred	4.60	0.53
The top management is supportive and committed toward achieving best returns	4.02	0.29
The bank management focus on integration of initiatives into the bank's strategy	4.42	0.44
Bank enhance staff motivation	4.52	0.48
Promote credibility within the bank	4.20	0.35
Enhanced cooperation from bank departments	4.59	0.55

From the findings majority of the respondents indicated that the bank adapt to the regulations, bank telecommunication technologies upgrade influence bank competitiveness, bank adopt technology in delivery financial products and resolve risks facing employees before they occurred influence achieving of competitive advantage to a very great extent as indicated by mean of 4.90, 4.81, 4..75 and 4.60 with standard deviation of 0.78, 0.77, 0.63 and 0.53. Most of the respondents indicated that Enhanced cooperation from bank departments, Effective management of competition in the market and Bank enhancing staff motivation influence achieving of competitive advantage to a great extent as indicated by mean of 4.59, 4.55 and 4.52 with standard deviation of 0.55, 0.49 and 0.48. Most of the respondents indicated that bank management focus on integration of initiatives into the bank's strategy, Promote credibility within the bank and the top management is supportive and committed toward achieving best returns influence achieving of competitive advantage to a great extent as indicated by mean of 4.42, 4.20 and 4.02 with standard deviation of 0.44, 0.35 and 0.29. This implies that product process differentiation strategy influence achieving of competitive advantage. Respondents were further requested to indicate any other way through which product process differentiation in the bank influence achieving of competitive advantage.

From the findings, respondents indicated that there has been a product process differentiation in the bank where observable characteristics of a product or service that are relevant to customers' preferences and choice processes are met. These include size, shape, color, weight, design, material, and technology. The findings concurred with Pearce & Robinson, (2000) who found that bank positive interaction with the customer, enhance work flow, communication, quality customer services and upgrading of bank technology led to continuous improvements of revenue model that influence bank activities more that it rivals in the market .

Regression Analysis

A multivariate regression model was applied to determine the relationship between influences of product differentiation strategies in achieving competitive advantage in commercial banks in Kenya. Adjusted R^2 is called the coefficient of determination and tells us how the achieving competitive advantage of the commercial banks varied with variation in product differentiation strategies which includes product cost differentiation, product distribution channels, product market differentiation and product process differentiation. From table above, the value of adjusted R^2 is 0.489. This implies that, there was a variation of 48.9% of achieving competitive advantage varied with variation in product differentiation strategies in the banks at a confidence level of 95%. The study established that there existed a significant goodness of fit between variable as F-test (F=4.228, P=0.01< 0.05). The calculated F=5.191far exceeds the F-critical of 4.228. This implied there the level of variation between product differetiation and competitive advanget was significant at 95% confidence level.

Table 5 . Coefficients (a)

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.000	.275		3.640	.001
	Product Cost Differentiation	0.871	.195	.857	11.931	0.020
	Product Distribution Channels	0.628	.128	.519	5.102	0.010
	Product Market Differentiation	0.758	.501	.542	6.638	0.040
	Product Process Differentiation	0.516	.429	.403	7.115	0.030

a. Predictors: (Constant), Product Cost Differentiation, Product Distribution Channels, Product Market Differentiation and Product Process Differentiation
b. Dependent Variable: Achieving competitive advantage

The established regression equation was;

$$Y = 1.000 + 0.871X_1 + 0.628X_2 + 0.758X_3 + 0.516X_4$$

The study established that product cost differentiation had a significant influence on achieving competitive advantage as indicated by factor r= 0.871, P = 0.02<0.05, t=11.931 .The regression model revealed that product distribution channels had a significant influence on achieving competitive advantage as indicated by a factor r=0.628 ,P =0.01<0.05,t=5.102. The regression findings also revealed that product market differentiation had a significant influence on achieving competitive advantage at Equity Bank Limited as indicated factor r= 0.758 with a P =0.04<0.05, t=6.638. The regression results further indicated that product process differentiation had a significant positive influence on achievement of competitive advantage at Equity Bank Limited as indicated by regression factor r=0.516, P=0.03< 0.05, t=7.115 . This clearly demonstrated that product differentiation strategies had significant positive influence in achieving competitive advantage in the Equity Bank Limited. This implied that enhancing product differentiation strategies through product cost differentiation, product distribution channels, product market differentiation and product process differentiation would increase bank achieving competitive advantage as the results were statistically significant with a P Value= 0.02, 0.01 and 0.04, 0.03 < 0.05 . Therefore, product differentiation strategies are critical in improving banks' achieving competitive advantage. The findings concurred with Kemppainen and Vepsäläinen (2003) who revealed that a low-cost or cost leadership strategy effectively led to efficiently implementation of business designs, produces, and markets a comparable product more than its competitors achieving high level of competitive advantage.

SUMMARY OF THE FINDINGS

The pricing of the bank products influence achieving of competitive. Respondents explained that the bank has a pricing strategy that aligns with how different customers value their products and services. The approach is driven by customers' needs, preferences, behaviors, purchasing patterns, and price sensitivity. The study established that bank adopt low cost entry mode as pricing strategy in Equity bank has created more and faster value than banks could yield from reductions in variable and fixed costs or from increases in volume. Lower charged bank products attract and increase bank customer base, low charge of bank product led to increase in bank market share, the value of bank product led to superior bank performance in the market and low cost led to product of quality financial products. The study established that lower costs and cost advantages result from process innovations, learning curve benefits, and economics of scale, product designs reducing manufacturing time and costs and reengineering activities. Respondents concurred that besides taking these general characteristics into account, pricing strategies require assessment at the product level because ultimately this is where many parameters differentiation. The study established that product marketing differentiation influences achieving competitive advantage in the bank. The study established that bank adopted product marketing strategies and prize financial services at a lower level than in the markets and undertakes promotion of the bank products to a very great extent. The study revealed that bank segmented the market based on the products offered in the market to a very great extent. The study established that bank is heavily on both electronic and print marketing promotions, banks apply the technology-market positioning portfolio increasing bank performance, bank brands communications boost product awareness and Segmented/regional marketing has been adopted by the bank.

The study established that bank has adopted agent banking, mobile phone banking, use of RTGS and internet banking distribution channels, POS payment & international gateway payments, use of retail network (branches) ATM and mobile banking distribution channels. Human resources influence delivery of bank products to the market to a very great extent. The study established that multiple payment channels including international cards gateway, use of high skilled human resource and the bank location in areas where there are no competitor banks are product distribution channels influencing competitive advantage. The use of RTGS improve level of Non Funded income level, bank use ATMs increasing bank returns and establishment of the huge branch network influence competitive advantage. Equity bank engages in technology upgrade to improve on bank performance to a very great extent. Respondents indicated that the bank use of Smart Cards, Internet and other technological advances place banks in the position of being producer, organizer and disseminator of information in society. The study established that bank has eased the process of getting bank product and services, through process differentiation the banks has been able to carry out tasks and define the outcomes benefit experiences, plan for the likely obstacles and retain a sustainable value for competitive advantage. Human resources influence the process of bank products to the consumer as it ensure that the products processed through the customer's eyes making it easier for customer, faster and less expensive.

From the findings, bank adapt to the regulations, bank telecommunication technologies upgrade influence bank competitiveness, bank adopt technology in delivery financial products and resolve risks facing employees before they occurred influence achieving of competitive advantage. Enhanced cooperation from bank departments, effective management of competition in the market and staff motivation influence achieving of competitive advantage. Bank management focus on integration of initiatives into the bank's strategy, promote credibility within the bank and the top management is supportive and committed toward achieving best returns influence achieving of competitive advantage.

CONCLUSIONS

Based on the survey and study and the results from data analysis and findings of the research, one can safely conclude the following, based on the objective of the study; the study concluded that quality service is a key element of a successful business and that the businesses struggle to improve service and retain their customers. Equity Bank is the leading inclusive bank in Africa, listed at the Nairobi and Uganda Securities Exchanges. The study concluded that financial institutions adopt product differentiation strategies to deliver best deposits pack at the best prices to the customers. Customer-focused bank pricing strategy are better positioned to use pricing as a competitive advantage across market and customer segments, as well as the entire portfolio of deposit, lending and transaction products and services. Improvement in pricing will have impact of cost improvement. Product cost differentiation prices for bank products play a central role in the consideration to switch banks. The study concluded that a low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors.

The study concludes that Equity bank properly put to use the information technology properly thus achieving competitive advantage. The adoption of technology in banking sector is owing to the fact that, linguistic barriers needed to be put to an end. Bank has adopted technology which has eased communication during transaction, fostered customer-bank relationship, increased customer satisfaction, improved operational efficiency, reduced the running cost, reduced transaction time, given banks competitive edge, provided security to investors fund and promotion of other financial services. The study concluded that for long-term profits in the banks is influenced by the continuously giving customers the products to their satisfaction and the creation and optimization of process therefore goes beyond tools and practices.

RECOMMENDATIONS

From the findings, it is crucial to emphasize on need to engage in product designing and development. Various financial products are designed by the commercial banks to suit different categories of customers in Kenya and regional market. The study recommends that strategic leadership of commercial banks should consider adopting product differentiation. The study findings revealed that differentiation strategies are the most dominant generic strategies adopted by commercial banks. The study recommend that Banks should enhance use of ATMs, training and consulting, loan facilities, agency banking and fund transfer services, Voluntary savings and Credit card banking services to lower the cost of bank transaction. The study recommend that banks should offer financial services such as standing order payments, foreign exchange transactions services, issue of traveler's cheques, discounting of bills of exchange and promissory notes, providing documentary credit to overseas trade and providing credit status information to customers to deliver best deposits pack influence achieving competitive advantage. The study recommend that commercial banks should adopt effective process of delivering financial product such as through agency banking, mobile phone banking, use of RTGS and internet banking distribution channels, POS payment & international gateway payments, use of retail network (branches) ATM and mobile banking distribution channels.

Further the banks that should have effective distribution channels for the products, adopted alternative channels in terms of service away from banking hall to offer bank products and services. Human resources influence delivery of bank products to the market to a very great extent. The banks' multiple payment channels including international cards gateway, use of high skilled human resource and the bank location in areas where there are no competitor banks are product distribution channels influencing competitive advantage. Bank distribution channels infrastructures enhance the bank performance, use of mobile banking attract more customers than competitors in the market, use of RTGS improve level of Non Funded income level, bank use ATMs increasing bank returns and establishment of the huge branch network influence competitive advantage.

The study recommend that Banks should focus on differentiating it products based on marketing such as segmentation to achieve bank competitiveness, marketing improve bank sales, marketing lead to designing of customized financial product that meet customer expectations and the bank gain more market share due to brand marketing. The study recommends that banks should consider the bank's quality of service delivery and banks' management is committed toward improved quality of the bank product suit different market needs to attract more customers, increase customer base**.** The study recommend that banks should enhance adoption of technology in banking eased communication during transaction, fostered customer-bank relationship, increased customer satisfaction, improved operational efficiency, reduced the running cost, reduced transaction time, given banks competitive edge, provided security to investors fund and promotion of other financial services. The long-term profits earning in the banks is influenced by the continuously giving customers the products to their satisfaction and the creation and optimization of process therefore goes beyond tools and practices.

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