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ABSTRACT

In today's competitive, and highly changing global economy, there is growing demand especially for service driven firms for practical guidelines in developing a customer focus. Banking institutions across the globe have recognized the importance of competitive strategies to develop and maintain enduring relationship with their customers as two crucial parameters leading to increased business profits once the customers are satisfied. Suggested reasons for this apparent trend include customer needs keep changing and have to be addressed on focus thus competitive strategies are the subject of the day. Many commercial banks have been facing severe competition and major customers' switch off. Banking operations are becoming increasingly customer oriented. This study therefore sought to establish the effect of competitive strategies on customer satisfaction among commercial banks in Kenya. The study adopted a descriptive research design aimed at investigating the effect of competitive strategies on customer satisfaction among commercial banks in Kenya. The study population consisted of 42 commercial banks with a sample size of 126 respondents which included management staff and bank customers selected purposively. Data was analyzed using descriptive statistics, multiple regression analysis and content analysis. The study findings indicated that the two competitive strategies studied that included; market focus strategy and differentiation strategy were adopted by majority of the commercial banks in Kenya to enhance customer satisfaction. The commercial banks should build the capacity of its marketing teams to handle different market niches. The commercial banks should promote culture of innovation to ensure that it offers highly differentiated products and services that meet specific needs of its clientele. The management of the banks should allocate more financial and human resources to continuously monitor the highly dynamic customer needs to innovatively create products to match future customer needs.

Key Words: *Market Focus, Differentiation Strategy, Customer Satisfaction*

INTRODUCTION

One of the environmental influences to a business arises from competition. Increased competition threatens the attractiveness of an industry and reducing the profitability of the players. It exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment (Rainbird, 2014). Firms therefore focus on gaining competitive advantage to enable them respond to, and compete effectively in the market. In today's competitive, fast-paced and global economy, there is growing demand especially for service driven firms for practical guidelines in developing a customer focus. Thompson and Strickland (2012) argues that a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will, perceive as superior value. This entails either a good quality product at a low price, or a better-quality product that is worth paying more for. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position.

Porter (2013) described competitive strategy as the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs and further explains that competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever-changing environment then developing strategies that match organizational capabilities to the changes in the environment. According to Porter (2013) competitive strategy is about being different. This means deliberately performing activities differently and in better ways than competitors.

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 2012). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Porter (2013) outlined the three approaches to competitive strategy these being Striving to be the overall low cost producer, that is, low cost leadership strategy, secondly Seeking to differentiate one's product offering from that of its rivals, that is, differentiation strategy and lastly Focus on a narrow portion of the market, that is, focus or niche strategy. Prescott (2015) argued that competitive strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete. Grant (2010) suggested that the intensity of competition in an industry determines its profit potential and competitive attractiveness. Competitive strategy will assist a firm in responding to the competitive forces in these industries or markets (from suppliers, rivals, new entrants, substitute products, customers). Owiye (2009) argued that competitive strategies will be vital to a firm while developing its fundamental approach to attaining competitive advantage (low price, differentiation, niche), the size or market position it plans to achieve, and its focus and method for growth (sales or profit margins, internally or by acquisition).

The globalization of competition, saturation of markets, and development of information technology in financial market have enhanced customer awareness and created a situation where long-term success is no longer achieved through optimized product price and qualities (Dobni, 2013). Instead, banking institutions are building their success on a long-term customer relationship by seeking customer satisfaction strategies. The main emphasis in management and marketing has focus on retaining and winning new customers. Aziza (2015) define strategy as large-scale, future oriented plans for interacting with the competitive environment to achieve company objectives. It is the company's 'game plan'. While it does not detail all future development of resources, it provides the framework for managerial decisions (Balakrishnnan & Gayathri, 2014). A strategy reflects a company's awareness of how, where and when it should compete and for what purposes it should compete. The underlying issue of this definition is that the main thrust of strategy is to achieve long term sustainable advantage over the other competitors of the organization in every business in which it participates (Chakrabarty, 2015).

The term strategy gives the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within changing environment to meet the needs of the market and fulfill stakeholders' expectations. Ernst and Young (2014) identified five interrelated definitions of strategy as a plan, ploy, pattern, position and as a perspective. He does not argue that one definition should be preferred to the others, but rather be considered as alternatives or complementary approaches. Since resources are scarce, managers must decide which alternative strategies will benefit the firm most. For any organization to succeed, it will be necessary for top management, managers and employees to work as a team to achieve the company goals and objectives (Fiordelisi & Molyneux, 2013).

Customer satisfaction is an important strategy in maintaining customers, particularly those in banking industry (Bennett & Rundle, 2014). In general, if the bank customers are satisfied with a particular financial product or service, the probability that they use the service again increases. The banking industry is very competitive and homogeneous thus it may be very difficult to maintain a customer hence the need for implementation of customer satisfaction strategies (Tariq & Moussaoui, 2015). Banking institutions across the globe have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits. At the same time, several banking institutions are experiencing increasing level of retail customer dissatisfaction. Research suggests that customer dissatisfaction is still the major reason of bank customers' switch to other banks (Manrai & Manrai, 2013). This dissatisfaction could be because of a variety of reasons access, services, products, prices, image, personnel skills, treatment, credibility, responsiveness, waiting time, location, technology, and store appearance (Bourgeois & Brodwin, 2015).

Banking institutions across the globe have recognized the importance of competitive strategies to develop and maintain enduring relationship with their customers as two crucial parameters leading to increased business profits once the customers are satisfied. At the same time, several banking institutions are experiencing increasing level of competitive strategies. Research suggests that customer dissatisfaction is still the major reason of bank customers' switch to other banks (Mandal & Bhattacharya, 2013).

The new thinking that companies are in business to create and satisfy the customer has served to put customer orientation at the core of corporate strategy. It is not enough for the marketing function to be customer oriented. A marketing function that is truly customer oriented understands that the "entire" company must be in the business of creating and retaining resourceful corporate strategies. Excellence in quality results from a corporate-wide customer orientation (Mandal & Bhattacharya, 2013). There was significant relationship between service quality, band perception and perceived value with overall corporate strategy in alternative banking. Security/assurance, cost effectiveness, problem handling, responsiveness, fulfillment and accuracy were first factors, perceived value, brand perception, contact facilities, convenience, system availability and easy to use are second factor and compensation is third factor. Overall result directs that, bankers should consider the facts and enhance service quality of alternative banking services as corporate strategies in order to increase customers' satisfaction and its further adoption (Narteh & Kuada, 2014).

In a competitive market place where businesses compete for customers, strategies are the order of the day for the businesses and customer satisfaction is seen as a key differentiator of business strategy. The concept of competitive strategy has attracted much attention in recent years (Chakrabarty, 2013). Customers' satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. Customer satisfaction is defined as the feeling or attitude of a customer towards a product or service after it has been used. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behavior (Fram & McCarthy, 2013).

The banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions. Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality (Ernst & Young, 2014). Customer satisfaction is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. It is more economical to keep customers than to acquire new ones. The costs of acquiring customers to replace those who have been lost are high. This is because the expense of acquiring customers is incurred only in the beginning stages of the commercial relationship. In addition, longer-term customers buy more and, if satisfied, may generate positive word-of mouth promotion for the company (Fiordelisi & Molyneux, 2015).

In developing countries, competitive strategy has become important to business success of banking institutions. Suggested reasons for this apparent trend include customer needs keep changing and have to be addressed on focus thus competitive strategies are the subject of the day. Also, higher mobility and competition in banking industry is cited to be another reason (Narteh & Kuada, 2014). In this context one may wonder how banking institutions in Tanzania survive in the mentioned environment by cementing on sharp competitive strategies. Thus, understanding the concept of competitive strategy in banking institutions is important not only from economic perspective but also from creation of good image of banking institutions for organizational and staff development (Qin & Pastory, 2013).

A competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever-changing banking environment then developing strategies that match bank's capabilities to the changes in the environment. This is usually done in the view of customer satisfaction in mind. A competitive strategy consists of all those moves and approaches that a bank has and is taking to attract depositors, withstand competitive pressure and improve its market position (Thompson & Strickland, 2013). Qin and Pastory (2013) outlined the three approaches to competitive strategy. These are; striving to be the overall low cost producer, that is, low cost leadership strategy, seeking to differentiate one's product offering from that of its rivals, that is, differentiation strategy and focus on a narrow portion of the market, that is, focus or niche strategy. Vazifehdoust, Ram and HosseinzadehLotfi (2015) argued that competitive strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete.

The banking industry in developing countries such as Kenya has undergone numerous changes since post-independence. More recently, liberalization, the opening up of the economy in the 1990s and the government's decision to privatize banks by reduction in state ownership resulted in the banking reforms based on the recommendations of the Narasimham committee. Like any other financial services, the banking industry, is facing a market that is changing rapidly. New technology is being introduced and there is always a fear of economic uncertainties. Fierce competition, more demanding customers and the changing climate have presented an unparalleled set of challenges (Lynch, 2015). This has led the Kenyan banking industry to experience difficult times. In such testing times of mature and acute competitive pressures, it is very urgent and important that banks are able to retain a loyal base of clients. To attain this and to improve their market and profit positions, banks have to formulate their strategies and policies towards increasing customer satisfaction levels (Fram & McCarthy, 2013).

Commercial banks are financial intermediary institutions that take deposits and gives credit amongst other financial services. In Kenya, the banking sector plays a dominant role in the financial sector, particularly with respect to mobilization of savings and provision of credit (CBK, 2015). As at 31st December 2015, the banking sector comprised of the Central Bank of Kenya which acts as the regulatory authority, 43 banking institutions where 42 are commercial banks and 1 mortgage finance company -MFC). Seven are representative offices of foreign banks, nine Microfinance Banks (MFBs), two credit reference bureaus (CRBs) and 101 forex bureaus. Out of the 43 banking institutions, 30 locally owned banks comprise 3 with public shareholding and 27 privately owned while 14 are foreign. The foreign owned financial institutions comprise of 10 locally incorporated foreign banks and 4 branches of foreign incorporated banks (CBK, 2015).

Most Kenyan banks have fully owned subsidiaries spread out in various countries within the region. For instance between the year 2002to 2012, the banking sector in Kenya registered very significant growth patterns that saw most of the banks increase their deposits, profit before taxation net advances to customers and the number of accounts (CBA, 2013). The banking industry in Kenya s regulated by the Central Bank of Kenya which is given the legal authority of formulating and implementing monetary and fiscal policies. The Central bank of Kenya is the lender of last resort in Kenya and is the banker to all the commercial banks operating in the country. The main duty of The Central Bank of Kenya is to ensure proper functioning of the Kenyan financial system, the liquidity in the county and the solvency of the Kenya shilling (CBK, 2015). The Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK), governs the Banking industry in Kenya.

Statement of the Problem

One of the biggest contemporary challenges of management in service industries is providing the right quality to maintaining customer satisfaction based on the corporate strategy in place (Beynon, 2015). Convergence in the industry to cater for the changing customer needs is now more than evident (Strickland, 2013). In response to the weakened performance due to competition and deregulations in the global markets companies' world over have resulted to competitive strategies (Porter, 2003 and Thompson, 2004). While the industry market leaders has been renowned for being actively involved in competitive strategies to keep their market share, no conclusive empirical evidence exists on whether market followers in the industry stand to benefit or are at risk of practicing "me-too" endeavors in competitive strategies.

Although the Kenyan banking sector has been in existence for a long time, a number of industry changes such as high competition, changes in regulation and technology, has necessitated adoption of new technologies to remain competitive and profitable. (KPMG, 2014). With the phenomenal increase in demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's future success (Njoroge, 2015). The customer satisfaction levels among the banking customers has not significantly improved over the years. This is evidenced by the long queues in banking halls and ever-present complaints. With the recent enactment of the capping of interest rates in 2016, majority of the commercial banks in Kenya resulted to adoption of competitive strategies to ensure their profitability, and competitiveness. This is because their revenue sources from the interest charged on loans has been significantly reduced necessitating their adoption of competitive strategies (Githinji, Odok & Kiragu, 2014).

Locally, many studies have sought to investigate the customer satisfaction by commercial banks. For instance, Ongongo (2015) studied the relationship between corporate governance and customer satisfaction among commercial banks in Kenya. Nyariki (2014) carried out a study on factors influencing customer satisfaction at the Kenya commercial bank, Nakuru branch in Kenya while Munir and Owino (2015) studied effect of agency banking services on customer satisfaction which was a case of Kenya commercial bank agent system in Ongata Rongai in Kenya. Omanga (2013) studied the relationship between corporate governance and customer satisfaction among commercial banks in Kenya. Mutea (2013) studied implementation of customer satisfaction strategies in Kenya commercial bank. Kamau (2014) carried out a study on waiting lines management and customer satisfaction in commercial banks in Kenya. Murigi (2013) studied customer satisfaction through end-to-end service management strategy which was a study of large commercial banks in Kenya and finally, Mugita (2015) did a study on the perception of managers on satisfaction of retail customers at the Kenya Commercial Bank. None of these studies addressed the effect of competitive strategies on customer satisfaction among commercial banks in Kenya. Therefore, this study sought to fill this gap by answering the question: What is the effect of competitive strategies on customer satisfaction among commercial banks in Kenya?

Research Objectives

The main objective of this study was to establish the effect of competitive strategies on customer satisfaction among commercial banks in Kenya. The specific objectives were:-

- To analyze the effect of market focus strategy on customer satisfaction among commercial banks in Kenya.

- To evaluate the effect of differentiation strategy on customer satisfaction among commercial banks in Kenya.

LITERATURE REVIEW

Theoretical Review

Resource Based View

Tis theory was brought forth by Lenka, Suar and Mohapatra (2013). The resource based view on strategy plays a pivotal role in retaining customers in the organization). The theory as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firms' disposal (Rumelt, 2014) The growth and performance in the banking industry majorly depends on uptake and usage of the banking products offered by different players in the industry. Competitive strategies play an important role in achieving customer retention; commercial banks can employ a number of competitive strategies for customer attraction and retention for example generic strategies postulated by Michael Porter (Snyman & Drew, 2015).

There is evidence that profitability differs much more between businesses than between industries. The beginnings of the theory of gaining a competitive advantage through internal factors can be attributed to Beynon (2015). The resource-based view of the firm has gone through a considerable amount of modifications and variations during the past three decades by a great number of scholars using terms such as resources, capabilities, assets and or core competences to describe intrinsic factors that lead to a competitive advantage for a firm. Although scholars use a variety of terms, this research will only use the term `resources to describe tangible assets, intangible assets, activities, capabilities and competences alike. A company's resources can be categorized into physical capital resources, human capital resources and organizational capital resources (Shah, 2014).

The resource-based-view assumes that resources are heterogeneously distributed among firms and immobile. Only this assumption can guarantee that a resource can be the source of competitive advantage (Barney, 2011). According to the valuable, rare, inimitable and fit into the organization–framework (VRIO), a resource needs to possess the above values so as to provide a sustained competitive advantage. Especially the question if a company's resource fits to the organization determines if a company can truly exploit the resource and as a result gain a sustained or just a temporary competitive advantage (Beckhart, 2015). In a rapidly changing environment a fifth characteristic durability which defines how easy a company's resource is outdated, has proven to be important as well. Amudha, Surulivel and Vijaya (2013) argued that a company needs strategic assets a combination of resources and capabilities that respond to industry factors to gain competitive advantage. However, when competitors learn to duplicate those assets, they will turn into entry assets and their possession can then only lead to competitive parity. Hence, a company that wants to be successful in the long-term continuously needs to be able to develop strategic assets. The theory of core competences argues that companies already compete during the creation of competences and not only later in the market for products. It is claimed that, instead of structuring a company around diversified business units and end-products, a company should be structured around a few core competences. This allows a company to be flexible, respond to a rapidly changing environment and be prepared for the future (Grant, 2015).

The theory is relevant to the study given that, according to the resource-based theory, managing strategically involves developing and exploiting a firm's unique resources and capabilities and continually maintaining and strengthening those resources. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any other competing firm. Such resources must be either rare or hard to imitate or not easily substitutable. The competitive strategies including; market focus and differentiation provide the firm's ability to recognize and utilize various resources that to increase firm performance.

The Contingency Theory

The contingency theory draws on the idea that there is no one or single best way or approach to manage organizations. Organizations should then develop managerial strategy based on the situation and condition they are experiencing. Thompson *et al*. (2007) in his classic organization in action model portrayed the basic problem of an organization as achieving originality in an uncertain word. Organizations are created to pursue some desired outcomes, yet they are faced with technologies and environment of varying levels of uncertainty which limits their ability to plan and execute actions to achieve the desired ends. Thompson vied an organizations as open systems fundamental with environment over which they had only limited control.

Thompson (2012) conceives environment in terms of several key dimensions, one being organizational domain, second being task environment which most interpedently and the third is being power and dependence relation implied by the nature of its domain and task environment. The organization domain is defined by the claims that the organization makes in terms of its range of products, the customers it serves and what services it lenders. The most relevant part of the larger system from the organization's strategic point of view comprise its external environment which are the customers or clients, suppliers of materials, labor, capital equipment and work space competitors for markets and resources and regulatory group including government, union and inter firm associations. This theory thus emphasizes on the importance of ensuring that organizational strategies are appropriate to the circumstances of the organization including the culture operations process and external environment. Organizational strategies have to take account of the particular needs of both the organization and its people (Miller, 2008).

The contingency theory helps the firm managers to understand the multiple factors that impacts on firm performance and enable them adopt a hybrid of competitive strategies to increase firm performance as there is no one or single best way or approach to manage organizations.

Conceptual Framework

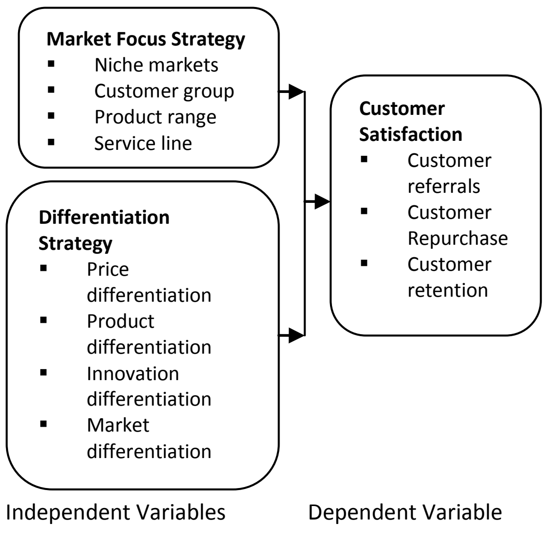

Figure 1: Conceptual Framework

Market Focus Strategy

This strategy concentrates on a narrow segment and attempts to achieve either a cost advantage or differentiation within the segment (Porter, 2010). Vazifehdoust, Ram and HosseinzadehLotfi

(2015) advises that the target segment may be defined by geographical uniqueness, specialized requirements in using the product or by special attributes that only appeal to the segment members. This is based on the assumption that by focusing entirely on a specific segment, the firm will be able to serve it better. This usually results in customer loyalty which blocks competing firms from venturing into the segment. Through the differentiation focus strategy, the firm may pass higher costs to its customers due to lack of close substitutes. Firms employ this strategy in segments in the market that have less competition (Pearce & Robinson, 2013).

Thompson and Strickland (2013) argue that a firm's strategy based on two variants becomes increasingly attractive as more of the following areas are observed. The target niche will be big enough and profitable. Secondly, the competition will have challenges in establishing capabilities to meet specialized needs of the target niche while satisfying the expectation of their main stream customers. Finally, the firm may pick a competitively attractive niche from the many different niches in the industry based on its resources, strengths and capabilities. The firm will compete effectively against challenges based on its capabilities and resources it has to serve the target niche and thus build customer goodwill.

On the flip side, some of the risks in employing the focus strategy include imitation and changes in target segments. Additionally, it may be easier for a broad market cost leader to adopt its products in order to compete directly. The bigger challenge is other firms may carve out sub segments that they can focus on much better. Qin and Pastory (2013) cautions that firms cannot solely focus on a cost leadership or differentiation strategy to the exclusion of other strategies. He advises that cost leaders must devote some resources to differentiation activity while those firms pursuing a differentiation strategy should not overlook their cost structure.

Prior researchers have identified hybrid strategies which emphasize both cost and differentiation strategies. Wagner and Digman (2014) caution that a "stuck in the middle position" is difficult to achieve and prior research may have incorrectly classified "hybrid generic strategies" and the "stuck-in-the-middle" as equivalent to each other which is not. Muguni (2013) add that beside market and supply factors, financial strength of the firm, community and government relations and the ability coupled with the values of company executives are factors to consider too. Research on generic strategies has identified a weak link between a firm's attention to one of the Porter (2010) generic strategy types and performance. Some studies have found support for a single strategy performance benefit (Hambrick, 2013).

Other research has shown that it is possible to pursue a strategy that includes both cost and differentiation competitive methods although a performance benefit is not always evident. In a service industry, Kipkoech and Mtegi (2015) found that hospitals follow five generic strategy groups and concluded that a focused cost leadership strategy is the best route to superior performance. A differentiation strategy may be difficult to implant in a service industry because services are easily copied and fruitful options for achieving differentiation may be limited due to the simplicity and duplicability of financial services, unless the target market is highly sophisticated and knowledgeable.

In an analysis of strategy research, Campbell-Hunt (2014) found that Porter (2014) generic strategic classifications are capable of discriminating between competitive strategy designs in empirical research and called for repetition of prior studies in different industries using identical competitive methods on which a principal component solution can be employed. Focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than the competitors. Focus strategy can be either a cost leadership or differentiation strategy aimed towards a narrow, focused market. (Porter, 2010). Advantages of focus strategy include having power over buyers since the firm may be the only source of supply. Customer loyalty also protects from new entrants and substitute products. The firm adopting focus strategy can easily stay close to customers and monitor their needs. Kombo (2015), in a study on the motor industry notes that firms had to make substantial adjustments in their strategic variables in order to survive in the competitive environment. The firms introduced new techniques in product development, differentiated their products, segmented and targeted their customers more and improved customer service. Karanja (2013) observes in a study of real estate firms in Kenya that increase in the number of players has led to increased competition. The most popular type of competitive strategy was on the basis of focused differentiation. Firms tended to target certain levels of clients especially the middle and upper class who resided in certain targeted estates.

Differentiation Strategy

In the differentiation strategy, the firm creates a differential competitive advantage through specific features or services that sets it apart from the others in the industry or the market. Narteh and Kuada (2014) assert that the essence of differentiation is to be unique in ways that are valuable to customers and that can be sustained by the firm. It needs a critical study of buyer needs and preferences to consider what is important to them and what value are they willing to pay for this. The advantage of uniqueness may be in the form of customer service, design, brand image or technology. Differentiation extends beyond the characteristics of the product or service, to include every possible interaction between the firm and its customers. However, adds that differentiation strategies are not about pursuing uniqueness for the sake of being different but is about understanding the product or service and the customer. Differentiation insulates loyalty by customers and gives lower sensitivity to price (Beynon, 2015).

Patwardhan (2014) advise that differentiation strategies tend to work best in market circumstances where there are many ways to differentiate the product or service and many buyers perceive the difference as having value. Firms can differentiate their products or services by altering or modifying the product features, linking different functions within the firm, introducing the product at the right time, exploring location advantages, mixing products and linking with other firms (Panda, 2013). Risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various forms pursuing focus strategies may be able to achieve even greater differentiation in their market segments. The emphasis can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to an industry. Lynch (2015) intimates that differentiation strategy has many advantages for the firm which makes use of the strategy. Challenges are experienced by the firms in estimating if the extra cost entailed in the differentiation can actually be recovered from the customer through premium pricing.

The value added by the uniqueness lets the firm command a premium price. The key characteristic of differentiation strategy is perceived quality (whether real or not). This may be through superior product design, technology, customer service, dealer network or other dimensions

(Shah, 2014). The advantage of differentiation is that perceived quality and brand loyalty insulates company from threats from any of the five forces that determine the state of competition in an industry. Price increases from powerful suppliers can be passed on to customers who are willing to pay. Buyers have only one source of supply. Brand loyalty protects from substitutes. Brand loyalty is also a barrier to new entrants. The risks to differentiation strategy include limitation due to production technology. The 'shelf life' of differentiation advantage is getting shorter and shorter. Customer tastes may also change and wipe out the competitive advantage.

According to Sheikh (2013), computer technology is crucial to Accounting Information Systems (AIS) and to accountants for many reasons. One is that computer technology must be compatible with, and support, the other components the AIS. Secondly, in trying to expand their services, audit firms are moving into provision of outsourced accounting and/or internal auditing services, which require mastery of computer accounting packages. Githae (2015) implies that in differentiating, audit firms have to broaden their services. They have to embrace various disciplines crucial to world of business, charting what one may describe as new frontiers. They have to adopt such strategies as forensic services to remain competitive

Customer Satisfaction

The market has become extra competitive and firm needs to draw much attention in maintaining customer by building strong relationship due to benefits enjoyed. As banking become more competitive, commercial banks recognize the importance of retaining current customers and some have initiated a variety of activities to improve customer satisfaction. Indeed, the benefits associated with customer satisfaction are lower costs associated with retaining existing customers, rather than constantly recruiting new ones especially within mature, competitive markets (Ehrenberg & Goodhardt, 2015).

Customer satisfaction is one of the key factors in modern marketing and customers' behavior analysis. If the customers are satisfied with the provided goods or services, the probability that they use the services again increases (East, 2014). Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service this will lead to positive advertising. On the other hand, dissatisfied customers will most probably switch to a different brand this will lead to negative advertising. Customer satisfaction has been considered the essence of success in today's highly competitive banking industry. Ndubisi (2013) and Pfeifer (2015) pointed out that the cost of serving a loyal customer is five or six times less than a new customer. Several researchers including Tariq and Moussaoui (2015) and Ehigie (2014) found that loyalty is a direct outcome of customer satisfaction. Generally speaking, if the customers are satisfied with the provided goods or services, the probability that they use the services again increases (East, 2014). Also, satisfied customers will most probably talk enthusiastically about their buying or the use of a particular service this will lead to positive advertising. The significance of satisfying and keeping a customer in establishing strategies for a market and customer oriented organization cannot be ignored.

Customer satisfaction is distinguished in two ways: transaction-specific and cumulative. They describe transaction-specific perspective as a post-choice evaluative judgment of a specific purchase occasion while cumulative refers to the overall evaluation of a good or service after purchase. Ayora and Mboyane (2012) on the other hand distinguish customer satisfaction differently using the confirmation/disconfirmation paradigm model. According to the authors, satisfaction or dissatisfaction is determined by the difference between the customers' expectations (E) of a particular product or service and their perceptions of the actual performance (P) of this product or service. The authors further note that, when customers' expectations are fulfilled, the result is satisfaction and if not, dissatisfaction occurs. Satisfied customers are regarded as best ambassadors and salesmen and women for commercial banks since they bring in 100 new customers (Wanjohi, 2013). Satisfied customers are also able to positively communicate their experiences with potential customers (Gichana & Kinyua, 2014).

Empirical Review

Market Focus Strategies and Customer Satisfaction

Beard and Dess (2011) find both corporate-level strategy and business-level strategies are significant in explaining variation in firm profitability. The business strategy choices are found to be significant in explaining firm profitability (Beard & Dess, 2011) and its long-term performance. Two main typologies of competitive strategy are cost leadership and differentiation. The cost leadership strategy is an integrated set of actions taken to produce goods or services with unique features that are acceptable to customers at the lowest cost relative to that competitor or reduce cost structure in order to achieve superior profitability. Allen and Helms (2006) found that cost leadership strategy has only one significant tactic- minimizing distribution costs that affect organizational performance.

Dess and Davis (2014) found that the overall low cost cluster has the highest average return on assets. Differentiation strategy is an integrated set of actions taken to produce goods or services (at acceptable cost) that customers perceive as being different in ways that are important to them. A profit impact of marketing strategy (PIMS) study by Phillips, Chang, and Buzzell (2013) founds a significant and positive relationship between differentiation and market share. Firms choose from among two business-level strategies to establish and defend their desired strategic positioning against rivals. However, Porter (2011) and the PIMS study by Phillips, Chang, and Hill (2011) suggest that differentiation can be a way of achieving a low-cost position and there often is no unique low-cost position, a firm may have to base its sustainable competitive advantage on the simultaneous and continuous pursuit of both low cost and differentiation. Porter (2015) suggest that the combination of cost and differentiation strategies will result in poor performance and unlikely to generate a sustainable competitive advantage except in the most exceptional circumstances that such a combination results in a sustainable competitive advantage. However, some other studies have found that some firms have successfully employed combination strategies (Dess & Davis, 2013).

Stone (2005) study reveals that to gain competitiveness, firms can choose to focus on a select customer group, product range, geographical area, or service line. For example, some service firms focus solely on the service customers. David (2011) indicated that market focus strategies that impact on firm performance include; customized services to niche market, better service attributes to niche and market segmentation. Porter (2011) narrated that market focus strategies is achievable through promotion and marketing channels such as mass media, print media, outdoor marketing and also through interpersonal communication approaches. Beard and Dess (2011) revealed that the three main typologies of competitive strategy are cost leadership and market focus and differentiation and they singly help in enhancing firm superior profitability. According to Phillips, Chang and Hill

(2011) market focus strategy works through; increasing number of service points, ensuring good security always, ensuring easy accessibility for clients, using similar charges with competition, using attractive appearance of premises and offering credit to customers. Dess and Davis (2013) established that market focus strategy is achieved through; identifying measures of performance for each factor, discussion and approval of each factor and measure of performance by top management, CEOs and advisors, identifying the goals and objectives critical success factors, refining the general success factors into critical success factors, and considering general success factors before critical evaluation.

Differentiation strategies and Customer Satisfaction

Khaled (2012) investigated differentiation and organizational performance: empirical evidence from Jordanian Companies. To investigate this relationship, 33 industrial companies listed at Amman Stock Exchange by the beginning of 2010 were surveyed. Industrial companies listed at Amman Stock Exchange were surveyed. The result of multiple regression analysis indicates that the differentiation strategy has not significant effect on organizational performance of such companies. One important practical implication of this result is for the Jordanian companies to incorporate the different dimensions of product differentiation strategy correctly to improve their performance.

Rukia *et al.,* (2015) did a study on the effect of differentiation strategy on the Performance of manufacturing firms in Kenya. The study was anchored on Porter's competitive business strategy typology. A survey questionnaire and an interview guide was used to collect data from 131 firms out of the 170-targeted drawn from 12 key industrial subsectors located within Nairobi and its environs. The study adopted descriptive and explanatory research design. Pearson's correlation was used to indicate positive correlation between the input and the output variable and regression analysis was used to test the relationship between the constructs. There is a positive relationship between differentiation strategy and firm performance. The study concluded that manufacturing firms interested in enhancing their performance and staying ahead of competition should pursue differentiation strategy.

Khaled (2012) study revealed that the differentiation strategy has not significant effect on organizational performance of Jordanian companies. However, it agrees with Rukia *et al.,* (2015) whose study established that there is a positive relationship between differentiation strategy and firm performance. The study concluded that manufacturing firms interested in enhancing their performance and staying ahead of competition should pursue differentiation strategy. Davidow and Uttal (2009) identified that sing differentiation strategy, a firm introduce different varieties of the same basic product under the same name into a particular product category and thus cover the range of products available in that category. This is through innovation, product, market, and pricing. Oliver (2006) established that factors affecting efficiency of differentiation strategies included; service, quality, purpose and value. Profitable differentiation is achieved by either keeping the cost of differentiation below the price premium that the differentiating features command, or by offsetting the lower profit margins through more sales volumes (Grant, 2010). Porter (2011) established that differentiation was achieved through; design and controls, quality systems, unique and superior products, unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status, different tastes, and engineering design and performance are examples of approaches to differentiation. Berman *et al.* (2009) study revealed that firms pursuing a differentiation strategy attempt to differentiate themselves from their rivals using a variety of sales, marketing and other related activities or product and technology innovations, in-depth analysis, scanning activities, group decision making, increased delegation, and through increased technocrat. Differentiation relates to the degree to which a product and its enhancements are perceived as unique. A firm adopting a differentiation strategy command above-market prices made possible by the customers' perception of the product being special in some way. Selen (2009) study established that corporate growth strategy as a competitive strategy had a great influence on the firm performance. Bourgeo (2010) indicated that corporate growth strategies were achievable through market development, product development, and market diversification. Barney (2010) indicated that corporate growth strategies had a significant effect on firm performance through; taking care of changing customer needs, dealing with actions of competitors, and providing for industry regulations. David (2011) revealed that development of new markets for the product may be a good strategy if the firm's core competencies are related more to the specific product than to its experience with a specific market segment. A product development strategy may be appropriate if the firm's strengths are related to its specific customers rather than to the specific product itself. In this situation, it can leverage its strengths by developing a new product targeted to its existing customers.

RESEARCH METHODOLOGY

The study adopted a descriptive research design aimed at investigating the effects of competitive strategies on customer satisfaction among commercial banks in Kenya. The population of this study consisted of 42 commercial banks in Kenya as at 31st December 2016. The unit of analysis was competitive strategies affecting customer satisfaction among commercial banks in Kenya. The unit of observation was management employees and customers of commercial banks in Kenya. The study used the purposive sampling procedure to identify the sample units. This study used both primary and secondary data. Primary data was obtained using self-administered questionnaires. The questionnaire was made up of both open ended and closed ended questions covering issues associated competitive strategies and customer satisfaction by commercial banks in Kenya. The open-ended questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in giving any information and the closed ended questions allowed respondent to respond from limited options that had been stated. According to Saunders (2013), the open ended or unstructured questions allow profound response from the respondents while the closed or structured questions are generally easier to evaluate. The questionnaires was used in an effort to conserve time and money as well as to facilitate an easier analysis as they were in immediate usable form. Secondary data was obtained from commercial bank websites and published financial statements. The drop and pick method was preferred for questionnaire administration so as to give respondents enough time to give well thought out responses. Data was analyzed using Statistical Package for Social Sciences (SPSS Version 23.0). All the questionnaires received were referenced and items in the questionnaire were coded to facilitate data entry.

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

The study targeted 120 respondents to whom questionnaire were administered to and the outcome. Only 100 of them returned the questionnaires duly filled in contributing to a response rate of 79.4%. In order to capture the background information of the respondents, issues such the gender, age bracket, education level, years of service in the banking industry and position of the respondent in the company were addressed in the first section of the questionnaire. From the findings, majority (71%) of the respondents were male while 29% were female. This implied that commercial banks have more males than female employees and consequently most of the responses emanated from the male respondents. On Age brackets, The study established that 44% of the respondents were aged between 40-49 years, 36% were aged between 30-39 years, 20% were aged over 50 years while none of the respondents was aged between 20-29 years. This depicts that majority of the top management employees of the commercial banks in Kenya were aged between 30-49 years and therefore youthful and energetic in their job. It further illustrates high appreciation the influence of competitive strategies on the customer satisfaction among commercial banks in Kenya among them. The study sought to establish the highest level of education for the respondents. From the findings, the majority (57%) of the respondents had a bachelor's degree as their highest level of education while 43% had master's degree as their highest level of education. This shows that most of the respondents had attained university education and thus had rich understanding and knowledge on influence of competitive strategies on the customer satisfaction among commercial banks in Kenya. The study sought to establish the number of years that the respondents had worked in the banking industry. The study established that 40% of the respondents had worked in the banking industry for 6-10 years, 28% had worked for over 10 years, 24% had worked for 1-5 years while 8% of the respondents had worked in the banking industry for less than one year. This implied that majority (68%) of the respondents had worked in the banking industry for long enough to be able to provide crucial information relating to the influence of competitive strategies on the customer satisfaction among commercial banks in Kenya.

Market Focus Strategies and Customer Satisfaction

The respondents were to indicate whether their respective banks use market focus strategy to improve the level of customer satisfaction.From the findings, the majority of the study participants acknowledged that their respective banks used market focus strategy to improve the level of customer satisfaction. From this finding, it was evident that market focus strategy played a great role in enhancing customer satisfaction through market targeting. By focusing on a select customer group, product range, geographical area, or service line banks were able to meet the customer needs and therefore enhancing customer satisfaction levels.

The study sought to establish the extent to which market focus strategy as a competitive strategy affected the customer satisfaction among commercial banks. Majority of the respondents (54%) indicated that adoption of market focus strategy as a competitive strategy affected the customer satisfaction to a great extent, 34% to a moderate extent while 12% indicated that market focus strategy as a competitive strategy affected the customer satisfaction to a very great extent. This depicts that commercial banks in Kenya had adopted market focus strategy as a competitive strategy to a great extent to spur the customer satisfaction in the highly volatile banking industry.

The study sought to establish the extent of utilization of the market focus strategy to enable the companies realize their competitive advantage. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS. The scale of 1-5 should be interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance. From the findings, the majority of the respondents agreed to great extent that the strategies of market focus strategy that firms utilized included; customized services to niche market (Mean=4.6345), better service attributes to niche (Mean=4.6276) and market segmentation (Mean=4.4414) respectively. This illustrates that the adoption of market focus strategies by commercial banks in Kenya had contributed significantly towards improved customer satisfaction as it was utilized to a great extent. The most important market focus strategies the commercial banks had in place were; customized services to niche market, better service attributes to niche and market segmentation respectively.

The respondents were requested to indicate the extent to which various promotion strategies were used by the company. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS. The scale of 1-5 should be interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance. From the findings, the majority of the respondents agreed to great extent that the various promotion strategies used by the companies were; radio/TV advertisement (Mean=4.7655), newspapers/printed advertisement (Mean=4.5379), outdoor posters (Mean=4.5241), and through word of mouth (Mean=4.5034) respectively. This illustrates that to achieve efficiency in market focus strategies commercial banks in Kenya used various promotion strategies such as mass media, print media, outdoor marketing and also through interpersonal communication approaches.

The findings are similar to Porter (2001) who narrated that market focus strategies is achievable through promotion and marketing channels such as mass media, print media, outdoor marketing and also through interpersonal communication approaches.

The respondents were requested to indicate to what extent their companies used the various approaches in its market focus strategies to beat competition in the market. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS. The scale of 1-5 was interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance. From the findings, the majority of the respondents agreed to great extent that the various approaches in market focus strategies that firms used to beat competition in the market included; increasing number of service points (Mean=4.6690), ensure good security always (Mean=4.6966), ensure easy accessibility for clients (Mean=4.5241), similar charges with competition (Mean=4.2897), attractive appearance of premises (Mean=4.1034), and offering credit to customers (Mean=4.0759) respectively. This illustrates that the commercial banks used the various approaches in its market focus strategies to beat competition in the market to a great extent, hence market focus strategy was an important competitive strategy to spur the customer satisfaction. The strategic approaches in market focus strategies that firms used to be competitive were; increasing number of service points, ensuring good security always, ensuring easy accessibility for clients, using similar charges with competition, using attractive appearance of premises and offering credit to customers respectively.

The findings agree with Beard and Dess (2011) who revealed that the three main typologies of competitive strategy are cost leadership and market focus and differentiation and they singly help in enhancing firm superior profitability. According to Phillips, Chang, and Hill (2011) market focus strategy works through; increasing number of service points, ensuring good security always, ensuring easy accessibility for clients, using similar charges with competition, using attractive appearance of premises and offering credit to customers.

The study inquired on the extent to which various market focus strategy options were employed to improve customer satisfaction among commercial banks in Kenya. Their responses were rated on a five point Likert scale where: 5= Very great extent; 4 Great extent; 3= Moderate extent; 2= Low extent and 1= Very low extent.

The majority of the respondents indicated that different market focus strategy options were applied to a great extent included; type of market segments (Mean=3.9200); need analysis (Mean=3.9000); discourage competitive entry (Mean=3.8600); geographical area (Mean=3.8200); service line (Mean=3.3600) respectively. Given the fact that different market focus strategy options had a mean of above 3.5 means that market focus strategy was highly depended upon by the banks to drive their customer satisfaction agenda in the banking sector. The market focus strategy was mainly achieved through; type of market segments; need analysis; discourage competitive entry; and geographical area options.

The findings were similar to Kipkoech and Mtegi (2015) who found that hospitals follow five generic strategy groups with cost leadership strategy as the best route to superior performance.

The study inquired on the extent to which the steps were applied by the firms in identifying factors that lead to strategic success. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS. The scale of 1-5 should be interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance.

From the findings, the majority of the respondents agreed to great extent that the steps applied by the firms in identifying factors that lead to strategic success in market focus strategy included; for each factor, the measures of performance is identified (Mean=4.4552), each measure of performance is critically discussed and approved by top management (Mean=4.4552), each critical success factor is discussed by CEOs and advisors (Mean=4.2690), the goals and objectives were stated for each of the critical success factors (Mean=4.2414), the organization refines the general success factors into CSF (Mean=4.2069), general success factors are considered before critical evaluation (Mean=4.2690), and the list of CSF is always ten and below(Mean= 4.0552) respectively. This illustrates that the implementation of market focus strategy by commercial banks in Kenya was conducted stepwise where a number of steps. The steps that the forms applied in identifying market focus related factors were; identifying measures of performance for each factor, discussion and approval of each factor and measure of performance by top management, CEOs and advisors, identifying the goals and objectives critical success factors, refining the general success factors into critical success factors, considering general success factors before critical evaluation, and ensuring that the list of CSFs is always ten and below.

The findings concur with Dess and Davis, (2003) who established that market focus strategy is achieved through; identifying measures of performance for each factor, discussion and approval of each factor and measure of performance by top management, CEOs and advisors, identifying the goals and objectives critical success factors, refining the general success factors into critical success factors, and considering general success factors before critical evaluation.

Differentiation Strategies and Customer Satisfaction

The study inquired on whether commercial banks surveyed used differentiation strategy to improve the level of customer satisfaction. The majority of the banks applied differentiation strategy to improve the level of customer satisfaction as attested by 78% of the respondents. Therefore, differentiation strategy drove banks competitiveness through offering customized services through innovation, product, market, and pricing to its customers increasing their customer satisfaction levels.

The findings are in agreement with Rukia *et al.,* (2015) who revealed that There is a positive relationship between differentiation strategy and firm performance. The study concluded that manufacturing firms interested in enhancing their performance and staying ahead of competition should pursue differentiation strategy.

The study sought to establish the extent to which differentiation strategy as a competitive strategy affected the customer satisfaction. Figure 4.10 below shows the findings. Majority of the respondents (59%) indicated that adoption of differentiation strategy as a competitive strategy affected the customer satisfaction to a great extent, 31% to a moderate extent while 10% indicated that differentiation strategy as a competitive strategy affected the customer satisfaction to a very great extent. This depicts that commercial banks in Kenya had adopted differentiation strategy as a competitive strategy to a great extent to spur the customer satisfaction in the highly volatile banking industry.

The findings disagree with Khaled (2012) whose study revealed that the differentiation strategy has not significant effect on organizational performance of Jordanian companies. However, it agrees with Rukia et al., (2015) whose study established that there is a positive relationship between differentiation strategy and firm performance. The study concluded that manufacturing firms interested in enhancing their performance and staying ahead of competition should pursue differentiation strategy.

The study sought to find out the level of application of the differentiation strategies in companies and their effect to customer satisfaction among commercial banks. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS and are as illustrated in Table 4.9 below. The scale of 1-5 should be interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance.

From the findings, the majority of the respondents agreed that the level of application of the differentiation strategies in terms of; innovation (Mean=3.9500), product (Mean=3.8000), market (Mean=3.6500), and price (Mean=3.4500) was to great extent and it affected customer satisfaction. This illustrates that the differentiation strategies by commercial banks in Kenya were utilized to a great extent and therefore contributed significantly towards improved banks' customer satisfaction. The differentiation strategies that commercial banks had applied were in terms of innovation, product, market, and pricing.

When using the differentiation strategy, companies focus their efforts on providing a unique product or service, thus setting their offerings apart from other competitors. The study inquired on the extent of to which a number of factors affected application of differentiation strategies in the companies. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS. The scale of 1-5 should be interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance.

From the findings, the majority of the respondents agreed to great extent that the factors affecting application of differentiation strategies in the companies included; service (Mean=4.0000), quality (Mean=3.5500), purpose (Mean=3.4500) and value (Mean=3.2500) respectively. This illustrates that factors affecting application of differentiation strategies in commercial banks were service, quality, purpose and value. The findings agree with Oliver (2006) who established that factors affecting efficiency of differentiation strategies included; service, quality, purpose and value. Profitable differentiation is achieved by either keeping the cost of differentiation below the price premium that the differentiating features command, or by offsetting the lower profit margins through more sales volumes, (Grant, 2000).

The respondents were to indicate their level of agreement with statements related to the differentiation as a competitive Strategy commonly used by commercial banks in Kenya. Their responses were rated on a five point Likert scale where: 1=strongly disagree, 2=disagree, 3 neutral, 4=agree, 5= strongly disagree.

From the findings, the majority of the respondents agreed to a great extent that; the company focuses its effort in providing unique product and services (mean=4.4552), there is communication with customers to ensure that they get quality services from the company (mean=4.2690), there are new services introduced in my organization for the last one year (mean=4.2414), there is modification on the services offered in my organization for the last one year (mean=4.2069), there has been an increase in client base for the last one year in my organization (mean=3.9462), the company strives to offer better product and services than the competitors (mean=3.9077), the company seeks to ensure customized designs and selective price cuts are offered to its clientele for eventual customer loyalty (mean=3.4923), through customer feedback we have tailored the product and service to customer needs (mean=3.4385), the firm provides unique and superior value to the customer through service quality, features, or after-sale support (mean=3.3077) respectively.

The study inquired to what extent companies applied a number of factors to ensure success of its differentiation strategies. The responses were rated on a five point Likert scale where: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The mean and standard deviations were generated from SPSS. The scale of 1-5 should be interpreted as follow; 1 mean no significance; 2 mean limited significance; 3 mean medium significance; 4 mean high significance; 5 very high significance.

From the findings, the majority of the respondents agreed to great extent that the factors to ensure success of its differentiation strategies included; in-depth analysis (Mean=4.7655), scanning activities (Mean=4.5379), group decision making (Mean=4.5241), increased delegation (Mean=4.5034), increased technocrat (Mean=4.3724), reduced formality (Mean=4.3655), field briefings (Mean=4.2207) and fréquent communications via liaison devices (Mean=4.1379) respectively. Therefore, to enhance the efficiency of differentiation strategies adopted by the commercial banks the factors to be considered were; in-depth analysis, scanning activities, group decision making, increased delegation, increased technocrat, reduced formality, field briefings and fréquent communications via liaison devices respectively.

The findings resonate with Berman et. al., (2009) whose study revealed that firms pursuing a differentiation strategy attempt to differentiate themselves from their rivals using a variety of sales, marketing and other related activities or product and technology innovations, in-depth analysis, scanning activities, group decision making, increased delegation, and through increased technocrat. Differentiation relates to the degree to which a product and its enhancements are perceived as unique. A firm adopting a differentiation strategy command above-market prices made possible by the customers' perception of the product being special in some way.

The study inquired on the extent to which various differentiation strategy options were employed to improve customer satisfaction among commercial banks in Kenya. Their responses were rated on a five point Likert scale where: 5= Very great extent; 4 Great extent; 3= Moderate extent; 2= Low extent and 1= Very low extent.

According to the findings, the majority of the respondents indicated that different market focus strategy options were applied to a great extent including; product differentiation (Mean=4.0400), price differentiation (Mean=3.6400), promotion differentiation (Mean=3.3800), distribution channel differentiation (Mean=3.3000), and place differentiation (Mean=3.0400) respectively. Given the high mean of above 3, its evident that commercial banks in Kenya applied various differentiation strategy options to improve customer satisfaction including; product differentiation, price differentiation, promotion differentiation, distribution channel differentiation and place differentiation.

The findings resonate with Dobni (2013) who revealed that the differentiation strategy approaches applied by manufacturing firms include product differentiation, price differentiation, promotion differentiation, distribution channel differentiation and place differentiation.

Customer Satisfaction

Customer satisfaction as the dependent variable of the study was analyzed and the findings are as indicated in the subsequent sections.

The study inquired on the customer satisfaction and service quality indexes of the respective banks surveyed for the period of last five years between 2012 and 2015.

Table 1: Customer satisfaction and service quality index

	Unit of measure	2012	2013	2014	2015	2016
Service quality index	%	56	59	62	64	68

Customer satisfaction index	%	74	76	79	81	84

Based on the findings, the service quality index of the banking sector increased steadily in the five-year period with a 12% increase, with the lowest service quality index as 56% in 2012 and the highest service quality index being 68% in 2016. On the other hand, the customer satisfaction index increased steadily with a 10% increase over the five-year period with the lowest index in 2012 (74%) and the highest index was in 2016 (84%). This implied that there was increased customer satisfaction in the Kenyan banking sector over the five-year period (2012-2016) as indicated by customer satisfaction index and service quality index. The increased customer satisfaction could have been as a result of application of different competitive strategies by the banks.

The findings resonates with CBK (2015) which reported that the Kenyan banking sector has had an progressive customer satisfaction over the five-year period (2012-2016) based on the customer satisfaction and service quality index established by CBK over the said period.

The study investigated on the nature of trend of different aspects of customer satisfaction in the banking sector during the last five years surveyed. The study used a Likert scale of 1-5 where; 1= greatly decreased, 2= decreasing, 3= constant, 4= improved, 5= greatly improved

.Table 2: Customer satisfaction aspects

	Mean	**Std dev**
Customer referrals	4.3000	.54398
Customer repurchase	4.2800	.64015
Cross/multiple buying	4.2000	.53452
Positive feedback	4.1400	.60643
Willingness to pay premium-price	3.9200	.60068
Tendency to see one’s bank as a relationship bank	3.9000	.67763
Customer intention to switch banks	3.8800	.71827
Customer retention	3.8400	.68094
Customer complains	3.8400	.73845

According to the findings the customer satisfaction aspects whose trends had been improving in the banking sector for the period between 2012 and 2016 included; the customer referrals (Mean=4.3000), customer repurchase (Mean=4.2800), cross/multiple buying (Mean=4.2000), positive feedback (Mean=4.1400), willingness to pay premium-price (Mean=3.9200), tendency to see one’s bank as a relationship bank (Mean=3.9000), customer intention to switch banks (Mean=3.8800), customer retention (Mean=3.8400), customer complains (Mean=3.8400) respectively.

The findings indicated that customer satisfaction in the banking sector improved significantly as banks tried to beat their competitors and retain their market share. The increasingly satisfied customers were likely to remain loyal to their banks and also act as the banks marketing agents though the word of mouth to their different circles after their satisfaction with the services rendered by the banks improved.

This is similar to PWC (2015) which reported that the Kenyan banking industry has had a positive outlook in terms of customer satisfaction levels owing to introduction of various customer friendly approaches.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Market Focus Strategies and Customer Satisfaction

The study established that banks used market focus strategy to improve the level of customer satisfaction. From this finding, it is evident that market focus strategy played a great role in enhancing customer satisfaction through market targeting. By focusing on a select customer group, product range, geographical area, or service line banks were able to meet the customer needs and therefore enhancing customer satisfaction levels.

The adoption of market focus strategy as a competitive strategy affected the customer satisfaction to a great extent. Thus, commercial banks in Kenya had adopted market focus strategy as a competitive strategy to a great extent to spur the customer satisfaction in the highly volatile banking industry.

The study found out that the strategies of market focus strategy that firms utilized included; customized services to niche market, better service attributes to niche and market segmentation respectively. Therefore, the adoption of market focus strategies by commercial banks in Kenya had contributed significantly towards improved customer satisfaction as it was utilized to a great extent. The most important market focus strategies the commercial banks had in place were; customized services to niche market, better service attributes to niche and market segmentation respectively.
From the findings, the various promotion strategies used by the banks were; radio/TV advertisement, newspapers/printed advertisement, outdoor posters, and through word of mouth respectively. To achieve efficiency in market focus strategies commercial banks in Kenya used various promotion strategies such as mass media, print media, outdoor marketing and also through interpersonal communication approaches.

The various approaches in market focus strategies that banks used to beat competition in the market included; increasing number of service points, ensure good security always, ensure easy accessibility for clients, similar charges with competition, attractive appearance of premises, and offering credit to customers respectively. Therefore, commercial banks used the various approaches in its market focus strategies to beat competition in the market to a great extent, hence market focus strategy was an important competitive strategy to spur the customer satisfaction. The strategic approaches in market focus strategies that firms used to be competitive were; increasing number of service points, ensuring good security always, ensuring easy accessibility for clients, using similar charges with competition, using attractive appearance of premises and offering credit to customers respectively.

The different market focus strategy options applied to a great extent by the banks included; type of market segments, need analysis, discourage competitive entry, geographical area, service line respectively. Market focus strategy was highly depended upon by the banks to drive their customer satisfaction agenda in the banking sector. The market focus strategy was mainly achieved through; type of market segments; need analysis; discourage competitive entry; and geographical area options.

From the findings, the study determined that the steps applied by the firms in identifying factors that lead to strategic success in market focus strategy included; for each factor, the measures of performance is identified, each measure of performance is critically discussed and approved by top management, each critical success factor is discussed by CEOs and advisors, the goals and objectives are stated for each of the critical success factors, the organization refines the general success factors into CSF, general success factors are considered before critical evaluation, and the list of CSF is always ten and below respectively. The implementation of market focus strategy by commercial banks in Kenya was conducted stepwise where a number of steps. The steps that the forms applied in identifying market focus related factors were; identifying measures of performance for each factor, discussion and approval of each factor and measure of performance by top management, CEOs and advisors, identifying the goals and objectives critical success factors, refining the general success factors into critical success factors, considering general success factors before critical evaluation, and ensuring that the list of CSFs is always ten and below.

Differentiation Strategies and Customer Satisfaction

The study established that majority of the banks applied differentiation strategy to improve the level of customer satisfaction. Therefore, differentiation strategy drove banks competitiveness through offering customized services through innovation, product, market, and pricing to its customers increasing their customer satisfaction levels.

The adoption of differentiation strategy as a competitive strategy affected the customer satisfaction to a great extent. Therefore, commercial banks in Kenya had adopted differentiation strategy as a competitive strategy to a great extent to spur the customer satisfaction in the highly volatile banking industry.

The study established that the level of application of the differentiation strategies in terms of; innovation, product, market, and price was to great extent and it affected customer satisfaction. Therefore, the differentiation strategies by commercial banks in Kenya were utilized to a great extent and therefore contributed significantly towards improved banks' customer satisfaction. The differentiation strategies that commercial banks had applied were in terms of innovation, product, market, and pricing.
From the findings, it was established that the factors affecting application of differentiation strategies in the companies included; service, quality, purpose and value respectively. Thus, the factors affecting application of differentiation strategies in commercial banks were service, quality, purpose and value.

From the findings, the study established that; the company focuses its effort in providing unique product and services, there is communication with customers to ensure that they get quality services from the company, there are new services introduced in my organization for the last one year, there is modification on the services offered in my organization for the last one year, there has been an increase in client base for the last one year in my organization, the company strives to offer better product and services than the competitors, the company seeks to ensure customized designs and selective price cuts are offered to its clientele for eventual customer loyalty, through customer feedback we have tailored the product and service to customer needs, the firm provides unique and superior value to the customer through service quality, features, or after-sale support respectively.

The commercial banks had adopted differentiation as a competitive strategy to a great extent. Through differentiation, the commercial banks stimulated innovations through employee creativity. It also enhanced quality of service offered which ultimately led to customer satisfaction and increased market share. In addition, the respondents indicated that the challenges they encountered in their daily work on matters related quality of services included;

system downtime. To cope with this challenge, the respondents relied on hands on help desk team, and also sourced for the right vendors.

From the findings, the factors to ensure success of its differentiation strategies included; in-depth analysis, scanning activities, group decision making, increased delegation, increased technocrat, reduced formality, field briefings and fréquent communications via liaison devices respectively. Therefore, to enhance the efficiency of differentiation strategies adopted by the commercial banks the factors to be considered were; in-depth analysis, scanning activities, group decision making, increased delegation, increased technocrat, reduced formality, field briefings and fréquent communications via liaison devices respectively.

In addition, the different market focus strategy options applied to a great extent by the banks included; product differentiation, price differentiation, promotion differentiation, distribution channel differentiation, and place differentiation respectively. The commercial banks in Kenya applied various differentiation strategy options to improve customer satisfaction including; product differentiation, price differentiation, promotion differentiation, distribution channel differentiation and place differentiation.

Conclusion

Market Focus Strategies and Customer Satisfaction

The study concludes that market focus strategy played a great role in enhancing customer satisfaction through market targeting. By focusing on a select customer group, product range, geographical area, or service line banks were able to meet the customer needs and therefore enhancing customer satisfaction levels. Commercial banks in Kenya had adopted market focus strategy as a competitive strategy to a great extent to spur the customer satisfaction in the highly volatile banking industry. The study concludes that the adoption of market focus strategies by commercial banks in Kenya had contributed significantly towards improved customer satisfaction as it was utilized to a great extent. The most important market focus strategies the commercial banks had in place were; customized services to niche market, better service attributes to niche and market segmentation respectively. To achieve efficiency in market focus strategies commercial banks in Kenya used various promotion strategies such as mass media, print media, outdoor marketing and also through interpersonal communication approaches.

The commercial banks used the various approaches in its market focus strategies to beat competition in the market to a great extent, hence market focus strategy was an important competitive strategy to spur the customer satisfaction. The strategic approaches in market focus strategies that firms used to be competitive were; increasing number of service points, ensuring good security always, ensuring easy accessibility for clients, using similar charges with competition, using attractive appearance of premises and offering credit to customers respectively. The market focus strategy was highly depended upon by the banks to drive their customer satisfaction agenda in the banking sector. The market focus strategy was mainly achieved through; type of market segments; need analysis; discourage competitive entry; and geographical area options.

From the findings, the study concludes that the implementation of market focus strategy by commercial banks in Kenya was conducted stepwise where a number of steps. The steps that the forms applied in identifying market focus related factors were; identifying measures of performance for each factor, discussion and approval of each factor and measure of performance by top management, CEOs and advisors, identifying the goals and objectives critical success factors, refining the general success factors into critical success factors, considering general success factors before critical evaluation, and ensuring that the list of CSFs is always ten and below.

Differentiation Strategies and Customer Satisfaction

The study concludes that differentiation strategy drove banks competitiveness through offering customized services through innovation, product, market, and pricing to its customers increasing their customer satisfaction levels. The commercial banks in Kenya had adopted differentiation strategy as a competitive strategy to a great extent to spur the customer satisfaction in the highly volatile banking industry. The study concludes that the differentiation strategies by commercial banks in Kenya were utilized to a great extent and therefore contributed significantly towards improved banks' customer satisfaction. The differentiation strategies that commercial banks had applied were in terms of innovation, product, market, and pricing. From the findings, it was concluded that the factors affecting application of differentiation strategies in commercial banks were service, quality, purpose and value.

From the findings, the study concludes that commercial banks had adopted differentiation as a competitive strategy to a great extent. Through differentiation, the commercial banks stimulated innovations through employee creativity. It also enhanced quality of service offered which ultimately led to customer satisfaction and increased market share. In addition, the respondents indicated that the challenges they encountered in their daily work on matters related quality of services included; system downtime. To cope with these challenge, the respondents relied on hands on help desk team, and also sourced for the right vendors.

To enhance the efficiency of differentiation strategies adopted by the commercial banks the factors to be considered were; in-depth analysis, scanning activities, group decision making, increased delegation, increased technocrat, reduced formality, field briefings and fréquent communications via liaison devices respectively. From the findings, its evident that commercial banks in Kenya applied various differentiation strategy options to improve customer satisfaction including; product differentiation, price differentiation, promotion differentiation, distribution channel differentiation and place differentiation.

Recommendations

The study established that commercial banks used market focus strategy to offer customized services to niche market. The study recommends that commercial banks should build the capacity of its marketing teams to handle different market niches.

The study revealed that through differentiation, the commercial banks stimulated innovations through employee creativity. It also enhanced quality of service offered which ultimately led to customer satisfaction and increased market share. The study recommends that commercial banks should promote culture of innovation to ensure that it offers highly differentiated products and services that meet specific needs of its clientele.

Areas for Further Studies

Further studies should also be conducted on other financial institutions other than commercial banks to compare the findings.

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