

**COMPETITIVE STRATEGIES AND PERFORMANCE OF SELECTED  
LODGES IN ISIOLO COUNTY, KENYA**

**BY**

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## DECLARATION

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## **DEDICATION**

I dedicate this Thesis affectionately to my loving wife Caroline Eyapan and all members of the family for their great love and financial support and continuous encouragement throughout my research work.

## ABSTRACT

In the highly competitive hospitality industry, hotels continually seek effective strategies to enhance their performance and maintain a competitive edge. The growth in the number of hotels in Kenya in the recent past has resulted in competition. This has prompted lodges to come up with strategies to enable efficient and effective operations with a focus on strategies tailored to the market segment and geographic location. However, it is not clear if these strategies are effective in lodges in Isiolo County. This study sought to establish the effect of competitive strategies on the performance of lodges in Isiolo County. Specifically, the study determined the effect of cost leadership strategy, differentiation strategy and focus strategy on performance of lodges in Isiolo County. The study was anchored on Porter's Generic strategies framework and Balanced scorecard. Explanatory research design was adopted. The target population of the study was 192 employees from 4 lodges in Isiolo County out of which 128 formed the sample size. Purposive sampling was used to select the lodges while stratified and simple random sampling techniques selected the employees. A structured questionnaire was used to collect data from the employees which was analyzed using multiple linear regression. The regression model coefficient determination  $R^2=0.433$  considered with all independent variables explains 43.3% of variation on performance of lodges. The findings of the study found that cost leadership strategy ( $\beta_1=0.021$ ,  $p=0.837$ ), focus strategy ( $\beta_2=0.123$ ,  $p=0.199$ ) and differentiation strategy ( $\beta_1=0.097$ ,  $p=0.246$ ) do not affect performance of lodges in Isiolo County ( $p>0.05$ ). The study therefore concludes that cost leadership, focus and differentiation strategies do not affect performance of lodges in Isiolo County. The study recommends that the lodges reduce cost of operations, source supplies directly from the market and form linkages with suppliers to achieve cost leadership; undertake analysis of the lodges strength, weaknesses, threats and opportunities to focus on the targeted goals of the niche market and develop unique products to differentiate from competitors in order to achieve high ranking, increased revenue and customer patronage to improve performance of the lodges.

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| DECLARATION .....  | ii        |
| DEDICATION .....   | iii       |
| ABSTRACT .....   | iv        |
| TABLE OF CONTENTS .....  | v         |
| LIST OF TABLES .....   | viii      |
| LIST OF FIGURES .....  | ix        |
| OPERATIONAL DEFINITION OF TERMS .....                          | x         |
| <b>CHAPTER ONE .....</b>                                       | <b>1</b>  |
| <b>INTRODUCTION .....</b>                                      | <b>1</b>  |
| 1.0 Overview .....   | 1         |
| 1.1 Background of the Study .....                              | 1         |
| 1.2. Problem Statement .....                                   | 4         |
| 1.3. Purpose of the Study .....                                | 5         |
| 1.4 Objectives of the Study .....                              | 5         |
| 1.4.1 General objectives .....                                 | 5         |
| 1.4.2 Specific objectives .....                                | 6         |
| 1.5 Hypotheses .....   | 6         |
| 1.6 Scope of the Study .....                                   | 6         |
| 1.7 Significance of the Study .....                            | 7         |
| 1.8 Limitations of the Study .....                             | 9         |
| <b>CHAPTER TWO .....</b>                                       | <b>10</b> |
| <b>LITERATURE REVIEW .....</b>                                 | <b>10</b> |
| 2.1 Overview .....   | 10        |
| 2.2 Concept of Organization Performance .....                  | 10        |
| 2.2.1 Performance of Lodges .....                              | 14        |
| 2.3 Competitive Strategies .....                               | 16        |
| 2.3.1 Generic Competitive Strategies .....                     | 18        |
| 2.4 Cost Leadership Strategy .....                             | 20        |
| 2.4.1 Cost Leadership Strategy and performance in Lodges ..... | 22        |
| 2.5 Focus Strategy .....                                       | 25        |
| 2.5.1 Focus strategy and performance in Lodges .....           | 27        |
| 2.6 Differentiation Strategy .....                             | 30        |
| 2.6.1 Differentiation strategy and performance in Lodges ..... | 31        |

|   |           |
|---|-----------|
| 2.7 Theoretical Framework.....                              | 35        |
| 2.7.1 Balanced Score Card.....                              | 35        |
| 2.7.2 Porters Generic Strategies Framework .....            | 39        |
| 2.8 Conceptual Framework.....                               | 41        |
| <b>CHAPTER THREE.....</b>                                   | <b>45</b> |
| <b>RESEARCH METHODOLOGY .....</b>                           | <b>45</b> |
| 3.1 Overview.....   | 45        |
| 3.2 Research Design .....                                   | 45        |
| 3.3 Description of the Study Area .....                     | 46        |
| 3.3.1 Lodges sector in Isiolo County .....                  | 47        |
| 3.3.2. Samburu National Reserve.....                        | 48        |
| 3.3.3 Shaba National Reserve .....                          | 49        |
| 3.3.4 Buffalo Springs National Reserve.....                 | 50        |
| 3.4 Target Population.....                                  | 51        |
| 3.5 Sampling Design.....                                    | 54        |
| 3.5.1 Sample size.....                                      | 54        |
| 3.5.2 Sampling Technique.....                               | 56        |
| 3.6 Data Collection .....                                   | 56        |
| 3.6.1 Types and Sources of Data.....                        | 56        |
| 3.6.2 Data Collection Instrument .....                      | 57        |
| 3.6.3 Validity of Instruments .....                         | 57        |
| 3.6.4 Reliability of the research Instrument .....          | 58        |
| 3.6.5 Pilot study .....                                     | 59        |
| 3.6.6 Data Collection Procedure .....                       | 59        |
| 3.7 Data Analysis .....                                     | 60        |
| 3.8 Ethical Considerations .....                            | 61        |
| <b>CHAPTER FOUR.....</b>                                    | <b>62</b> |
| <b>DATA ANALYSIS, PRESENTATION AND INTERPRETATION .....</b> | <b>62</b> |
| 4.1 Introduction.....                                       | 62        |
| 4.1.1 Response Rate .....                                   | 62        |
| 4.2 Demographic Characteristics.....                        | 63        |
| 4.2.1 Gender of respondents .....                           | 63        |
| 4.2.2 Age of respondents.....                               | 63        |
| 4.2.3 Level of Education .....                              | 64        |

|   |           |
|---|-----------|
| 4.2.4 Number of Years Worked in the lodges.....     | 64        |
| 4.3 Descriptive Analysis .....                      | 65        |
| 4.3.1 Cost Leadership Strategy .....                | 65        |
| 4.3.2 Focus Strategy.....                           | 67        |
| 4.3.3 Differentiation Strategy.....                 | 68        |
| 4.3.4 Performance of Lodges .....                   | 69        |
| 4.4 Assumptions of Regression Analysis .....        | 70        |
| 4.4.1 Normality Assumption Test .....               | 70        |
| 4.4.2 Linearity Assumption Test.....                | 73        |
| 4.4.3 Homoscedasticity Assumption Test.....         | 74        |
| 4.4.4 Autocorrelation Assumption Test .....         | 75        |
| 4.4.5 Multicollinearity Assumption Test .....       | 76        |
| 4.5 Multiple Linear Regression Analysis .....       | 76        |
| 4.5.1 Hypothesis Results.....                       | 80        |
| <b>CHAPTER FIVE .....</b>                           | <b>83</b> |
| <b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b> | <b>83</b> |
| 5.1 Introduction.....                               | 83        |
| 5.2 Summary .....                                   | 83        |
| 5.3 Conclusion .....                                | 84        |
| 5.4 Recommendations.....                            | 86        |
| 5.5 Theoretical Implication.....                    | 87        |
| 5.6 New Knowledge .....                             | 89        |
| 5.7 Recommendations for Further Research.....       | 89        |
| REFERENCES .....                                    | 91        |
| APPENDICES .....                                    | 100       |
| Appendix 1: Cover Letter.....                       | 100       |
| Appendix 2: Questionnaire for Employees .....       | 101       |

## LIST OF TABLES

|  |    |
|--|----|
| Table 2.1: Example of a Balanced Scorecard for a Hotel.....            | 38 |
| Table 3.1: Target Population .....                                     | 53 |
| Table 3.2: Sample size determination.....                              | 56 |
| Table 3.3: Reliability Statistics .....                                | 58 |
| Table 4.1: Response Rate.....  | 62 |
| Table 4.2: Gender .....  | 63 |
| Table 4.3: The Age Level of the Respondents.....                       | 63 |
| Table 4.4: Level of Education.....                                     | 64 |
| Table 4.5: Numbers of Years Worked in the lodges.....                  | 65 |
| Table 4.6: Descriptive Statistics for Cost Leadership.....             | 66 |
| Table 4.7: Descriptive Statistics for Focus .....                      | 68 |
| Table 4.8: Descriptive Statistics for Differentiation Strategies ..... | 69 |
| Table 4.9: Descriptive Statistics for lodges performance .....         | 70 |
| Table 4.10: Autocorrelation Test .....                                 | 75 |
| Table 4.11: Collinearity Statistics.....                               | 76 |
| Table 4.12: Model Summary .....  | 77 |
| Table 4.13: Analysis of Variance .....                                 | 78 |
| Table 4.14: Significance of Independent Variables.....                 | 79 |
| Table 4.15: Summary of Hypotheses Results .....                        | 82 |



## LIST OF FIGURES

|  |    |
|--|----|
| Figure 2.1: Balanced Scorecard .....                       | 37 |
| Figure 2.2: Porters Generic Strategies .....               | 40 |
| Figure 2.3: Conceptual Framework .....                     | 43 |
| Figure 4.1(a) Normality for Cost Leadership .....          | 71 |
| Figure 4.1(b) Normality for Focus Strategy .....           | 72 |
| Figure 4.1(c) Normality for Differentiation Strategy ..... | 72 |
| Figure 4.1(d) Normality for Performance of Lodges.....     | 73 |
| Figure 4.2 Linearity .....                                 | 74 |
| Figure 4.3 Homoscedasticity .....                          | 75 |

## OPERATIONAL DEFINITION OF TERMS

**Competitive advantage:** Competitive advantages are composed of a firm's relative value that was produced by its resources and relative resource costs for producing such value (Hunt, 2000).

**Competitive Strategy:** Plan formulated and developed with the purpose of assisting a firm in performing various activities differently from its rivals (Zott, 2003).

**Cost leadership strategy:** Is an integrated set of action taken to produce goods or services with features that are acceptable to customers at the lowest cost, relative to that of competitors (Ireland & Hitt, 2011).

**Differentiation strategy:** Differentiation strategy can be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique (Davison 2011).

**Focus strategy:** In this strategy the firm concentrates on a select few target markets (Porter, 1998). It is also called a focus strategy or niche strategy. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market.

**Innovation:** Implementation of new ideas that create value (Linder, Jarvenpaa & Davenport, 2003). It is also a mental process that leads to the creation of a new phenomenon. This

phenomenon may be new material, new service or new technique (Moghli & Others, 2012)

**Lodges:** The Kenya hotels and restaurants regulation of 1988 established standard upon which classification of hotels is based. The regulation classifies vacation hotels, town hotels and lodges into five classes denoted by stars, five being the highest and one as the lowest. This classification was not considered in this study.

**Focus strategy:** This strategy entails concentrating on a narrow buyer segment and outcompeting rivals on the basis of lower cost (Thompson 1996).

**Performance:** Is the sum of accomplishments attained by all businesses/departments involved with an organizational goal during a given period of time with the goal either meant for a specific use or on the overall extent (Ling Ya-Hui & Hong Ling, 2010).

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter outlines the background of the study, Concept of the organization performance, Lodges sector in Isiolo County, Statement of the problem, Purpose of the study, Research Questions, Scope of the study, Justification of the study, significance of the study and limitation of the study.

#### **1.1 Background of the Study**

Competitive strategies are defined as distinctive approach used by a firm to succeed in the marketplace (Ngandu, 2017). Competitive strategies position the company in its selected market arena and successfully compete with competitors to gain market share (Bordean, Borza, Nistor & Mitra, 2015). It is argued that in a dynamic and uncertain environment, competition is unavoidable and therefore, since business strategies have been discovered to have a direct impact on the firm's productivity and competitiveness, a company desiring to stay competitive should adopt appropriate strategies (Hassan, Mugambi, & Waiganjo, 2017). Competitive strategies consist of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position. Competitive strategies are employed by firms within a particular Industry. The strategies adopted are expected to relate to performance of the company.

From a scheme developed by Grant (2002), long term strategy should derive from a firms attempt to seek and sustain a competitive advantage based on one of the three generic strategies. These are cost leadership, differentiation and focus strategies. Cost leadership strategies depend on some fairly unique capabilities of the firm to achieve and sustain their low-cost position within the industry of operation.

Differentiation strategy can be defined as positioning a brand in such a way as to differentiate it from the competition and establish an image that is unique (Davison 2011). Differentiation strategy is a marketing technique used by lodges to establish strong identity in a specific market. Using this strategy, lodges will introduce different varieties of the same basic service and product under the same name into a particular services and products category and thus cover the range of services and products available in that category (Otundo, 2016).

Focus strategy concentrates on entering or expanding within a specific, narrower niche market. This strategy is normally used when a company understands its market segment and tailors its products or services to meet its needs. Focus strategies can be successful when firms have deep knowledge of niche markets and apply the understanding to deliver targeted value (Porter, 1996; Johnson et al., 2020). In such instances, businesses can differentiate themselves by addressing the unique demands of a selected group, positioning themselves as leaders in that segment (Swayne et al., 2021).

Firms face continuous competitive pressures in dynamic environments, and as such, they require well-crafted strategies to navigate these challenges (Barney & Hesterly, 2021). A competitive strategy provides a framework for firms to gain a competitive advantage, allowing them to outperform rivals and sustain long-term success (Harrison et al., 2019). Without a clear and effective strategy, a firm risks failing to capitalize on available market opportunities, resulting in diminished performance and growth prospects (Porter, 2020). Recent studies indicate that firms without strategic clarity are often less adaptive to market shifts and are vulnerable to competitive threats (Lynch, 2020; Thompson et al., 2023). Hence, the alignment of resources and capabilities with market demands is essential for companies aiming to secure and maintain a competitive edge.

A company gains a competitive advantage when it holds an edge over its rivals in securing and defending against competitive forces (Barney & Hesterly, 2021). Sustainable competitive advantage arises from a firm's core competencies, which are unique capabilities or resources that allow it to provide distinctive value to customers over the long term (Harrison et al., 2020). For a company to successfully build such an advantage, it must focus on delivering value that buyers perceive as superior, which can be achieved through innovation, quality, or cost leadership (Porter, 2020). Moreover, competition is generally believed to reduce managerial slack, compelling managers to increase their effort and resourcefulness to maintain performance (Lynch, 2020). As competition intensifies, firms are pressured to optimize their strategies, adopt best practices, and continuously improve their offerings to stay ahead of rivals (Kotler & Keller, 2023). This competitive pressure has a significant positive influence on managerial effort, driving improvements in decision-making, efficiency, and innovation (Thompson et al., 2023).

Competition affects the congruence of interests between the manager and the organization and through a reduction in profits that increases the likelihood of poor performance and through the associated threat to the manager's incumbency. At first strengthening of competition induces the manager to make decisions more in line with the interests of the organization, therefore leads to increased managerial autonomy. A business external environment can be considered as those factors and conditions that are beyond the direct control and influence of a business. The factors depend on complexity and dynamism of the environment.

Strategic responses are essentially reactions to changes and dynamics within the organization's environment (Grant, 2020; Johnson et al., 2021). In industries like the hotel sector, where competition is intense and changes in products, services, and

customer expectations occur rapidly, companies must continually adapt their strategies to maintain relevance and meet evolving demands (Kotler et al., 2020). The hotel industry, in particular, faces stiff competition and constant shifts in customer preferences related to product offerings, service quality, and comfort levels, requiring businesses to employ responsive strategic actions to sustain success and growth (Chung & Lee, 2022). As a result, lodges need to compete basing on viable strategies that will allow the lodges expand its market share (Nzisa, Njeje & Namiida, 2017). The complex and dynamic environment under which lodges operate has resulted to the need for competitive strategies aimed at enhancing (Bukirwa & Kising'u, 2017). Lodges that can provide new services for the hospitality sector are more likely to draw in, satisfy, and keep customers than businesses that do not adopt that strategy (Magablih & Muheisen, 2013).

## **1.2. Problem Statement**

The lodge sector in Isiolo County faces growing competition from alternative lodging options such as Airbnb, which has captured more than 15% of global accommodation bookings as of 2019, with rapid growth in listings (UNWTO, 2020). Additionally, over 30% of bookings in Kenya are now made through online platforms (Statista, 2021), disrupting traditional lodges that may lack the technological infrastructure to compete effectively. This shift in consumer preferences towards personalized, cost-effective, and localized experiences further challenges traditional lodges in Isiolo County.

Consumer expectations are evolving, with a significant shift towards prioritizing customer experience over price (PWC, 2021). Research indicates that 45% of consumers now prioritize health and hygiene protocols when choosing accommodations (McKinsey & Company, 2020), making it essential for lodges in Isiolo to adopt strategies such as differentiation and customer-centric services to meet these demands.

Furthermore, with the number of registered lodges in Kenya increasing by over 20% in the last five years (KNBS, 2023), existing lodges face increasing pressure to differentiate through unique offerings, quality service, and competitive pricing to maintain their market position.

While competitive strategies like cost leadership and differentiation have been shown to improve performance in other sectors (Gathoga, 2011), limited research exists on their impact within the Isiolo County hospitality sector. The effective application of these strategies, tailored to the region's cultural and tourism assets, could significantly improve performance metrics such as occupancy rates and revenue (Barney & Hesterly, 2021; STR Global, 2022). As the competitive landscape continues to intensify, there is a clear need for further research into how competitive strategies can enhance the performance and sustainability of lodges in Isiolo County.

### **1.3. Purpose of the Study**

The study aimed at establishing the effect of competitive strategies on the performance of selected Lodges in Isiolo County.

### **1.4 Objectives of the Study**

The objectives of the study in this research were divided into general and specific objectives as follows: -

#### **1.4.1 General objectives**

The general objective of the study was to establish the effect of Competitive strategies on the performance of lodges sector in Isiolo County in order to adopt sustainable strategies for the business.



### **1.4.2 Specific objectives**

1. To establish the effects of cost leadership strategies on the performance of selected lodges in Isiolo County.
2. To determine the effects of differentiation strategy on the performance of selected lodges in Isiolo County.
3. To examine the effect of focus strategies on the performance of selected lodges in Isiolo County.

### **1.5 Hypotheses**

This study sought to respond to the following questions: -

**H<sub>01</sub>:** Cost leadership strategy has no effect on performance of selected lodges in Isiolo County.

**H<sub>02</sub>:** Differentiation strategy has no effect on performance of selected lodges in Isiolo County.

**H<sub>03</sub>:** Focus strategy has no effect on performance of lodges in Isiolo County.

### **1.6 Scope of the Study**

This study focused on generic competitive strategies employed by hospitality establishments in Isiolo County, specifically examining how these strategies contribute to increasing or maintaining market share and seizing future opportunities. The primary objective was to explore the application of competitive strategies within the hospitality sector in Isiolo and assess their impact on the performance of lodges. The scope of the study was confined to hotels and lodges operating in Isiolo County, with a particular emphasis on understanding the dynamics of their competitive positioning in a rapidly evolving market.

The study specifically targeted four lodges in the region: Saruni Samburu Lodge, Ashinil Lodge, Sarova Shaba Lodge, and Saruni Buffalo Lodge. Data was collected from employees working at these lodges, who provided insights into the strategies and performance measures employed at their respective establishments.

In terms of variables, the study examined Cost Leadership, Differentiation, and Focus Strategy as the independent variables, with lodge performance being the dependent variable. The research aimed to determine the effectiveness of these strategies in driving improvements in profitability, customer satisfaction, and market competitiveness.

The data collection period spanned from July 2018 to November 2018, and the study targeted lodge employees as the research participants. The primary data collection tool was a structured questionnaire, which was analyzed using multiple linear regression to identify any significant relationships between the competitive strategies and lodge performance.

### **1.7 Significance of the Study**

Since the hotel business environment is dynamic, lodges need to review their competitive Strategies on periodic basis. The review was necessary to ensure that lodges only invest in the strategies that can make their business improve performance. Moreover, the mushrooming act of the lodges business in Isiolo County has created neck to neck competition which has facilitated the development of various market strategies by the selected lodges in order to gain competitive advantages. Isiolo County being the gate way to the cradle land is surrounded by various Game reserves and wild life conservation sanctuary such as Lewa down and it has attracted many international and local investors of the hospitality farms. Therefore, this study may be of great ideal

in this region to determine the effects of competitive strategies on the performance of lodges to gain knowledge of the market.

This study may be significant to the hospitality sector in Isiolo County as well as the hospitality enterprises in Kenya seeking to establish the marketing strategies that work and are responsible for creating a larger market share and increased profit margin growth. The growing recognition of the hospitality sector as a critical contributor to Kenya's economic development underscores the increasing competitiveness within the industry (Akinci & Aksoy, 2020). This research is significant as it provides insights into the strategies that can help firms in the hospitality sector adapt to this competitive environment, thereby enhancing their performance and contributing to the sector's sustained growth. Due to this reason, every lodge has to develop effective strategies and policies which will enable them to achieve a greater market share of customer patronage. It's evident that, if a lodge engages in various marketing strategies, they will be in a position to enlarge their market segments as well as their market share by retaining their existing clients and finally enjoy a higher profit margin.

The study findings are expected to provide a focus and a base of identifying a target market with unique demands and needs which the selected lodges may try to solve their needs by embracing product innovation, branding and product tailoring, hence larger market share and increased profits for the lodges.

The study findings may help to highlight and provide Isiolo County lodges with best strategies which will aid them in achieving the larger market share and ensure the utilization of available opportunities in the future, and also help to build and modify the existing strategies used by the selected lodges in order to achieve competitive advantages for better profitability margins.

The study will add knowledge to the existing knowledge on Competitive strategies in hospitality sector in Kenya and may help the public recognize and appreciate strategies applied by selected lodges in Isiolo County.

### **1.8 Limitations of the Study**

The researcher faced a challenge of the time taken to return the questionnaires because most of the respondents did not fill them within the expected time. However, the researcher dealt with this challenge by following the respondents physically through several visits and through the use of telephone calls.

Some respondents had reservations about the questionnaire as they felt that their privacy was being interfered with. This was sorted by taking time to explain to them and assuring them that the results would be used for academic purposes only.

Supervisors and heads of sections were referred to as managers in some lodges and may not have had the key information concerning competitive strategies because adoption of these practices is a key top management decision. The research restricted itself to lodges managers leaving out other managers from other sectors.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This chapter provides the information from other researchers who have undertaken out their research in the same field of study. The specific areas covered here are concept of organization performance, generic strategies, empirical literature on cost leadership, differentiation strategies and focus strategies, theoretical framework and conceptual frame work.

#### **2.2 Concept of Organization Performance**

The relationship between a company's competitive strategy and its performance has been widely explored, with Barney (2002) introducing the concept that high-performing companies distinguish themselves through the strategic construction and maintenance of their competitive edge. Research indicates that while many companies rely on a single point of differentiation, the most successful firms achieve their competitive advantage by effectively balancing, aligning, and continually renewing three key elements: focus, distinctive capabilities, and performance anatomy (Barney & Hesterly, 2021). This framework emphasizes the need for companies to not only identify their unique strengths but also consistently adjust and refine them to maintain superior performance in the marketplace (Porter, 2020). In today's competitive environment, the alignment of these strategic components is crucial for firms seeking sustainable success and long-term growth (Kou & Li, 2022).

According to Porter (1998), a company's ability to outperform its competitors is influenced by five key factors, with the first four setting the strategic direction for success. These factors include: the ability to capitalize on market activity trends, the ability to capture and protect an unfair share of the market, the capacity to command

premium pricing, and the prudent creation and introduction of new products. In addition to these strategic pillars, the successful execution of these strategies depends on having the right mix of people, processes, and technology (Kotler et al., 2020).

Firm performance is typically measured using standard indicators of effectiveness, efficiency, and environmental responsibility, such as cycle time, productivity, waste reduction, and regulatory compliance (Barney & Hesterly, 2021). More broadly, performance also encompasses metrics related to the successful handling of specific tasks or processes, highlighting the distinction between simply possessing knowledge and applying it effectively in practice (Kou & Li, 2022). Ultimately, performance reflects the outcome of all organizational operations and strategies, and the extent to which individuals meet expectations for how they should function in particular contexts, roles, or circumstances (Thompson et al., 2023).

According to Gichohi (2006), performance is normally measured using standards which are usually detailed expressions of strategic objectives and they are measures of acceptance performance results. The measures that are used to assess organizational performance depend on the organization and the objectives that need to be achieved.

Company objectives and goals are set during the strategy formulation phase of the strategic management process and typically include targets such as market share, profit margin, and cost reduction (Aaker & McLoughlin, 2020). Performance, as Noum (2007) asserts, refers to what individuals do in relation to their roles within an organization. Companies have historically used a variety of yardsticks to measure and report performance, with the two primary indicators being market share within the industry and profitability. Profitability is often used to assess return on capital employed, thereby reflecting the value delivered to shareholders. Financial ratios, such as liquidity ratios,

debt management, financial leverage, and asset management ratios, are commonly applied by accountants and economists to assess financial performance (Garrison & Noreen, 2019).

Performance can also be viewed more broadly as the metrics used to evaluate how tasks or requests are handled successfully—distinguishing knowledge application from mere possession (Kou & Li, 2022). It encompasses the overall outcome of a company's operations and strategies and is a measure of how well individuals meet the expectations of their roles in specific contexts or situations (Porter, 2020).

Thompson (2020) identifies two distinct types of performance metrics: financial and strategic. Financial performance indicators include profitability, turnover, return on investment (ROI), and inventory turnover. Strategic performance indicators assess whether a company is enhancing its market standing, competitive vitality, and future business prospects. Previous studies on organizational performance have utilized both financial and non-financial measures to capture success, with non-financial metrics such as innovations and market standing increasingly gaining importance (Kaplan & Norton, 2011).

Hunger and Wheelen (2020) highlight that the most commonly used measures of corporate performance include return on investment (ROI), earnings per share (EPS), and return on equity (ROE). ROI is calculated by dividing net income before tax by total assets, while EPS is derived by dividing earnings available to common stockholders by the weighted average number of shares outstanding. ROE measures the relationship between net income and average stockholders' equity (Drury & Kaplan, 2021).

Turnover, or gross revenue, reflects the company's sales performance within a financial period. A higher turnover typically indicates increased sales, either through higher quantities sold or increased prices, and signifies growth (Akerlof & Kranton, 2021). Net profit, which is income after all costs, interest, and taxes, provides insights into how well a company has managed its expenses to maximize shareholder wealth. Market share price is another critical indicator, especially for publicly listed companies, as it reflects the wealth generation for shareholders (Porter, 2020).

To provide a more comprehensive evaluation, Kaplan and Norton (2011) introduced the balanced scorecard (BSC), which integrates financial, customer, internal business processes, and learning and growth perspectives to offer a more holistic measure of performance. The BSC emphasizes the cause-and-effect relationships among these perspectives, aligning them with the company's vision and mission. The financial perspective measures performance in terms of financial outcomes, while the customer perspective evaluates market positioning, satisfaction, and customer loyalty (Kaplan & Norton, 2020). The internal business process perspective assesses the efficiency of business operations, and the learning and growth perspective focuses on the company's ability to innovate and improve (Barney & Hesterly, 2021).

Pearce and Robinson (2020) define three key economic goals that guide a company's performance: survival, growth, and profitability. Survival entails the long-term ability to remain in business, while growth—which includes increasing market share, product diversity, and the adoption of new technologies—enhances a firm's competitive advantage. Profitability, the ultimate goal of business, reflects the company's capacity to meet stakeholder demands and is often evaluated based on long-term sustainability rather than short-term profits (Thompson et al., 2023).



### **2.2.1 Performance of Lodges**

Due to an increasingly competitive environment, performance in lodges is of vital importance. Lodge enterprises have unique characteristics of their operations, as they bring together many activities that are essential for guest satisfaction (Ivankovič & Jerman, 2011). It is well established that value is of great importance to both guests and employees in the hotel industry (Kotler et al., 2019). Researchers like Chen (2007), Evans (2005), and Pan (2005) have noted that most empirical studies on performance have primarily focused on industrial sectors and some service sectors, such as banking, retail, and insurance, with relatively little attention given to the travel and tourism sector. Notably, the hotel industry, being people-oriented, necessitates the inclusion of non-financial performance indicators, which are crucial for understanding both guest satisfaction and employee engagement (Pizam & Shani, 2021).

From the 1990s onward, the application of performance measurement frameworks to the lodging sector has grown (Okumus, 2002). For years, lodge performance was evaluated using operational metrics like occupancy rates, average room prices, the number of rooms sold, and customer satisfaction (Brander-Brown & McDonnell, 1995; Doran et al., 2002; Evans, 2005; Huckestein & Duboff, 1999; Liang & Hou, 2006; Phillips & Louvieris, 2005). However, such measures have been criticized for offering misleading signals, as they often fail to capture the full picture of a lodge's performance in today's competitive and fast-evolving market (Brown & McDonnell, 1995).

Recent research suggests that more meaningful insights can be gained by focusing on factors that directly represent operations, human resources, and marketing decisions, rather than relying solely on traditional financial indicators (Harris & Mongiello, 2020). In line with this, Thompson (2020) emphasizes that a distinctive strategy is key to creating a sustainable competitive advantage. A creative and well-executed strategy that

differentiates a company from its competitors is often the most reliable pathway to achieving above-average performance. Without such a strategy, a company risks being outcompeted by rivals or trapped in mediocre financial results (Thompson et al., 2023).

According to Mutuku (2005), the performance of any business organization is largely influenced by the strategies implemented at a given time, and these strategies play a critical role in determining the long-term success and sustainability of the firm. Gichohi (2006) further asserts that performance is typically evaluated using specific standards, which are detailed expressions of an organization's strategic objectives. These standards serve as benchmarks for assessing the outcomes of strategic actions and performance results. The measures used to evaluate organizational performance vary depending on the company's objectives and the particular goals it aims to achieve. During the strategy formulation phase of the strategic management process, companies typically set objectives related to market share, profit margin, and cost reduction as part of their broader strategic goals (Kaplan & Norton, 2011).

According to Thompson et al. (2019), performance can be assessed using two distinct yardsticks: those related to financial management and those linked to strategic performance. Strategic performance indicators are critical as they reflect whether a company is enhancing its market position, competitive strength, and long-term prospects. Several studies on organizational performance have highlighted the use of both financial and non-financial measures. Financial measures typically include profit, turnover, return on investment (ROI), and inventory turnover, while non-financial measures often focus on factors such as innovative capacity and market standing (Kaplan & Norton, 2011).

In this study, both financial and non-financial indicators are considered (Ivankovič et al., 2019) as key metrics for measuring performance, since managers often align these indicators with the real strategies pursued by lodges. Performance will be assessed by analyzing various factors, including revenue, customer patronage, service quality, and ranking (Jiang et al., 2020).

### **2.3 Competitive Strategies**

Porter (1980) identifies three generic strategies that hospitality organizations can adopt to gain a competitive advantage in a highly competitive environment: Cost Leadership, Differentiation, and Focus strategies. These strategies enable businesses to position themselves effectively in the market by either offering the lowest cost, differentiating their offerings, or concentrating on specific market segments. Thompson et al. (2019) further argue that a company's competitive strategy encompasses the business approaches and initiatives it pursues to overcome competitive pressures, attract customers, and strengthen its market position. A hotel or lodge must develop a comprehensive strategy that combines both offensive and defensive actions, shifting between the two as market conditions change.

Lodges can adopt various approaches to attract customers, enhance loyalty, and outperform their competitors. By offering superior value, hotels can gain an edge in the target market and foster long-term customer relationships (Kotler et al., 2020). In addition to Cost Leadership and Differentiation (Porter, 1985), the Focus strategy targets a specific market segment or niche, offering products and services tailored to meet the unique needs of that segment (Kotler et al., 2020). Another emerging strategy is the Best-Cost strategy, which aims to achieve the lowest cost structure while maintaining high-quality standards (Kotler et al., 2020). Best Differentiation focuses on

offering unique products or services perceived as valuable by customers, setting the organization apart from its competitors (Kotler et al., 2020).

Competitive strategies offer numerous benefits to hotels. For instance, differentiation can help hotels increase their market share by attracting more guests through unique offerings (Kotler et al., 2020). Moreover, a strong brand identity cultivated through distinctive products or services enhances brand recognition (Kimes & Kim, 2019). Additionally, hotels that target specific market segments can increase their revenue by appealing to guests willing to pay a premium for tailored experiences (Kimes & Kim, 2019). Successful differentiation strategies also contribute to increased guest loyalty by providing unique experiences that encourage repeat visits (Berman & Knight, 2020).

However, implementing competitive strategies comes with challenges. Increased costs may arise when developing new products or services, often requiring significant investments in marketing and training (Kotler et al., 2020). Furthermore, poorly executed strategies may lead to a risk of failure, damaging a hotel's reputation and resulting in negative guest experiences (Kotler et al., 2020). Another potential downside is market saturation, where too many hotels adopt similar competitive strategies, leading to diminished demand and reduced profitability (Kimes & Kim, 2019).

Case studies of industry leaders illustrate the practical applications of these strategies. For example, Marriott has successfully implemented a Cost Leadership strategy by streamlining operations and negotiating better deals with suppliers (Kimes & Kim, 2019). The Ritz-Carlton has embraced a Differentiation strategy by offering luxury amenities and personalized services, setting it apart from competitors (Kotler et al., 2020). Airbnb, on the other hand, has adopted a Focus strategy by catering to the short-

term rental market and offering services tailored to this specific segment (Kimes & Kim, 2019).

Competitive strategies are essential for hotels to maintain an edge in the dynamic and competitive hospitality industry. By selecting the right strategy—whether Cost Leadership, Differentiation, or Focus—hotels can enhance their market share, improve brand recognition, increase revenue, and foster guest loyalty. However, it is crucial to consider the potential drawbacks of each strategy and ensure that its execution aligns with long-term objectives to achieve sustainable results.

### **2.3.1 Generic Competitive Strategies**

According to Porter (1980), firms can adopt three generic competitive strategies to gain a competitive advantage in their respective industries: Differentiation, Cost Leadership, and Focus strategies.

The Differentiation strategy is employed by organizations aiming to compete by offering unique products or services that stand out from those of their competitors. Thompson et al. (2019) define this strategy as one where a firm seeks to distinguish its products in ways that appeal to a wide range of customers. The differentiation strategy involves an integrated set of actions designed by a firm to create and deliver products or services that customers perceive as being different or superior in terms of quality, features, or value, all while maintaining competitive costs. This strategy is particularly effective in industries where customers value uniqueness and are willing to pay a premium for it.

The Cost Leadership strategy, on the other hand, involves firms striving to become the lowest-cost producer in their industry. According to Porter (1985), firms that adopt a cost leadership strategy aim to achieve a competitive advantage by offering goods or

services at the lowest cost in the market, thereby appealing to a broad customer base. Harvey (1988) emphasizes that a successful low-cost strategy allows a firm to outperform competitors by either offering lower prices to attract price-sensitive customers or maintaining a competitive price while enjoying higher profit margins. This strategy is particularly valuable in markets with high price sensitivity, where customers are more likely to choose the lowest-priced options. Lodges, for example, can gain a cost advantage through various methods such as enhancing operational efficiency, sourcing lower-cost materials, optimizing outsourcing, and reducing overheads (Kotler et al., 2020).

The Focus strategy involves concentrating on a specific market segment or niche and tailoring products or services to meet the needs of that segment. According to Thompson et al. (2019), a firm using the focus strategy can either pursue Cost Focus or Differentiation Focus. In Cost Focus, a firm seeks to offer the lowest cost within a specific market segment, typically by serving a narrow customer base more effectively than competitors. In Differentiation Focus, the firm targets a particular niche by offering unique products or services that are specially tailored to the preferences, needs, and expectations of that segment. The goal is to create value in ways that competitors are unable to match, whether through product features, customer service, or brand image (Kotler et al., 2020).

By adopting these competitive strategies, firms can carve out a distinctive position in the marketplace. Differentiation allows for higher perceived value, Cost Leadership provides price-based advantages, and Focus enables firms to excel in serving niche markets. Each strategy requires careful planning and execution to ensure that the firm remains competitive and relevant in the face of changing market conditions.

## **2.4 Cost Leadership Strategy**

According to Porter (1980), firms can adopt three generic strategies to gain competitive advantage: Differentiation, Cost Leadership, and Focus. The Cost Leadership strategy focuses on gaining competitive advantage by having the lowest cost in the industry, thereby enabling the firm to offer lower prices or achieve higher profit margins than its competitors.

In the context of the hospitality sector in Isiolo, lodges must implement a low-cost leadership strategy to achieve and sustain a competitive advantage. For effective implementation of cost leadership, it is essential that every business activity—such as marketing, service delivery, and resource management—focuses on achieving cost efficiency (Kotler et al., 2019). A key aspect of this strategy is ensuring a large market share, which is often supported by economies of scale, mass production, and efficient resource utilization (Cavusgil et al., 2020). Lodges can achieve cost leadership through optimized processes, leveraging technology, controlling service and product design costs, and improving operational efficiency (Porter, 1998).

In the hospitality industry, lodges in Isiolo can adopt a low-cost leadership strategy by streamlining operations and offering standardized products that appeal to a broad customer base. Hoskisson (2004) suggests that firms pursuing this strategy often sell no-frills, standardized goods to a large segment of typical customers, focusing on reducing costs while maintaining acceptable quality. The cost leadership strategy is effectively executed when firms design, produce, and deliver services more efficiently than their competitors, offering comparable products at a lower price.

According to Porter (1980), to derive substantial benefits from cost leadership, firms must be the undisputed low-cost leader in their industry. Price competition will occur if

multiple firms use this strategy, leading to price reductions in order to attract and retain customers. In Isiolo, lodges have introduced competitive market offers, such as discounted holiday packages or happy hour promotions, to attract customers (Wilfred Ombok, 2016). However, such competitive pricing is only sustainable for firms that maintain a low-cost structure, as Cavusgil et al. (2020) note that high-volume sales and price reductions should be supported by cost-efficiency to prevent profit erosion.

For lodges in Isiolo to maintain their cost advantage, they must drive down operational costs through investments in efficient-scale facilities, tight cost control, and minimizing expenditures in areas such as service, marketing, and advertising (Porter, 1998). Effective cost leadership requires careful attention to every aspect of the business, with a focus on continuous cost minimization, without sacrificing product quality to the point where it negatively impacts customer satisfaction (Thompson, 1996). Lester (2009) suggests that the two key dimensions of cost leadership are efficiency and asset parsimony. Efficiency refers to the degree to which inputs are minimized per unit of output, while asset parsimony focuses on reducing the use of assets to maximize output.

According to Hoskisson (2004), companies pursuing a cost leadership strategy should focus on primary activities such as inbound and outbound logistics, which often account for significant portions of total costs. Improving material handling, inventory control, and the distribution of products to customers can reduce operational expenses.

Furthermore, firms must also analyze support activities such as procurement and technology to identify additional opportunities for cost reduction (Kotler et al., 2020). While the cost leadership strategy provides numerous benefits, including lower prices, higher market share, and reduced barriers to entry for new competitors, there are inherent risks. A firm focusing solely on cost reductions may neglect the customer's



perception of quality and differentiation, which could lead to a loss of market appeal. Additionally, competitors may quickly imitate the cost leader's practices, reducing the original firm's competitive advantage (Malburg, 2000). Moreover, technological advancements or innovative processes by competitors can render the cost leader's methods obsolete, forcing them to reinvest in new technologies or production methods to maintain their cost advantage (Cavusgil et al., 2020).

The cost leadership strategy is a powerful tool for lodges in Isiolo aiming to achieve a competitive advantage. Through careful attention to cost control, operational efficiency, and economies of scale, lodges can offer lower prices or higher value to customers. However, successful implementation requires maintaining a delicate balance between cost reductions and quality, as well as constant vigilance against competitive imitation and technological change.

#### **2.4.1 Cost Leadership Strategy and performance in Lodges**

Hilman and Kaliappen (2014) investigated if cost leadership strategy and process innovation had an impact on the Malaysian hotel industry's performance. The article used an email survey that was delivered to top and middle level managers in, yielding 54 usable surveys. The findings reveal that cost leadership has a large impact on process innovation, which in turn has a significant impact on organizational success. As a result, hotel managers may make strategic decisions by developing cost leadership and process innovation at the same time in order to achieve superior organizational performance and competitive advantage. The current study focused on the impact of cost leadership strategy on performance of lodges in Isiolo, Kenya.

The impact of cost leadership strategy on hotel chain growth in Kenya was explored by Nzisa, Njeje, and Namiida (2017). Purposive sampling was used to select 66 managers

from 13 hotel chains around the country for the study, which used a survey research design. The data demonstrated that cost leadership had a substantial impact on hotel chain expansion in the country, as most hotel chains used cost leadership as a competitive strategy to expand their operations. While the study above focused on hotel growth, this study focused on the effect of cost leadership strategy on performance of hotels and lodges in Isiolo county, Kenya.

In Nigeria, Gorondutse and Gawuna (2017) investigated hotel cost leadership approach and performance. The partial least square (PLS) technique was used to analyse data. The results of this study show that cost leadership approach has a direct and considerable positive impact on hotel performance. The study focused on the influence of cost leadership strategy on hotel performance in Nigeria as opposed to the current study, which focused on the effect of cost leadership strategy on performance in lodges in Isiolo county, Kenya.

Cost leadership strategy involves achieving lower costs than competitors through economies of scale, operational efficiency and supply chain management. Economies of scale aims at reducing costs through increased production volume (Porter, 1985); operational efficiency streamlines operations to reduce waste and improve productivity (Kotler et al., 2009) and supply chain management focuses on negotiating better prices with suppliers and managing inventory effectively (Kotler et al., 2009).

Research has shown that hotels that adopt a cost leadership strategy tend to outperform those that do not. For example, a study by Zhang et al. (2011) found that hotels with lower costs had higher levels of profitability compared to those with higher costs. Additionally, cost leadership strategies can help hotels increase competitiveness by offering lower prices, hotels can attract more guests and gain a competitive advantage

(Porter, 1985); improve financial performance by reducing costs can lead to increased profitability and improved financial performance (Kimes & Kim, 2015) and enhance reputation by demonstrating a commitment to cost efficiency can build a reputation for being a value-oriented organization (Berman & Knight, 2006).

Despite the benefits of cost leadership strategy, there are several challenges that hotels may face when adopting this approach. Quality concerns wherein hotels may sacrifice quality or amenities to reduce costs, leading to negative guest experiences (Kotler et al., 2009); employee morale is affected by cost-cutting measures that may negatively impact morale and job satisfaction (Kotler et al., 2009) and reputation risk if cost-cutting measures are perceived as cheap or low-quality, hotels may damage their reputation (Berman & Knight, 2006).

Several case studies have highlighted the effectiveness of cost leadership strategies in the hospitality industry. For example Marriott successfully implemented a cost leadership strategy by streamlining operations and negotiating better prices with suppliers (Kimes & Kim, 2015) and Hilton achieved cost savings through economies of scale and operational efficiency improvements (Kimes & Kim, 2015). Therefore, adopting a cost leadership strategy can be an effective way for hotels to improve their financial performance and competitiveness. By reducing costs through economies of scale, operational efficiency, and supply chain management, hotels can achieve lower costs than competitors while maintaining quality standards. However, there are also challenges associated with this approach, including quality concerns, employee morale issues, and reputation risks. Hotels must carefully consider these factors when deciding whether to adopt a cost leadership strategy.

## **2.5 Focus Strategy**

The focus strategy is one of the generic competitive strategies (Porter, 1980). It involves concentrating a company's efforts on a specific market segment, product line, or geographical area, rather than trying to serve the entire market. The goal of a focus strategy is to offer a specialized product or service that meets the unique needs of a particular group of customers better than competitors who target a broader audience.

Many hospitality organizations adopt the Focus Strategy when they aim to tailor their core competencies to meet the needs of a specific market segment. As Thompson (1996) suggests, this strategy involves concentrating on a narrow buyer segment and outcompeting rivals by offering either lower costs or differentiated products that appeal specifically to this group. The Focus strategy is particularly effective when a firm can meet the specialized needs of a defined segment more efficiently than larger competitors, offering targeted products that cater to niche market demands (Porter, 1998).

For a lodge to successfully execute the Cost Focus strategy, it needs to deliver products that are not only lower in cost than those of its competitors but also maintain superior quality to retain customer loyalty (Kotler et al., 2019). This is often achieved by minimizing expenses in areas such as marketing, distribution, and advertising, often through direct sales channels that allow for better control over customer relationships and operational costs (Cavusgil et al., 2020). By focusing on a specific target market, lodges can reduce costs significantly and increase efficiency by catering only to a narrow group, rather than spreading resources across a broader customer base (Lester, 2019).

On the other hand, a Differentiated Focus strategy targets upscale or premium buyers who are willing to pay higher prices for products with unique attributes or exceptional quality. These customers are typically driven by specific tastes and preferences and tend to be less sensitive to price (Kotler et al., 2019). Lodges employing this strategy can attract affluent guests by offering luxury services, personalized experiences, or exclusive amenities that distinguish them from competitors (Huang & Hsu, 2019). This approach is particularly effective in markets where competitors find it difficult to meet the specialized needs of niche buyers or when the segment is underserved or overlooked by larger firms (Porter, 1980; Kotler et al., 2019).

The Focus Strategy is particularly effective when there is a distinct market segment that offers growth potential but is not a primary target for larger competitors. According to Porter (1998), a successful focus strategy depends on the size and growth prospects of the industry segment, as well as the ability to serve that segment in a way that is not economically feasible for broader competitors. This approach allows businesses to capture market share in areas that are not attractive to larger firms, offering a competitive advantage through specialization.

However, there are several risks associated with the Focus strategy. One key risk is that the preferences of niche buyers may evolve, shifting away from the specialized product attributes that once distinguished the focused firm. Kotler et al. (2019) highlight that the needs of niche markets can change over time, leading customers to seek products that reflect broader market trends rather than niche-specific features. Another risk is market attraction—if the niche becomes profitable, it may draw the attention of larger competitors who can replicate the focused firm's offerings and divide the market share among multiple players (Lester, 2009). Additionally, the focused firm may become overly dependent on the niche market, potentially neglecting the broader market, which

may eventually become more profitable as it attracts new entrants (Cavusgil et al., 2020).

One way to mitigate these risks is through market penetration or market development strategies, which can allow a firm to strengthen its position within the niche or expand into related segments. For mid-sized and large hospitality firms, focusing on a niche is most effective when combined with broader strategies, such as differentiation or cost leadership (Kotler et al., 2020). When implemented correctly, the Focus strategy can provide a sustainable competitive advantage, especially when competitors are unable to effectively cater to the niche or when the niche has distinct, stable preferences.

The Focus strategy can be highly effective for hospitality firms that choose to specialize and cater to niche markets. Whether through cost efficiency or differentiation, focusing on a specific buyer segment allows a firm to provide tailored services that appeal to a targeted audience. However, to remain successful, hospitality firms must be aware of the potential risks, including changes in customer preferences, the entry of larger competitors into the niche, and over-reliance on a narrow market. Therefore, it is crucial for firms to continuously adapt and monitor market trends to sustain their competitive advantage.

### **2.5.1 Focus strategy and performance in Lodges**

Wangui, et al. (2018) conducted a study on the impact of pricing strategy on hotel expansion in Nyeri County, Kenya. The research was based on the Ansoff matrix, the 4C marketing model, and the Unique Selling Proposition. According to the findings, price had a favorable and statistically significant impact on hotel growth. However, unlike the current study, which focuses on focus strategy, the study focused on pricing methods for hotel growth.

Ngandu (2014) performed research to assess the competitive strategies used by hotels in Thika town, as well as the impact of these strategies on hotel performance. Differentiation methods were shown to have an impact on performance in the study. The impact of cost leadership strategies on performance was also strong. Focus initiatives an impact on performance. The survey, however, focused on hotels in Thika town, as opposed to the current study, which focuses on hotels and lodges in Isiolo county, which has substantial contextual differences.

Fwaya, Odhuno, Kambona, and Odhuon (2012) investigated the impact of competitive positioning on Kenya's hotel market share. According to the findings, competitive positioning and output results are positively associated to hotel market share, implying that hotels must be better positioned to become more competitive. However, the study did not examine the effect competitive strategies on performance of hotels and lodges, hence this study.

A focus strategy involves targeting a specific market segment and tailoring the hotel's products and services to meet the unique needs of that segment (Kotler et al., 2019). This strategy can encompass several key elements, such as segmentation, targeting, and positioning. Segmentation refers to dividing the market into distinct groups based on demographics, psychographics, or behavioral characteristics (Kotler et al., 2019). Targeting involves selecting a specific segment and developing offerings that cater to their particular needs (Kotler et al., 2019). Positioning is about creating a unique identity or image for the hotel that resonates with the targeted segment (Kotler et al., 2019).

Research indicates that hotels adopting a focus strategy tend to outperform those that do not. A study by Zhang et al. (2019) found that hotels targeting specific segments

experienced higher guest satisfaction and loyalty compared to those using a more generalized approach. Additionally, focus strategies can help hotels increase revenue by attracting guests who are willing to pay a premium for services that align with their specific needs (Kimes & Kim, 2019). These strategies can also improve operational efficiency by streamlining services and eliminating unnecessary offerings that do not appeal to the target market (Kimes & Kim, 2019). Furthermore, hotels can build a stronger reputation by focusing on a niche, leading to positive word-of-mouth and increased bookings (Berman & Knight, 2019).

Despite the advantages, there are challenges in implementing a focus strategy. The primary limitation is limited appeal, as targeting a specific market segment may alienate other potential customers who do not fit within the defined group (Kotler et al., 2019). Additionally, high costs may arise from developing tailored products and services, particularly if substantial investments are needed in amenities or staff training (Kotler et al., 2019). Finally, hotels may face increased competition from other establishments targeting the same segment (Porter, 1985).

Case studies demonstrate the effectiveness of focus strategies. For instance, The Ritz-Carlton successfully targeted business travelers by providing high-end amenities and services suited to their needs (Kimes & Kim, 2019). Similarly, The Four Seasons focused on high-end leisure travelers, offering luxurious experiences across its global properties (Kimes & Kim, 2019). By adopting a focus strategy, hotels can gain a competitive edge and improve performance. Through a tailored approach, they can increase revenue, enhance operational efficiency, and build a strong reputation. However, it is crucial for hotels to consider the challenges, such as limited appeal, high costs, and increased competition, when deciding whether to pursue this strategy.



## **2.6 Differentiation Strategy**

A differentiation strategy is a marketing technique used by lodges to establish a strong identity in a specific market. By employing this strategy, hospitality firms introduce different varieties of the same basic service or product within a specific category, allowing them to cover a broader range of offerings. Differentiation can also be defined as positioning a brand in a way that sets it apart from competitors, thereby creating a unique image (Davison, 2019).

The core of a differentiation strategy involves developing services or products with unique attributes that customers value and perceive as superior or different from those offered by competitors. This uniqueness often allows firms to charge a premium price, which helps offset the additional costs incurred in offering specialized services or products (Porter, 1985; Kotler et al., 2019). The premium pricing strategy works particularly well if customers find it difficult to locate substitutes, thereby enabling firms to pass on increased supplier costs to customers without significant loss of business (Porter, 1998).

There are several ways in which a service or product can be differentiated. These include offering unusual features, providing responsive customer service, introducing innovative products and services, leading with technological advancements, creating a perception of prestige and status, catering to different tastes, and excelling in design and performance (Porter, 1985; Kotler et al., 2019). Unlike cost-focus strategies, lodges using differentiation focus on product branding, packaging, and innovation to create a distinct identity that makes their offerings stand out in the market. This requires significant investment in research and development to maintain uniqueness over time (Kotler et al., 2019).

Lodges pursuing a differentiation strategy aim to stand out from competitors by employing various sales, marketing, and technological innovations. Differentiation is directly tied to the perceived uniqueness of services or products, which can justify higher prices. As Oakland (1999) notes, differentiation can be achieved either through product innovation or intensive marketing and image management. For a differentiation strategy to be successful, key success factors include creativity, strong research and development capabilities, and a focus on product engineering (Malburg, 2000; Porter, 1998).

Ultimately, the effectiveness of a differentiation strategy relies on continuous innovation, creativity, and organizational learning within the hospitality sector. Lodges that focus on these areas can secure a competitive edge by offering services that meet or exceed customer expectations in ways that competitors cannot easily replicate (Kotler et al., 2019).

In this study, competitive strategy refers to the actions and methods used by a lodge to secure a larger market share, higher profit margins, and a sustainable competitive advantage. The study will explore how cost leadership, focus, and differentiation strategies affect the performance of lodges in Isiolo County.

### **2.6.1 Differentiation strategy and performance in Lodges**

Lo (2012) did a study in China to look at how hotels implemented Porter's generic strategy with the aim of enhancing competitive advantage for a firm, giving it a higher chance of outperforming other firms in a homogeneous industry. According to the findings, differentiation strategy had a substantial impact on customer satisfaction in the Chinese hotel business. Since the study was undertaken in China, the results cannot be

generalized to Kenya because of the circumstantial differences, hence the current study, which focused on hotels and lodges in Isiolo County, Kenya.

Bukirwa and Kising'u (2017) investigated the impact of competing strategies on hotel organizational performance in Mombasa County, using descriptive survey research design. This research concluded that differentiation strategies had a significant impact on hotel organizational performance, recommending that hotels should have appealing products and provide better services to attract more clients than their competitors provide, and management should develop differentiation tactics that will help the hotels in Mombasa County get a competitive advantage. This study used explanatory research design to determine the effect of differentiation strategy on performance of hotels and lodges in Isiolo county, Kenya.

In Nigeria, Gorondutse and Hilman (2017) investigated the impact of differentiation strategy on hotel performance. The study employed quantitative research technique. It was revealed that differentiation strategy was positively associated with performance. The study focused on Nigerian hotels, which is a different setting, hence this study focusing on hotels and lodges in Isiolo county, Kenya.

Bordean, et al. (2015) investigated how Michael Porter's differentiation strategy applies in Romanian hotel business. In the case of the Romanian hotel market, differentiation is thought to be the outcome of a powerful marketing campaign aimed at reinforcing the distinctive aspects of the products/services in consumers' minds. The study, on the other hand, concentrated on the employment of competitive strategies in the Romanian hotel business. Furthermore, the study focused on Romanian hotels and did not focus on its effect on performance, hence this study.

In a study in the local banking industry, Ngari and Bichanga (2017) showed that financial institutions in Kenya have adopted the differentiation strategy which majorly enhances customer satisfaction and hence the need for other commercial banks to build market teams to handle different market niches, promote innovation which ensures they offer highly differentiated products and services for specific customer needs. The research is was limited to the banking sector while the current study examined the effect of competitive strategies on performance of hotels and lodges in Isiolo, Kenya.

Research has consistently shown that hotels that adopt a differentiation strategy tend to outperform those that do not (Kimes & Kim, 2015). A study by Pizam et al. (2004) found that hotels that differentiated themselves through unique amenities and services experienced higher levels of guest satisfaction and loyalty compared to those that did not. Several studies have also found that differentiation strategy is positively related to hotel financial performance. For example, a study by Zhang et al. (2011) found that hotels that adopted a differentiation strategy had higher average daily rates and occupancy rates compared to those that did not.

Despite the benefits of a differentiation strategy, hotels may encounter several barriers when implementing this approach. These challenges include cost, competition, and guest expectations.

The cost of implementing a differentiation strategy can be significant, especially if it requires substantial investments in new facilities, advanced technologies, or extensive staff training (Kotler et al., 2019). These financial commitments may be challenging for some hotels, particularly small or mid-sized establishments that have limited resources. Moreover, the need for continuous innovation and maintaining high-quality standards to meet customer expectations adds an ongoing financial burden (Kotler et al., 2019).

In terms of competition, hotels face the risk of other competitors adopting similar differentiation strategies, leading to a saturated market where distinctiveness becomes harder to achieve (Porter, 1985; Chen & Xie, 2019). This can result in price competition, with hotels lowering their prices to maintain market share, which undermines the value proposition of differentiation. Consequently, hotels must consistently innovate and find unique ways to maintain their competitive edge.

Guest expectations also pose a significant challenge. Today's consumers have higher expectations than ever, often influenced by online reviews, social media, and previous experiences. If a hotel fails to meet these elevated expectations, guest satisfaction and loyalty can be negatively impacted, leading to negative reviews and diminished future business (Berman & Knight, 2019; Kimes & Kim, 2015). As differentiation relies heavily on providing unique experiences and services, even small lapses in service quality can significantly affect a hotel's reputation.

Although adopting a differentiation strategy is an effective way for hotels to gain a competitive advantage and enhance their performance, overcoming these barriers requires careful planning. To mitigate the challenges associated with differentiation, hotels should conduct thorough market research to identify gaps in the market where they can provide unique offerings (Kotler et al., 2019). They should also invest in employee training to ensure consistent, high-quality service delivery, which is crucial for customer satisfaction (Berman & Knight, 2019). Additionally, hotels should continually monitor guest feedback to identify areas for improvement and adapt their offerings based on evolving customer preferences and expectations (Kimes & Kim, 2015).

## **2.7 Theoretical Framework**

Theoretical framework has been defined as an agenda, outline or construct of a research approach that preceded the literature review (Khan, 2010). According to Ocholla and Le Roux (2010), theoretical framework forms the rationale for a study that helps a reader make logical sense of relationships between variables relevant to a problem and the theorized relationship between them.

This study was guided by Porter's generic strategies framework and balanced score card in explaining the relationship between competitive strategy and performance in lodges.

### **2.7.1 Balanced Score Card**

As mentioned earlier, hotels have mainly relied on traditional performance measurement (Phillips, 1999). Even though, most of hotels investment is in tangible assets such as land, building, furniture, fixtures and equipment, the hotels revenue is dependent on intangibles such as quality of staff, location, and customer acceptance. Hence, a single traditional measure such as financial cannot capture the overall performance and the potential of the operations (Teare *et al.*, 2001). Besides financial, the use of BSC can also capture the other aspects of performance such as customer, internal business process, and learning and growth (Kaplan and Norton, 1996).

In addition, according to Brown and McDonnell (1995), the use of BSC in the hotel industry may reduce some weaknesses experienced in hotel performance. These weaknesses focus among others, hotels information systems that are deficient in their ability to measure and monitor multiple dimensions of performance, and current performance systems that are unable to deal with human resource issues. In fact, BSC through its multiple dimensions can be used as a strategic management system because it: translates the vision of an organization, communicates and links the vision among top

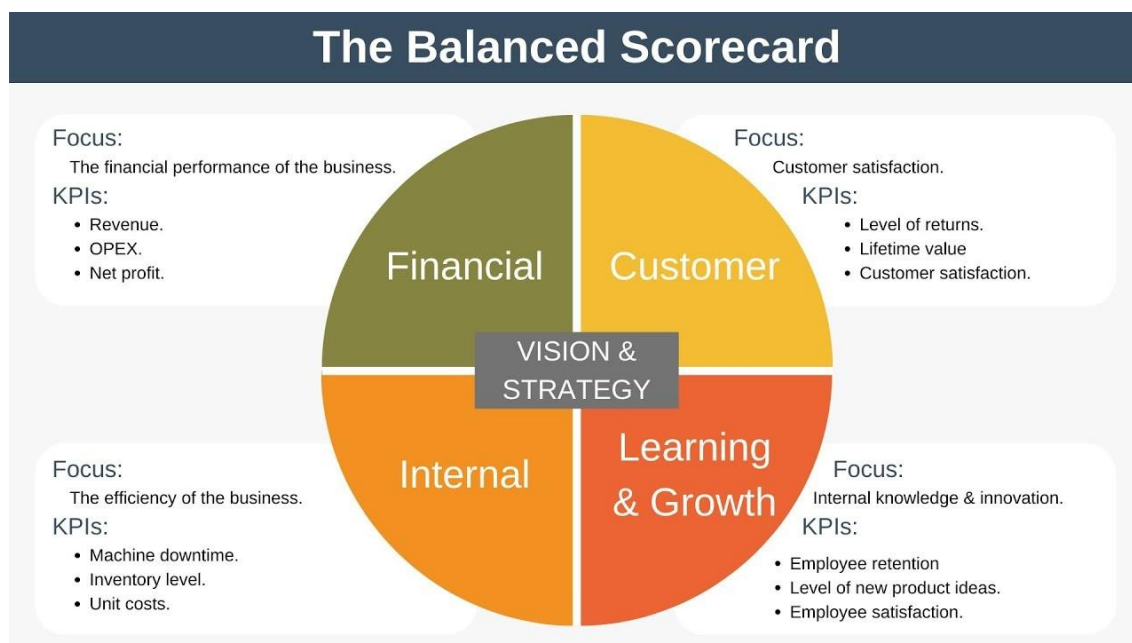
management and lower level employees, facilitates business planning, and provides feedback and learning (Kaplan and Norton, 1996).

The use of BSC in hotels has been reported by few authors such as Denton and White (2000), Frigo (2002), and Evan (2005). Denton and White (2000), for instance investigated the application of BSC in White Lodging Services and found that as the hotel uses revenue per room to assess financial performance, customer satisfaction score to assess customer performance, process audit score to assess internal business performance, and employee retention to assess learning and growth performance of a hotel in their study. Further, Denton and White established that BSC helps the hotel to achieve a greater alignment of hotel's objectives between managers and owners and a higher level of understanding of property managers' regarding owner's long term expectation; and to provide valuable feedback regarding resources and processes needed to achieve the hotel objectives.

Evan (2005) carried out a study on the application of BSC in hotels in the United Kingdom. In his study, Evan used total operating revenues, revenue per room, and costs as measures of financial performance; and customer satisfaction, number of customer complaints, mystery guest, market share, and returning guests as measures of customer performance. In terms of internal business process, measures such as service errors, response to complaints, and, employee turnover were actively assessed by hotels. The final dimension, innovation and learning, were assessed through number of new markets, staff appraisals and target, courses completed, and new improvement.

The application of BSC in hotels is appropriate since hotels consist of many different activities such as food (restaurant), maintenance (housekeeping), point-of sales (front office), and receiver (storeroom) which have different cost structures (Paraskevas 2001).

These diverse activities make the use of financial measure alone inadequate. In line with Kaplan and Norton's (1992; 2006) suggestion regarding the application of BSC, this study uses the dimensions of the BSC provided by Evan (2005). The main reason is that similar to Evan (2005), this study is also carried out in the hospitality sector. Figure 2.1 presents the perspectives of the balanced scorecard used to conceptualize performance.



**Figure 2.1: Balanced Scorecard**

Source: Norton and Kaplan (1992)

Therefore, following Kaplan and Norton (1992) and Evan (2005), the organizational performance in this study is defined as –the level of venture performance (increase/decrease) in terms of financial, customer, internal business, and learning and growth perspectives. Financial perspective is the economic consequences of actions taken by the venture, while customer perspective is the consequences of actions taken by the venture to customer and market segments. Internal business is the consequences of action taken to the level of business process of the venture, and learning and growth is the level of change and improvement that has been implemented by the venture.



The Balanced Scorecard (BSC) by Norton and Kaplan (1992) is a strategic management tool that helps organizations measure and manage performance from four perspectives: Financial, Customer, Internal Processes, and Learning and Growth. The BSC can be applied to competitive strategies and performance of hotels. Financial Perspective focuses on Increase revenue per available room (RevPAR), Improve operating profit margin, Reduce costs and expenses with key performance indicators being Revenue growth rate, Net operating income (NOI) margin, Return on investment (ROI) and cost per available room (CPAR).

**Table 2.1 Example of a Balanced Scorecard for a Hotel**

| Objective           | Target   | Actual | Trend |
|---------------------|--|--------|-------|
| Financial           | Increase RevPAR by 5%                                | 4.2%   | Up    |
| Customer            | Improve guest satisfaction ratings by 10%            | 9.5%   | Up    |
| Internal Processes  | Reduce errors in room reservations by 20%            | 18%    | Down  |
| Learning and Growth | Increase employee training hours per employee by 15% | 12%    | Up    |

Customer Perspective focuses on increase guest satisfaction ratings, improve customer retention rates and enhancing brand loyalty with key indicators being guest satisfaction ratings (e.g., TripAdvisor, online reviews), customer retention rate, net Promoter Score (NPS) and repeat business rate. Internal Processes Perspective focuses on improved operational efficiency, enhanced service quality and reduced errors and defects with key indicators being room occupancy rate, guest-to-staff ratio, service quality scores (e.g., food and beverage, housekeeping) and employee turnover rate. Learning and Growth Perspective focuses on developing employee skills and knowledge, implementing new

technologies and systems and enhancing employee engagement and morale with key indicators being employee training hours per employee, employee satisfaction ratings, guest feedback and comments on staff performance and employee retention rate.

By using the BSC, the hotel can track its progress toward its goals, identify areas for improvement, and make data-driven decisions to optimize its performance. The BSC can also be used to evaluate the competitive strategies of a hotel. For example cost Leadership focuses on reducing costs through process improvements, efficient operations, and cost-effective marketing. Differentiation focuses on unique amenities, services, and experiences that set the hotel apart from competitors and focus on target a specific niche market or segment and tailor services to meet their needs. By using the BSC to evaluate its competitive strategy, the hotel can identify areas where it can differentiate itself from competitors, improve its financial performance, and enhance its reputation. The Balanced Scorecard is a tool for hotels to measure and manage their performance from multiple perspectives. By setting clear objectives, tracking key performance indicators, and evaluating competitive strategies, hotels can optimize their operations, improve guest satisfaction, and achieve long-term success.

### **2.7.2 Porters Generic Strategies Framework**

Porter's generic strategies framework constitutes a major contribution to the development of the strategy development and strategic management literature in the modern world. Generic strategies were first presented in two books by Professor Michael Porter of the Harvard Business School (Porter, 1980, 1985). Porter (1980, 1985) suggested that some of the most basic choices faced by companies are essentially the scope of the markets that the company would serve and how the company would compete in the selected markets. Competitive strategies focus on ways in which a company can achieve the most advantageous position that it possibly can in its industry

(Pearson, 1999). The profit of a company/an organisation is essentially the difference between its revenues and costs. Therefore high profitability can be achieved through achieving the lowest costs or the highest prices vis-à-vis the competition. Porter used the terms 'cost leadership' and 'differentiation', wherein the latter is the way in which companies can earn a price premium.

Organisations can achieve competitive advantages essentially by differentiating their products and services from those of competitors and through low costs (Otundo Martin, 2016). Firms can target their products by a broad target, thereby covering most of the marketplace, or they can focus on a narrow target in the market (Lynch, 2003). According to Porter, there are three generic strategies that a company can undertake to attain competitive advantage: cost leadership, differentiation, and focus.



**Figure 2.2: Porters Generic Strategies**

Source: Porter (1985)

Porter (2004) indicates that the three generic strategies that a business may utilise are: differentiation, cost and focus or niche strategies. Michael Porter's Generic Strategies are a framework for analyzing and developing a company's competitive strategy. He identified three main generic strategies that a company can adopt to gain a sustainable competitive advantage as cost leadership, focus and differentiation strategies (figure 2.1). Cost leadership is a strategy that involves being the lowest-cost producer in an industry. Differentiation is a strategy that involves being unique and distinctive in the market. Focus is a strategy that involves targeting a specific niche or segment of the market.

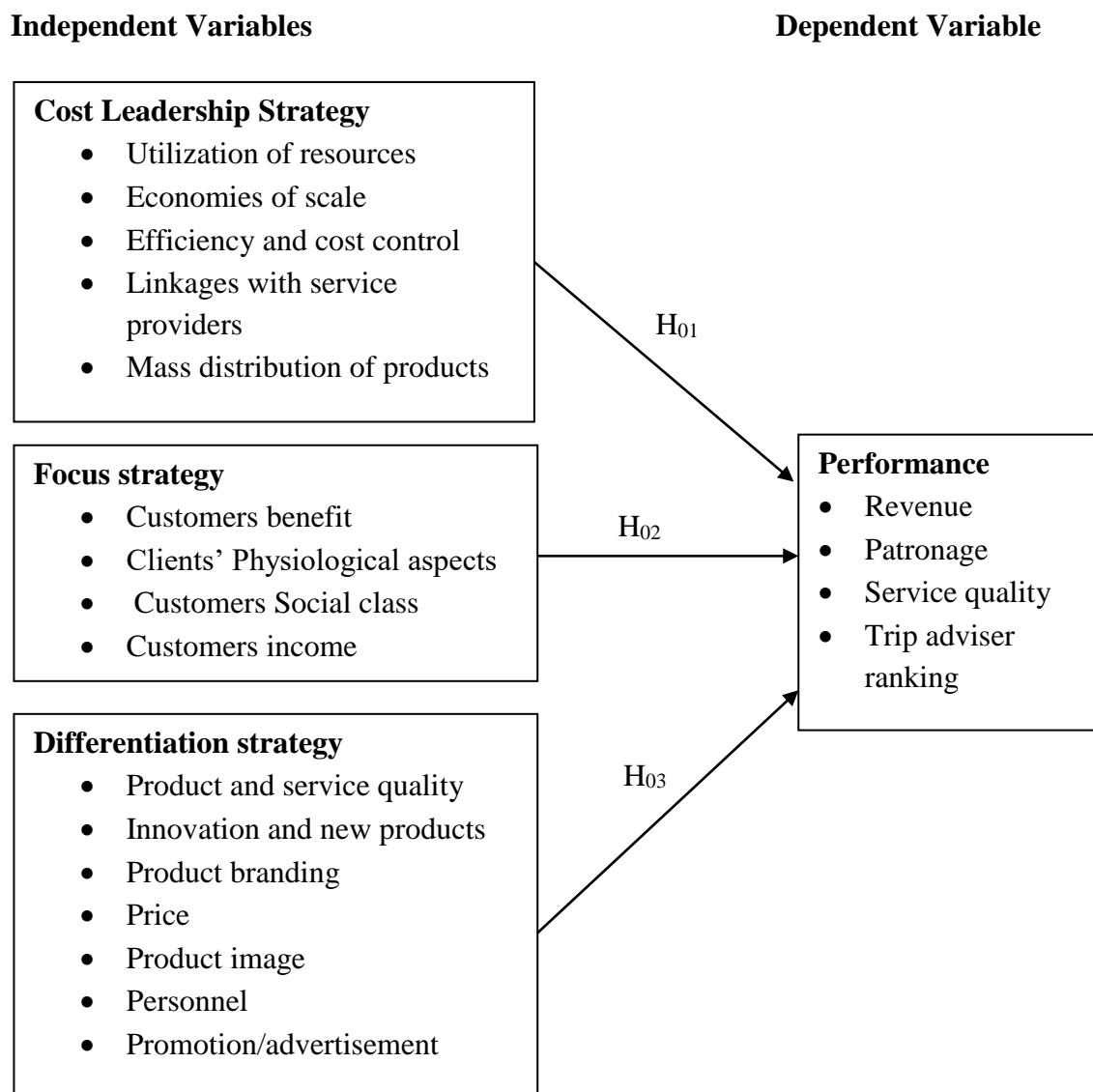
## **2.8 Conceptual Framework**

Therefore, the study conceptualized that the three independent variables have an effect on the dependent variable (Lodges performance) as depicted in figure 2.3. The conceptual framework in this study portrays the relationship between the independent and dependent variable. Independent variable being the strategies (competitive strategies) while the dependent variable is the performance of the hospitality sector in Isiolo County. Therefore, independent variables are cost leadership, differentiation, and focus strategy. All of these strategies have been adopted to provide the shown parameters. Also, the dependent variable, performance has been operationalized to the various indicators of business performance.

Cost-leadership strategy is a pricing strategy in which an establishment or lodges sell the same product at different prices in different markets sections. It can also refer to the charging of different prices for the same product to different social or geographic sectors of the market. It describes a way to establish the competitive advantage. Cost leadership strategies was measured using capacity utilization of resources, economies of

scale, efficiency and cost control, forming linkages with service providers such as suppliers and other supplementary institutions and mass distribution of products

Focus strategy encompasses the intangible, informational aspects of selling and servicing a product as well as the tangible, procedural aspects of product delivery and replenishment. Successful focus strategies create a competitive advantage for the seller, as customers view these products as unique or superior. Advertising and promotion of a product is based on its differentiating characteristics. Focus strategy was measured using customers benefit sought/preferences, clients' physiological aspects, customers' social class and income.



**Figure 2.3: Conceptual Framework**

Source: Adopted and modified from Porter's model, (1980, 1985, 2004) and Balanced Scorecard (Norton and Kaplan, 1992)

Differentiation strategies refer to the approach under which a lodge aims to develop and market unique products for different customer segments. Usually practiced in situations where the lodges experiences clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies (focus strategy and low-cost strategy) that can be adopted by any lodge. Differentiation strategies were measured using product and service quality, innovation and new

products, product branding, price, product image, personnel and promotion/advertisement campaigns

The dependent variable, performance was adopted from the Balanced Scorecard of Norton and Kaplan (1992). Performance was measured using selected indicators from the BSC such as lodge revenue, number of clients patronizing the lodges, service quality index and trip adviser ranking.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

In this chapter the researcher discussed the methodology that was used to gather data and explains the methods and tools that was used to present and analyze the data in order to achieve the desired result as per the research. The following subsections were included; Section 3.2 Research design, Section 3.3 Target Population, Section 3.4 Sampling Design, Section 3.5 Data collection, Section 3.6 Data analysis and Presentation

#### **3.2 Research Design**

Research design is the scheme, outline or plan that is used to generate answers to research problems (Noum, 2007). Research design is a master plan that specifies the methods and procedures for collecting and analyzing information to answer research questions and included explanatory and descriptive approaches (Zikmund *et al.*, 2010). This study adopted explanatory design to explain the phenomena under study by testing hypotheses and by measuring relationships between variables. According to Saunders *et al.*, (2011), studies that establish causal relationships between variables use explanatory design. The design is also deemed appropriate for the study as it allowed the study to be carried out in the natural settings and to employ probability sampling.

This research used both descriptive survey and explanatory research designs that aimed at determining the effects of competitive strategies on performance of lodges sector in Isiolo County. A descriptive research gives a thorough and accurate description survey by determining the “how” or “why” the phenomena came into being, and also what involved in the situation. This is achieved by portraying an accurate profile of the events



and situations (Robson, 2002), which sunders *et al.* (2007) considered as an extension of, or forerunner to an explanatory research.

On the other hand, an explanatory study goes beyond description and attempts to explain the reasons for the phenomena that the descriptive study only observed (Cooper and Schindler, 2003), by seeking to establish a causal relationship between variables (Sunders *et al.*, 2007). Therefore, a descriptive study would look at what is going on, while an explanatory study seeks to explain why it's going on (Sekaran), 2003).

According to Borg and Gall (1996), recommends descriptive survey design for its ability to produce statistical information about aspects of education that interest policy makers and researchers. Furthermore, descriptive studies were used not only for the purpose of description but also for the determination of relationships between variables at the time of study. This design suits well the study of this nature since the researcher was studying at the effect of the independent variable (competitive strategies) on the dependent variables (performance of selected lodges sector in Isiolo County).

### **3.3 Description of the Study Area**

Isiolo county is a county in the former Eastern province of Kenya and its population is 143,294(2009 Census). Its capital and largest town is Isiolo. The region is arid and semi-arid with Ewaso Nyiro River flowing through the county and partly Bounds it. The county is made up of two Game reserves namely: - Samburu Game Reserve and Sarova Shaba Game Reserve in which various international chain Hotels (lodges) has been developed. The study was carried out in four selected lodges within the Game Reserves: Ashinil lodge, Sarova Shaba Lodge, Saruni Samburu Lodge and Saruni Buffalo Lodge.

### **3.3.1 Lodges sector in Isiolo County**

Isiolo County is located in the northern part of the former Eastern Province, 285 kilometers north of Nairobi. It covers an area of 25, 336.1 square kilometers. The county borders seven other counties: Samburu to the east, Garissa to the east, Tana River to the south east, Kitui and Meru to the south west, Marsabit to the North West and Wajir to the north east.

Isiolo town was established after the First World War by the Somali ex- army officers who participated in the war settling in Isiolo and intermarrying with the local Samburu and Cushitic pastoralists. According to the Kenya National bureau of statistics report of 2009, the population of the county is 143,294. 51% of the population is male while 49% is female. The County is a home of Turkana, Boran, Somali and Meru communities, with the Boran forming the largest portion of the population.

Isiolo town is the county headquarters, although the town is comparatively small in size, it's known for hosting many travelers as they commute to various towns such as Marsabit, Moyale, Garissa, Garbatula, Maralal and Wamba.

The county is accessible both by road and air. The Isiolo international airport takes care of all air transport needs, although there are various tourists scheduled flights to different airstrips in different game reserves like Samburu game reserve and Lewa. Isiolo town is about 300kms from Nairobi, its accessible by road using A2 road from Nairobi through Nanyuki to Isiolo. The road is tarmacked and the journey from Nairobi will only take six hours (6hrs).

The County is at the heart of Kenya, a crucial and strategic gateway between Northern and Southern Kenya. The county consists of Game reserves such as Samburu, Buffalo Springs Shaba, Lewa Downs and Bisanadi. These reserves are the most accessible and

visited of the protected areas in the country's rough north, right at the edge of what was formerly called Northern Frontier District (NFD). These game reserves are the only places to spot some rare animal species in Kenya which are difficult to spot in other parks, such as *Equus grevyi* (Grevy's zebra), *Giraffa camelopardalis reticulata* (reticulated giraffe), and *Oryx beisa* (beisa Oryx). The existence of the International airport within the town and approved plans to establish the resort city within the county by the Chinese government is a proof of mushrooming of lodges in the county.

The county consists of various lodges organizations both established inside the parks and within Isiolo town and its environs. Facilities within the park are Sarovashaba lodge, Ashnil lodge and Samburu Lodge owned by international foreigner's investors. Lodges within Isiolo town are owned by the local investors. The lodges are as follows: - Bomen lodge, Galaxy Lodge, Morti lodge, Silver bells lodge and the upcoming Resort City. All of these establishments are focused on increasing Profit Margin and gaining a greater market share hence posing great competition scenario to each other.

Currently all the lodges are focused on attracting the co-operate market by providing complimentary system during the high season and product packages during all season i.e. Students tour packages, bird watchers' packages, Honeymooner's packages, reduced product prices and innovation. Lodges within the town use marketing strategies such as reduced product prices, product branding and product exhibition.

### **3.3.2. Samburu National Reserve**

Samburu National Reserve is located at the southeastern corner of Samburu District in the Rift Valley Province of Kenya. It is bordered to the south by Ewaso Nyiro River, which separates it from the Buffalo Springs National Reserve. It covers an area of one

hundred and sixty-five kilometers (165 Km<sup>2</sup>) and it's about three hundred and forty-five kilometers (345Km) from Nairobi.

It lies within ecological zone V- which is classified as arid and semi- arid with moisture index of 42 to 57, which indicate that evaporation transpiration is greater than available moisture. The days are extremely hot while the nights are cool. The annual mean temperatures range between 18°C and 30°C, while the mean annual rainfall is 354mm with peaks in November and April. The dry season starts in late May, and goes up to early October during when large concentration of wildlife is found in the reserve due to availability of lush vegetation along the Ewaso Nyiro River, the main source of water to the Reserve and the nearby communities. The reserve consist of various tourist accommodation facilities such as Samburu Game lodge, Samburu Larsens Camp, Samburu Sopa lodge, Saruni Samburu Lodge, Samburu Interpids and Elephant bed room camp.

### **3.3.3 Shaba National Reserve**

Shaba National Reserve is a reserve which became famous by Joy Adamson, author of the famous book and film, 'Born Free'. Shaba, along with Samburu and Buffalo Springs are three (3) small, adjoining savannah national reserves that lie on either side of the northern Ewaso Ngiro River. They were established in 1948 as the Samburu Isiolo Game Reserve.

It is a semi desert, but attracts a good range of animals due to Ewaso Nyiro river, which acts as a lifeline, while the combination of the arid desert, volcanic rocks and riverine forests creates a very beautiful landscape.

The Reserve has paid tribute to Joy Adamson in the form of a memorial, while her fascinating life is immortalized in the Joy Adamson Museum. Clients are invited to visit the museum as an addition to regular safari activities.

The clients visiting this National reserve may not get many options for accommodation, but there are more options in the surrounding areas. Two options for superb accommodation within Shaba are as follows: Joy's Camp and Sarova Shaba lodge.

### **3.3.4 Buffalo Springs National Reserve**

Buffalo Springs National Reserve is located in the north of Kenya in the hot and arid lowlands of Mt. Kenya. In 1948, the reserve was established as part of the Isiolo - Samburu game reserve with the present boundaries established in 1985. The reserve covers an area of 131 km<sup>2</sup> (51 mi<sup>2</sup>) and has a altitude of between 850 meters (2,790 ft) and 1,230 meters (4,040 ft) above sea level. The National reserve is managed by Isiolo County Government.

The reserve is generally an old lava flow and olivine basalt volcanic soils plain that experience dry, hot and semi-arid climatic conditions. The reserve has also great features such as the Champagne Ride which is found in the southeast and an ancient lava-terrace.

Buffalo Springs National Reserve is home to the endangered Grevy's Zebra, elephant, gerenuk, oryx, giraffe, leopard, lion, cheetah, hyena and buffalo. The park has recorded over 365 species of birds that include the Somali ostriches that are widespread. The reserve also has the rare flora and fauna flower vegetation because of its semi-arid climate. Set up around stretch of the seasonal Ewaso Nyiro River, the river bank forest provides shade and therefore drawing plentiful of wildlife during the dry season and consequently maintaining many of the less migratory species all year round. Client

visiting this spectacular National reserve will be able to choose whether to stay in Ashinil Samburu camp or Samburu Simba lodge.

### **3.4 Target Population**

The study was conducted to cover Sarova Shaba lodge, Ashnil Lodge, Saruni Samburu lodge and Saruni Buffalo lodge within the Isiolo County region. The selection of Ashinil Lodge, Sarova Shaba Lodge, Saruni Samburu Lodge, and Saruni Buffalo Lodge for this study was driven by several strategic and practical factors relevant to the research focus on lodges within game reserves. These lodges were chosen because they represent a diverse cross-section of the hospitality offerings within the region, each contributing to a broader understanding of the competitive strategies employed by lodges in game reserves.

All the selected lodges are strategically located within or near prominent game reserves, such as Samburu National Reserve and the Shaba National Reserve. This provides a relevant context for studying the performance and strategies of lodges in areas that attract tourists for their wildlife experiences. The geographic location plays a significant role in the type of customers these lodges attract, the level of competition they face, and the resources available to them, making these lodges ideal subjects for research on competitive strategies within the eco-tourism sector.

Each of these lodges offers distinct services, pricing strategies, and target market segments, providing a rich comparative study of differentiation and focus strategies. Ashinil Lodge targets mid-range tourists seeking a more affordable but still high-quality experience. Sarova Shaba Lodge is known for its established reputation and luxurious offerings, catering to upscale tourists. Saruni Samburu Lodge and Saruni Buffalo Lodge are often associated with more exclusive and personalized services, positioning

themselves within the luxury niche. This variety enables the study to explore how different strategies, such as differentiation or cost leadership, are applied across different tiers of the market and how each lodge adapts to the specific needs of its target audience.

These lodges are well-known within Kenya's hospitality sector, especially in the eco-tourism market. Their established reputations and market positions make them ideal candidates for a study focused on performance and competitive strategy. Their visibility and track record provide a foundation for evaluating the effectiveness of the strategies they employ.

The selection includes lodges with varying scales and ownership structures. For example, Sarova Shaba Lodge is part of a larger chain, Sarova Hotels, which provides insights into how larger hospitality groups implement competitive strategies in the game reserve context. In contrast, Ashinil Lodge and the Saruni properties may be smaller or independently owned, providing a comparison between corporate versus independent strategies. This allows the study to explore how different ownership models influence strategic decisions.

These four lodges were selected because they offer relatively easy access to primary data sources, such as guest satisfaction surveys, pricing strategies, marketing materials, and operational data. The lodges are willing participants in research studies and are likely to provide valuable insights into how they compete in the challenging hospitality market within the game reserve context.

Finally, the choice of these four lodges aligns well with the study's objectives, which are to explore the competitive strategies (such as cost leadership, differentiation, and focus strategies) employed by lodges within game reserves. The diversity of these

lodges allows the researcher to examine how competitive strategies are implemented in different operational contexts and their effect on performance, market share, customer satisfaction, and overall business sustainability in the eco-tourism sector.

The target population was 192 employees from the four selected lodges operating in Isiolo region. The number of employees was obtained from the human resource department of the four lodges. According to Ngechu (2004), a population is a well-defined or set of people, service elements and events, group of things or households that are being investigated. Therefore, the target population of the selected lodges for the study was one hundred ninety-two (192) as tabulated in the tables below;

**Table 3.1 Target Population**

| <b>Lodges</b>        | <b>Target Population</b> | <b>Percent (%)</b> |
|----------------------|--------------------------|--------------------|
| Sarova Shaba Lodge   | 42                       | 21.88%             |
| Ashnil Lodge         | 58                       | 30.21%             |
| Saruni Samburu lodge | 45                       | 23.44%             |
| Saruni Buffalo lodge | 47                       | 24.48%             |
| <b>Total</b>         | <b>192</b>               | <b>100%</b>        |

Source: Hotel Records (2018)

Employees were chosen as the primary data source for this study because of their direct involvement in the implementation of competitive strategies, their insight into both internal operations and customer interactions, and their ability to provide real-world data on the success or failure of strategies in the competitive environment of Isiolo County's hospitality sector. Employees are key informants in understanding how strategies are executed on the ground and their impact on performance, making them



invaluable contributors to the research on competitive strategies and performance in the lodges.

Employees do not typically design competitive strategies, but they are key players in executing them. From frontline staff delivering differentiated services to operational teams optimizing costs and efficiency, employees ensure that the strategic vision set by management is translated into real-world actions. By aligning their activities with the competitive strategies (whether it's differentiation, cost leadership, or focus), employees help lodges in Isiolo County build competitive advantages, improve performance, and enhance customer satisfaction. Their daily interactions, attention to detail, and engagement with guests are essential for the success of any strategy.

### **3.5 Sampling Design**

Sampling means selecting a given number of subjects from a defined population as representative of that population. The purpose of sampling is to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. Sampling involves drawing of a target population for observation. It is appropriate when it is not feasible to involve the entire population under study.

According to Cooper and Schindler (2006), a sampling frame is a list of elements from which the sample is actually drawn and closely related to the population. Therefore, in this study, the sampling frame was obtained from a representation number of respondents who were employees.

#### **3.5.1 Sample size**

The sample size was statistically obtained by calculating the sample size from target population of 192 employees from four purposively selected lodges in Isiolo County. A sample size of 128 employees was statistically obtained, by calculating the sample size

for each stratum while adjusting to round off decimals to one person. Mugenda and Mugenda (2003) formula for calculating the sample size was applied.

$$Nf = \frac{n}{1 + n)/N}$$

Where:

Nf = the desired sample size (when the population is less than 10,000).

n=the desired sample size (when the population is more than 10,000).

N=the estimate of the population size.

Therefore, if the desired sample size is 384 when the population is less than 10,000, on a precision of 5% and a confidence level of 95% (Mugenda and Mugenda, 1999), the sample size for this study was attained as follows;

$$Nf = \text{less than } 10,000 = \frac{384}{1 + 384)/192}$$

$$=128$$

The study involved one hundred twenty eight (128) employees from selected lodges both management and junior staff.

**Table 3.2 Sample size determination**

| <b>Lodges</b>        | <b>Target Population</b> | <b>Percent (%)</b> | <b>Sample Size</b> |
|----------------------|--------------------------|--------------------|--------------------|
| Sarova Shaba Lodge   | 42                       | 21.88%             | 28                 |
| Ashnil Lodge         | 58                       | 30.21%             | 39                 |
| Saruni Samburu lodge | 45                       | 23.44%             | 30                 |
| Saruni Buffalo lodge | 47                       | 24.48%             | 31                 |
| <b>Total</b>         | <b>192</b>               | <b>100.00%</b>     | <b>128</b>         |

**Source: Researcher Computation (2018)**

### **3.5.2 Sampling Technique**

Purposive sampling technique was used to sample four lodges in Isiolo County. Stratified sampling technique was used to select one hundred and twenty-eight (128) employees proportionately from the four selected lodges. Stratified sampling technique provided a better comparison across the strata (Saunders *et al.*, 2007). Stratified random sampling was appropriate as it enabled the researcher to represent not only the overall population but also key sub-groups of the population. The employees were further stratified according to the key departments of the lodges. Finally, simple random sampling was used to identify the particular participants for the study.

### **3.6 Data Collection**

This sub-section presents types and sources of data, data collection tools which were the questionnaires, validity and reliability of data collection instruments, pilot study and data collection procedure.

#### **3.6.1 Types and Sources of Data**

The study used both primary and secondary data to arrive at its desired results. The primary data were collected by the use of self-administered questionnaire which was the

major instrument for data collection. Secondary data was collected from journals and books.

### **3.6.2 Data Collection Instrument**

According to Mugenda and Mugenda (2003), questionnaires are commonly used to obtain important information about a population intended for a study. Therefore, the researcher used structured questionnaires to collect the primary data. The questionnaires contained 5-point Likert scale in rating the various responses with five sections. The first section (A) collected personal information from the employees. This information was to break ice between the researcher and the employees. Section B contained questions on cost leadership strategies, section C on focus strategies, section D on differentiation strategies and section E on performance of the lodges.

### **3.6.3 Validity of Instruments**

According to Mugenda and Mugenda (2003) validity can be defined as the accuracy and meaningful of inferences which are based on the research results. Validity is the degree to which results obtained from analysis of the data actually represent the phenomena under study. This study engaged the opinion of the experts to confirm the content validity. Thus the research instrument [questionnaire] was validated in terms of content and face validity. The face validity checked how good or attractive the instrument was in terms of length and design. The content validity measures the degree to which the question item reflects the specific areas covered.

To determine the content validity of questionnaire items, experts from Moi University examined them. Suggestion and advice offered was used as a basis to modify the research items and make them more adaptable in the study. Their feedback was used to

revise the instrument. Moreover, the researcher conducted all the pilot study in person in order to ensure systematic validity.

### 3.6.4 Reliability of the research Instrument

According to Martyn Shuttle Worth (2009), reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. It is the stability of measurement and relates to the absence of random errors of measurement and demonstrates that the operations of the study such as data collection procedures would be repeated with the same results.

Therefore, instrument reliability is a way of ensuring that any instrument used for measuring variables gives the same results every time. This is why the researcher tested the reliability of the instruments. The Cronbach alpha was used to determine the reliability of the questionnaires. According to Oluwatayo (2012), a reliability index of 0.7 was considered ideal a study. The reliability statistics in this study for all variables were above .7 which means they were all reliable as presented in table 3.3.

**Table 3.3 Reliability Statistics**

| <b>Constructs</b>          | <b>Cronbach's Alpha</b> | <b>Number of Items</b> |
|----------------------------|-------------------------|------------------------|
| Cost Leadership Strategies | .824                    | 7                      |
| Focus Strategies           | .860                    | 4                      |
| Differentiation Strategies | .891                    | 7                      |
| Performance                | .830                    | 4                      |
| <b>Overall</b>             | <b>.877</b>             | <b>22</b>              |

**Source: Data Analysis (2018)**

### **3.6.5 Pilot study**

A pilot study is a trial run of a research project that allows researchers to test and refine their research methods and instruments. It provides an opportunity to identify potential problems and make necessary adjustments before investing significant resources in a larger study. The questionnaire used in this study went through a pilot study before actual data collection. This enabled the revision of the questionnaire before actual data collection in terms of content.

This pilot study was carried out in 2 lodges namely: Bomen Lodge and Silver Bells lodge which were selected purposively and were not included in the main sample. The study distributed 6 questionnaires which was 5% of the sample size and distributed to three employees from each of the two lodges. The feedback obtained helped the researcher in revising the questionnaire to ensure that they covered the objectives of the study.

Piloting ensures as much as possible that the items would elicit and gives the kind of responses the researcher intends to get which were acceptable in terms of their content (Creswell, 2008).

### **3.6.6 Data Collection Procedure**

To collect primary data, questionnaires were used. Sekaran (2013), suggest that questionnaires are efficient data collection apparatus which provide the researcher to know exactly what is necessary and how to measure the variables of interest. Upon the approval of the research proposal, the researcher obtained an introductory letter from Moi University Nairobi Campus and a permit from the National Council for Science and Technology (NACOSTI) in order to carry a research in various identified Lodges in Isiolo County. The researcher then visited the respective selected lodges to obtain

samples of the employees, and then carefully explained instructions on how to fill the questionnaires to the respondents. The researcher used drop and pick of the questionnaires to assist in improving the response rate. In addition the data was collected by the researcher who took the contacts of each employee to follow up on completion that ensured 100% response rate.

### **3.7 Data Analysis**

Data collected was first cleaned before coding. Completed questionnaires were edited for completeness and consistency. The researcher used quantitative approach. Quantitative data from the questionnaire was coded and entered into the computer for computation of descriptive statistics. The descriptive statistics was used in analyzing the data and displayed in percentages (%), frequency distribution tables, mean and standard deviation. This provides the generalization of the findings on the effects of competitive strategies on the performance of selected lodges in Isiolo County.

In addition, multiple linear regression analysis was conducted to establish the effect of the independent variables (competitive strategies) on the dependent variable (performance of lodges). Multiple regressions were a flexible method of data analysis that is appropriate whenever the cause effect of dependent variables are examined against the effect of independent or predictor variables (Cohen, West and Aiken, 2003).

The regression model was as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Performance of lodges

$\alpha$  = Constant Term

$\beta_1, \beta_2$  and  $\beta_3$ , = Coefficients of determination of the independent variables

$X_1$ = Cost leadership

$X_2$ = Focus

$X_3$ = Differentiation

$\varepsilon$  = Error term

### **3.8 Ethical Considerations**

Permission to conduct the study was obtained from the management of the selected lodges as well as from the employees who participated in the study. This was done in accordance with ethical research guidelines, ensuring that all participants were informed about the purpose of the study and consented to their involvement (Kombo & Tromp, 2009). Additionally, obtaining permission from both management and employees is crucial to ensuring that the research is conducted with respect for the privacy and rights of all parties involved (Bryman, 2019). By securing formal approval from the relevant authorities, the study adhered to ethical standards and fostered cooperation from the participants. The researcher explained to the respondents that the study was for academic purposes only. It was made clear that the participation was voluntary and informed consent was applied. They were guaranteed that their privacy was guaranteed and anonymity maintained.



## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter discusses the interpretation and presentation of the findings and presents analysis of the data on effect of competitive strategies on performance of Lodges in Isiolo County. The chapter also provides the major findings and results of the study.

##### 4.1.1 Response Rate

The response rate attained 100% return of questionnaires distributed as presented in table 4.1. The response rate was attained resulting from the researcher following up on the questionnaires from each respondent.

**Table 4.1: Response Rate**

|               | Frequency | Percentage |
|---------------|-----------|------------|
| Responded     | 128       | 100%       |
| Not Responded | 0         | 0%         |
| Total         | 128       | 100.0%     |

Source: Researcher (2018)

The study targeted 128 respondents in collecting data, Results in table 4.1 shows that that 128 employees targeted filled in and returned the questionnaire contributing to 100% response rate. Response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Therefore, this response rate was very good and adequate for analysis and reporting.

## 4.2 Demographic Characteristics

This section will present demographic characteristics of respondents such as gender, age, level of education and length of service.

### 4.2.1 Gender of respondents

The study sought to determine the gender of the respondents as presented in table 4.2. According to the findings, majority of the respondents were male as represented by 62.5%. The rest of the respondents were female with a percentage of 37.5%.

**Table 4.2: Gender**

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male   | 80        | 62.5%      |
| Female | 48        | 37.5%      |
| Total  | 128       | 100%       |

Source: Researcher (2018)

### 4.2.2 Age of respondents

The study sought to find out the age level of the respondents. Findings are presented in table 4.3.

**Table 4.3: The Age Level of the Respondents**

| Age brackets | Frequency | Percentage |
|--------------|-----------|------------|
| 18 to 25     | 20        | 15.6%      |
| 26 to 35     | 30        | 23.4%      |
| 36 to 45     | 40        | 31.2%      |
| 46 and above | 38        | 28.7%      |
| Total        | 128       | 100%       |

Source: Data Analysis (2018)

According to the findings, majority of the respondents were between the ages of 36 to 45 years as represented by 31.2%. 28.7% of the respondents were between 46 and above years. Respondents who were between 26 to 35 years composed of 23.4%. 15.6% were between 18 to 25 years.

#### **4.2.3 Level of Education**

The study sought to find out the level of education of the respondents as presented in table 4.4. Majority of the respondents were Certificate and diploma holders as shown by 54.7%. 27.3% of the respondents had attained degree level of education. 18% had postgraduate education.

**Table 4.4: Level of Education**

| <b>Education Level</b> | <b>Frequency</b> | <b>Percentage</b> |
|------------------------|------------------|-------------------|
| Certificate/diploma    | 70               | 54.7%             |
| Degree                 | 35               | 27.3%             |
| Postgraduate           | 23               | 18%               |
| <b>Total</b>           | <b>128</b>       | <b>100%</b>       |

**Source: Data Analysis (2018)**

#### **4.2.4 Number of Years Worked in the lodges.**

The study sought to determine the numbers of years worked in the Lodges. Findings are presented in table 4.5.

**Table 4.5: Numbers of Years Worked in the lodges**

| <b>Work Duration</b>    | <b>Frequency</b> | <b>Percentage</b> |
|-------------------------|------------------|-------------------|
| Less than 5 years       | 6                | 4.7%              |
| Between 6 and 10 years  | 10               | 7.8%              |
| Between 11 and 15 years | 12               | 9.4%              |
| Between 16 and 20 years | 30               | 23.4%             |
| 21 years and above      | 70               | 54.7%             |
| <b>Total</b>            | <b>128</b>       | <b>100%</b>       |

**Source: Data Analysis (2018)**

Majority of the respondents had worked in the Lodges for a period of 21 years and above as expressed by 54.7%. 23.4% have worked between 16 and 20 years. 9.4% between 11 and 15 years. 7.8% of the respondents have worked between 6 and 10 years. 4.7% of the respondents had worked for less than 5 years.

### **4.3 Descriptive Analysis**

This section presents descriptive analysis of the study variables, specifically, cost leadership strategy, focus strategy and differentiation strategy and performance of Lodges in Isiolo County.

#### **4.3.1 Cost Leadership Strategy**

The findings presented in table 4.6 established that most of the lodges in Isiolo County have adopted cost leadership strategy in order to improve their performance. The respondents noted that the lodges have put in place measurers that ensure there is capacity utilization of resources with a mean of 4.5375 and a standard deviation of 0.5264. The employees indicated that the lodges have ensured there is efficiency and cost control with a mean of 4.500 and a standard deviation 0.5737. Forming linkages

with service providers, suppliers and other supplementary institutions was also noted by the respondents to have been used by the lodges to improve their performance (Mean 4.4250 and standard deviation of 0.9572).

The findings of the study align with Lestor's (2009) assertion that the core dimension of a cost leadership strategy is efficiency, specifically the extent to which inputs per unit of output are minimized. This view is further supported by Malburg (2000), who emphasized that in order to gain a low-cost advantage, an organization must implement a cost leadership strategy, incorporate cost-efficient manufacturing processes, and ensure a workforce that is fully committed to maintaining these cost efficiencies. Additionally, the Resource-Based View (RBV) theory reinforces the importance of identifying unique and difficult-to-replicate strategies, which provide firms with a sustainable competitive advantage by leveraging distinctive resources and capabilities (Barney, 2019).

**Table 4.6: Descriptive Statistics for Cost Leadership**

| <b>Dimension of the Strategy</b>  | <b>Mean</b>   | <b>Std Deviation</b> |
|---|---------------|----------------------|
| Capacity utilization of resources in the lodge  | 4.5375        | .5264                |
| Economies of scale  | 4.3875        | .7377                |
| Efficiency and cost control   | 4.5000        | .5737                |
| Forming linkages with service providers, suppliers and other supplementary institutions | 4.4250        | .8233                |
| Mass Production   | 4.2875        | .9572                |
| Reducing in operations time and costs   | 4.1250        | .9329                |
| Mass distribution of lodge or lodges products   | 4.4375        | .6907                |
| <b>Aggregate scores</b>   | <b>4.3857</b> | <b>.7488</b>         |

**Source: Data Analysis (2018)**

#### **4.3.2 Focus Strategy**

The study sought to find out the level of agreement with various aspects on focus in the lodges in Isiolo as presented in table 4.7.

Focus strategy involves focusing on a specific segment of the lodge industry in order to achieve competitive advantage. From the results, the respondents unanimously agreed that the Lodges Practices segmentation based on benefit sought by the customers with a mean of 4.4000 and standard deviation of 0.7723. The low standard deviation implies that the respondents were in agreement on the practices being adopted by the lodges. The practice of segmentation based on physiological aspects of the customers was also indicated to have been implemented by the lodges with a mean of 4.3000 and standard deviation of 0.6444.

On the use of segmentation based on income levels of the customers, the respondents noted that the lodges uses the practice in order to improve their performance. This was exhibited by a mean of 4.2500 and standard deviation of 0.7713. On the last focus strategy practice being used by the lodges, the respondents said that segmentation based on social class of the customers with a mean of 4.0375 and standard deviation of 0.9736 was being used as customers will have an opportunity to choose lodges that they can afford. The findings of the study were in agreement with Porter (1998) findings that focus strategy focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and services and products specifications or requirements.

**Table 4.7: Descriptive Statistics for Focus**

| <b>Dimension Of Strategy</b>  | <b>Mean</b>   | <b>Standard deviation</b> |
|---|---------------|---------------------------|
| The Lodges Practices segmentation based on benefit sought by the customers        | 4.4000        | .7723                     |
| The lodges practices segmentation based on physiological aspects of the customers | 4.3000        | .6444                     |
| The Lodge practices segmentation based on social class of the customers           | 4.0375        | .9736                     |
| The lodges practices segmentation based on income level of the customers          | 4.2500        | .7713                     |
| <b>Aggregate scores</b>   | <b>4.2468</b> | <b>0.7904</b>             |

**Source: Data Analysis (2018)**

### **4.3.3 Differentiation Strategy**

The study sought to explore the extent to which differentiation strategy was being used by the lodges to achieve competitive advantage. The findings are presented in table 4.8.

The respondents noted that differentiation strategy has been implemented to a large extent by all the lodges in Isiolo County as exhibited by high means on all the variables. Price differentiation with a mean of 4.5125 and standard deviation of 0.7290 was being used mostly by the lodges to improve their performance. The high standard deviation implies that the lodges play a big role in ensuring that differentiation strategy achieves the intended objectives. The respondents further noted that promotion/ advertising campaign with a mean of 4.4000 and standard deviation of 0.7892 and differentiation based on image with a mean of 4.3875 and standard deviation of 0.7875 were other ways in which the lodges ensured they improve their performance.

The respondents further agreed with a mean of 4.4250 and a standard deviation of 0.7919 that personnel in the lodges play a vital role in enhancement of performance. In addition, the respondents noted that differentiation based on product/ service being offered by the different lodges ensured improved performance with a mean of 4.3625

and standard deviation of 0.7334. The place in which the lodges are currently located was indicted by the respondents as having played a significant role in their improved performance with a mean of 4.3500 and a standard deviation of 0.7309.

**Table 4.8: Descriptive Statistics for Differentiation Strategies**

| <b>Dimension Of Strategy</b>                            | <b>Mean</b>   | <b>Standard deviation</b> |
|---|---------------|---------------------------|
| Differentiation based on product/service                | 4.3625        | .7334                     |
| Differentiation based on price                          | 4.5125        | .7290                     |
| Differentiation based on place                          | 4.3500        | .7309                     |
| Differentiation based on promotion/advertising campaign | 4.4000        | .7892                     |
| Differentiation based on personnel                      | 4.4250        | .7919                     |
| Differentiation based on image                          | 4.3875        | .7875                     |
| Differentiation based on technological leadership       | 4.2375        | 1.0218                    |
| <b>Aggregate scores</b>                                 | <b>4.3821</b> | <b>0.7976</b>             |

**Source: Data Analysis (2018)**

The technological leadership with a mean of 4.2375 and a standard deviation of 1.0218 was noted to have been the least differentiation variable that influenced performance of lodges in Isiolo County. The findings agreed with Barney & Hesterley (2006) assertion that the rarity of a differentiation strategy depended on the ability of individual firms to be creative in finding new ways to differentiate their products as such gives them a competitive on performance among rivals given creative firms will always manage to differentiate themselves from competitors.

#### **4.3.4 Performance of Lodges**

The study further sought to determine the trend of various aspects in the lodges for the last five years. Findings are presented in table 4.9 below.

The performance of the lodges is paramount for their continuous operations in the evolving and stiff lodge sector. The respondents agreed that the service quality index was the main that influences clients to choose the lodges they have been regularly



visiting with a mean of 4.4750 and standard deviation of 0.7074 thus improving their performance. The number of clients patronizing the lodges with a mean of 4.5125 and standard deviation of 0.6559 was also highlighted by the respondents as having influenced the performance of the lodges to a large extent. The revenue in the lodges was noted also to have increased over the past years and this was attributed to the adoption of different strategies by the lodges.

**Table 4.9: Descriptive Statistics for lodges performance**

| <b>Various Aspects considered</b>        | <b>Mean</b>   | <b>Standard deviation</b> |
|--|---------------|---------------------------|
| Trip advisor Ranking                     | 4.4375        | .6530                     |
| Number of Clients patronizing the lodges | 4.5125        | .6559                     |
| Revenue                                  | 4.3375        | .8851                     |
| Service quality index                    | 4.4750        | .6359                     |
| <b>Aggregate scores</b>                  | <b>4.4406</b> | <b>0.7074</b>             |

**Source: Data Analysis (2018)**

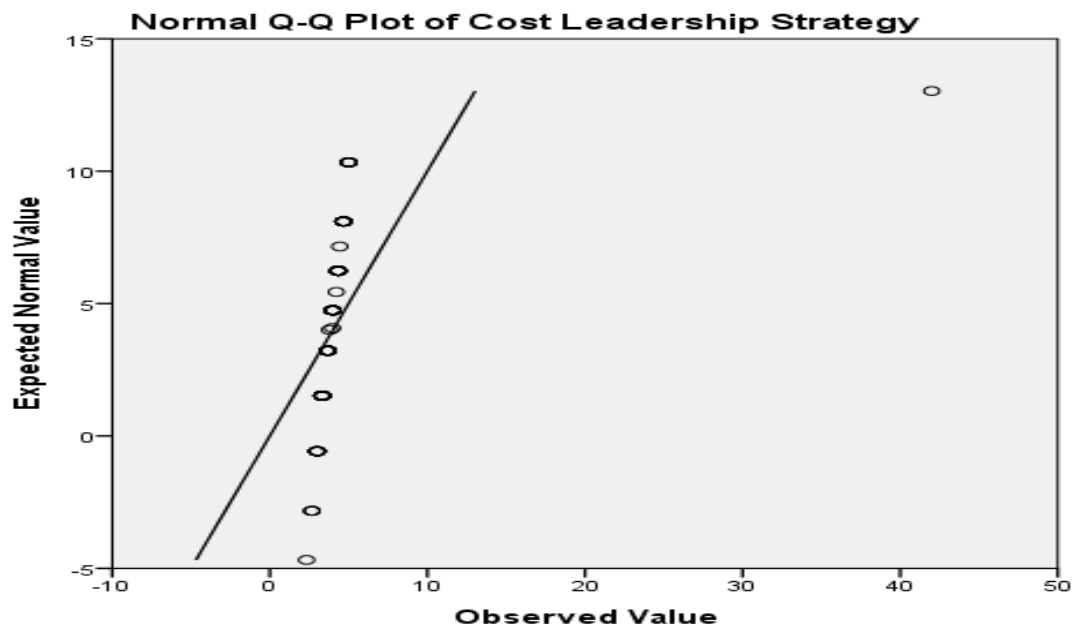
#### **4.4 Assumptions of Regression Analysis**

According to Kothari & Garg (2018), regression is the determination of a statistical relationship between two or more variables. Regression was adapted to further test the effect of the independent variables on the dependent. Multiple regressions work best on the basis of certain assumptions (Tabachnick & Fidell, 2013). Variables were consequently examined for regression assumptions; normality, linearity, homoscedasticity, autocorrelation and multicollinearity.

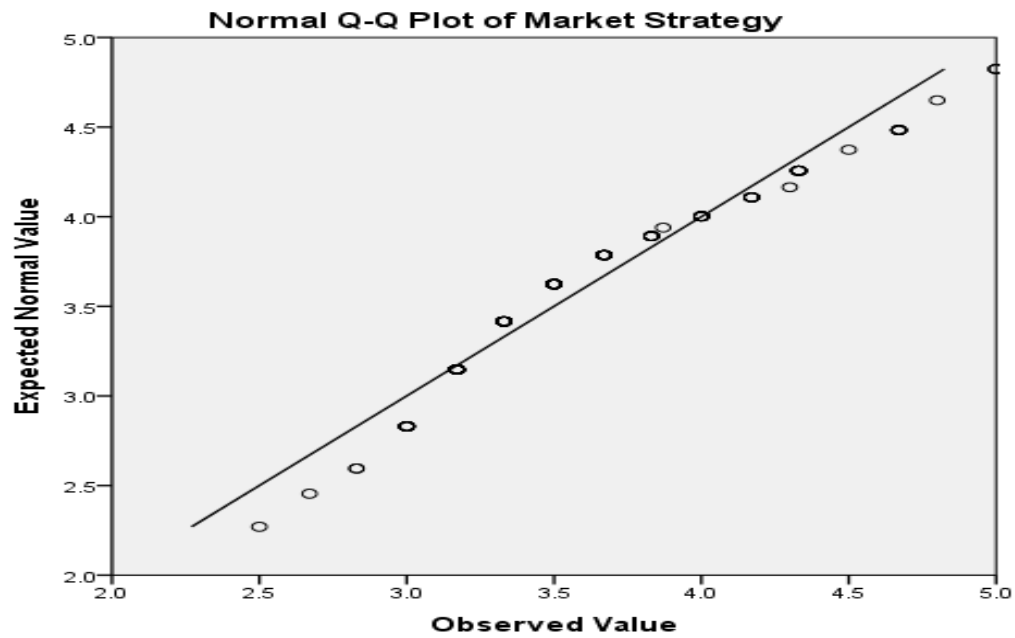
##### **4.4.1 Normality Assumption Test**

Multiple regression assumes that variables have normal distributions (Osborne & Waters, 2002). This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006). Normality in distributions of data across the constructs was examined using the quantile – quantile (Q-Q) plots. Loy, Follett and Hofman (2015) observe that Q-Q plots have the ability to

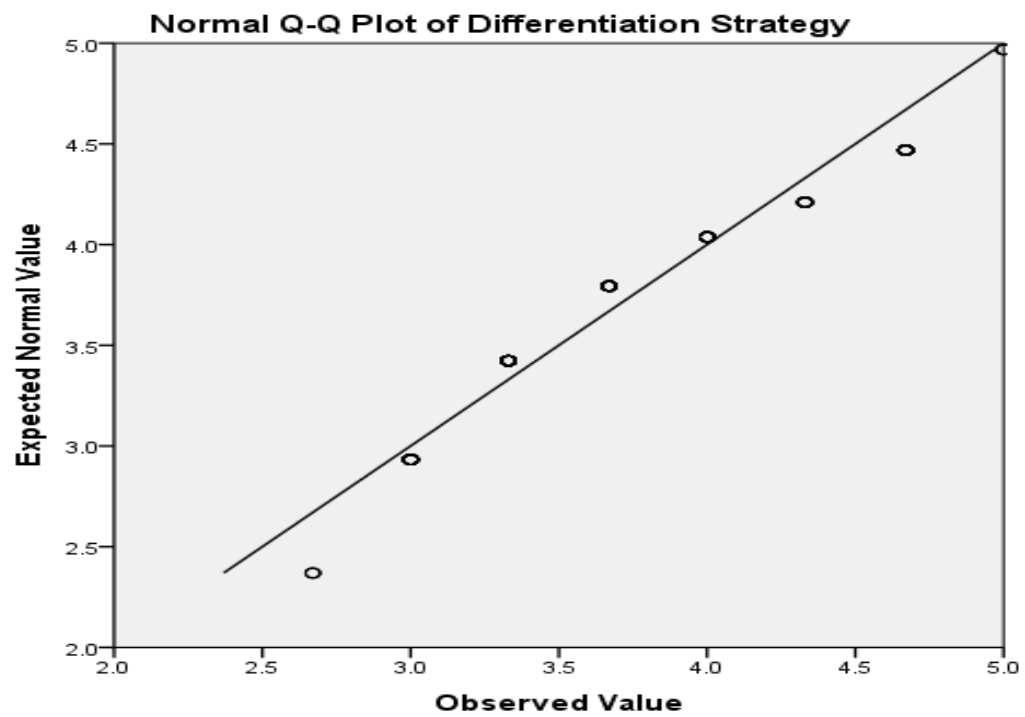
point out non-normal features of distributions, making them more suitable for testing normality. In the Q-Q plot, normality is achieved if plotted data representing a given variable follow a diagonal line usually produced by a normal distribution. The normal Q-Q plot shows that data dots were largely along the diagonal line, which signifies that data distribution for cost leadership (figure 4.1a), focus (figure 4.1b), differentiation (figure 4.1c) and performance of lodges (figure 4.1d).



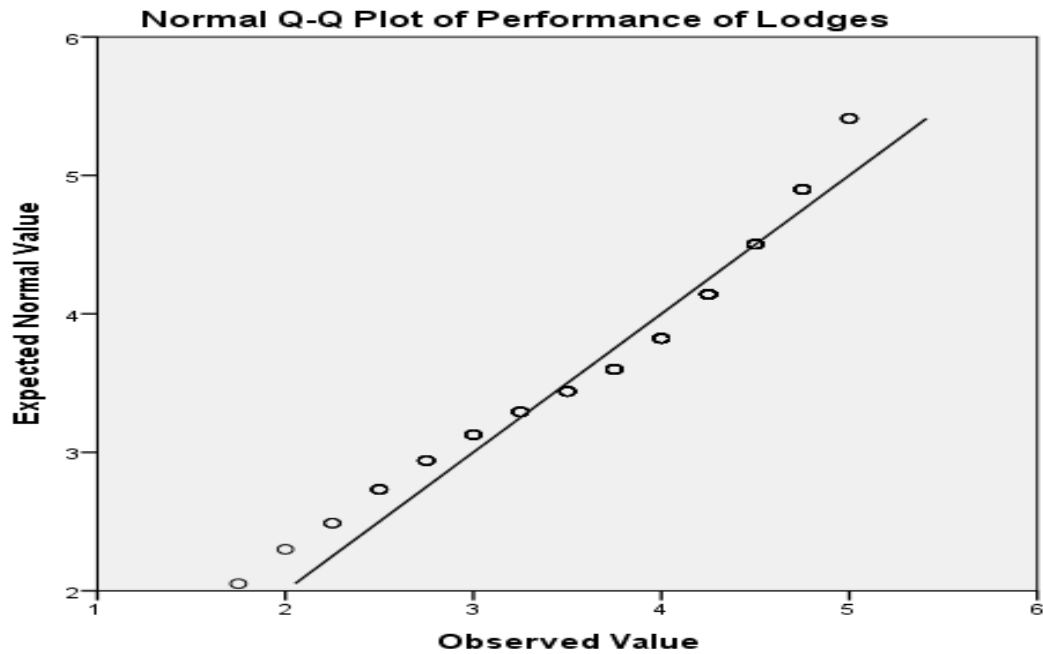
**Figure 4.1(a) Normality for Cost Leadership**



**Figure 4.1(b) Normality for Focus Strategy**



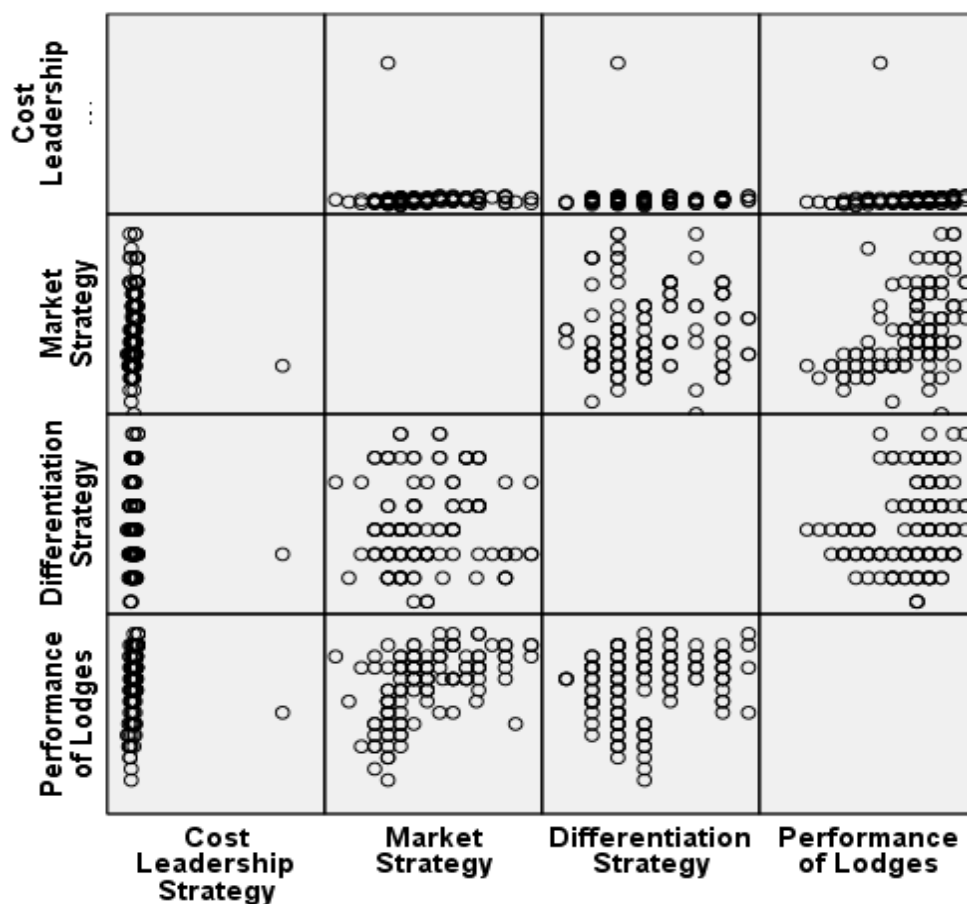
**Figure 4.1(c) Normality for Differentiation Strategy**



**Figure 4.1(d) Normality for Performance of Lodges**

#### **4.4.2 Linearity Assumption Test**

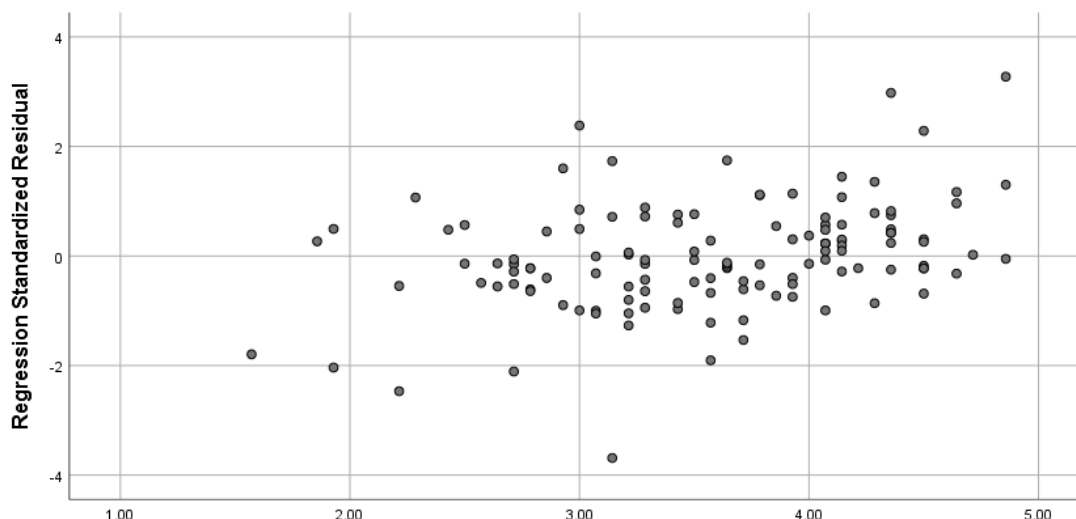
Linearity is the assumption that a straight-line relationship exists between two variables (Tabachnick & Fidell, 2013). Normal P-P plot for the regression residuals of the dependent variable. The expected cumulative probabilities are plotted on the vertical axis, while the observed cumulative probabilities are plotted on the horizontal axis. From the results, the data fits well to the normal distribution as shown in Figure 4.2. In-depth examination of the residual plots indicated linear relationships (Keith, 2006).



**Figure 4.2 Linearity**

#### **4.4.3 Homoscedasticity Assumption Test**

Homoscedasticity applies to multiple regressions and as noted by Tabachnick and Fidell, (2013), assumes uniform variability in scores for dependent variable in relation to the independent variables. Homoscedasticity was checked using the standardized residual scatter plot (Figure 4.3). For this assumption to be met, variables were expected to produce oval or elliptical scatter plots. Results indicated that oval scatter plots were in all the cells indicating non-violation of the homoscedasticity requirement.



**Figure 4.3 Homoscedasticity**

#### 4.4.4 Autocorrelation Assumption Test

Autocorrelation as noted by Tabachnick and Fidell (2013) is a measure of correlation among regression residuals. The assumption of independence of errors is violated when factors such as time and distance are associated with the order in which cases are taken. Autocorrelation (independence of errors) was tested using the Durbin–Watson (DW) statistics. A Durbin–Watson statistic in the range  $1.5 \leq d \leq 2.5$  suggests lack of autocorrelation (Verbeek, 2012). Results presented in Table 4.10 reveal that the Durbin–Watson statistic  $d=1.917$  was between the critical values and hence there was no autocorrelation in the multiple linear regression data.

**Table 4.10: Autocorrelation Test**

| <i>Model</i> | <i>Std. Error of the Estimate</i> | <i>Durbin-Watson</i> |
|--------------|-----------------------------------|----------------------|
| 1            | .53633                            | 1.917                |

a. Predictors: (Constant), Differentiation Strategy, Focus Strategy, Cost Leadership Strategy  
b. Dependent Variable: Performance of Lodges

#### 4.4.5 Multicollinearity Assumption Test

Multicollinearity is identified as a situation where independent variables or predictors are highly correlated among themselves (Vatcheva, Lee, McCormick, & Rahbar, 2016). To test for multicollinearity, the Variance Inflation Factor (VIF) and tolerance were used. The rule of thumb; VIF value should be less than ten and tolerance should be greater than 0.2 (Keith, 2006; Shieh, 2010). This was also supported by the VIF values which fall below 1.417 and the least tolerance of 0.706, which was below the cut-off of 10 and 0.2 respectively (Table 4.11).

**Table 4.11: Collinearity Statistics**

| Model                    | Collinearity Statistics |       |
|--------------------------|-------------------------|-------|
|                          | Tolerance               | VIF   |
| 1 (Constant)             |                         |       |
| Cost Leadership Strategy | .706                    | 1.417 |
| Focus Strategy           | .906                    | 1.104 |
| Differentiation Strategy | .933                    | 1.072 |

a. Dependent Variable: Performance of Lodges

Results showed that all the VIF values were within the threshold indicating that multicollinearity was not an issue in the study. Therefore, there is no violation of the multicollinearity assumption. In the presence of multicollinearity, it may not be practically possible to assume the interpretation of the regression coefficient as being attributed to one variable, while holding others constant because of the information that may be overlapping.

#### 4.5 Multiple Linear Regression Analysis

Multiple regression analysis was used to analyze the effect of a single dependent variable on several predictor variables (Hair *et al.*, 2006). The regression coefficient summary was used to explain the effect of all the independent variables on the

dependent. Regression analysis was undertaken in order to determine the influence of competitive strategies on performance of lodges in Isiolo County.

**Table 4.12: Model Summary**

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .668 <sup>a</sup> | .447     | .433              | .53633                     | .447              | 33.364   | 3   | 124 | .000          | 1.917         |

a. Predictors: (Constant), Differentiation Strategy, Focus Strategy, Cost Leadership Strategy

b. Dependent Variable: Performance of Lodges

From the results of model summary adjusted  $R^2=.433$  which is 43.3% of the variation on performance that can be explained by cost leadership strategy, focus strategy and differentiation strategy. The remaining 56.7% is attributed to other strategies that have not been undertaken in the study. The results contradict Gyamfi (2016), who investigated the effects of porter's generic strategies on hotel performance in Kumasi, Nigeria, and discovered that cost leadership strategy, differentiation strategy, and focus have an impact on lodge performance in Kumasi.

The study used Analysis of Variance to determine the significance of the regression model. The significance level was considered significant if the P-value was less or equal to 0.05. The P-value of 0.001 was less than 0.05 thus the regression model was statistically significant in predicting the influence of competitive strategies on performance of lodges in Isiolo County. The probability value of 0.001 indicated that the regression relationship was highly significant in predicting how cost leadership strategy, focus strategy, differentiation strategy influenced performance of lodges in Isiolo County basing the confidence level at 95% the analysis indicates high reliability



of the results obtained. The overall ANOVA results indicated that the model was significant at  $F=33.364$ ,  $p=0.001$  implying that cost leadership strategy, focus strategy and differentiation strategy have great influence on performance of the lodges.

**Table 4.13: Analysis of Variance**

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 28.791         | 3   | 9.597       | 33.364 | .000 <sup>b</sup> |
|       | Residual   | 35.669         | 124 | .288        |        |                   |
|       | Total      | 64.460         | 127 |             |        |                   |

a. Dependent Variable: Performance of Lodges

b. Predictors: (Constant), Differentiation Strategy, Focus Strategy, Cost Leadership Strategy

Based on the model, cost leadership attained  $\beta=.021$ , focus strategies with  $\beta=.123$  and differentiation strategies  $\beta=.097$ . According to the results a one-unit increase in cost leadership strategy increases the performance of lodges by .021 units. The value of the coefficient is also positive. The positive effect shows that there is a positive effect of cost leadership strategy ( $p=.837$ ) on lodges performance. The findings of the study contradict those of Nzisa, Njeje, and Namiida (2017), who conducted a study on the impact of cost leadership strategy on hotel chain growth in Kenya and found out that cost leadership had a significant impact on hotel chain growth in Kenya, as most hotel chains pursued cost leadership as a competitive strategy to grow their business. Also, Gheribi (2018) found that hotels achieve a low-cost position with a high market share in a study on competition strategies of selected international hotel groups in the Polish market.

**Table 4.14: Significance of Independent Variables****Coefficients<sup>a</sup>**

|                          | Unstand<br>ardized |            | Stand<br>ardized | t     | Sig. | Correlations   |         |      | Collinearity<br>Statistics |       |
|--------------------------|--------------------|------------|------------------|-------|------|----------------|---------|------|----------------------------|-------|
|                          | Coefficients       |            |                  |       |      |                |         |      |                            |       |
|                          | B                  | Std. Error | Beta             |       |      | Zero-<br>order | Partial | Part | Tolerance                  | VIF   |
| Model                    | B                  | Std. Error | Beta             | t     | Sig. | order          | Partial | Part | Tolerance                  | VIF   |
| 1(Constant)              | .241               | .414       |                  | .582  | .561 |                |         |      |                            |       |
| Cost Leadership Strategy | .021               | .102       | .018             | .206  | .837 | .247           | .018    | .015 | .706                       | 1.417 |
| Focus Strategy           | .123               | .095       | .103             | 1.292 | .199 | .247           | .115    | .098 | .906                       | 1.104 |
| Differentiation Strategy | .097               | .083       | .081             | 1.166 | .246 | .247           | .104    | .078 | .933                       | 1.072 |

a. Dependent Variable: Performance of Lodges

The findings on the use of focus strategies by the lodges found that a one-unit increase in focus strategy increases the performance of lodges by .123 units. The value of the coefficient was also positive. The results shows that there is no positive effect of focus strategy ( $p=.199$ ) on lodges performance. The findings contradict Ngandu (2014), who conducted a study to determine the competitive strategies used by hotels in Thika town, as well as the impact of competitive strategies on hotel performance, and discovered that focus strategies had a significant impact on hotel performance. A focus lodge ought to be able to identify the market in which they will have a niche while meeting the needs and desires of its customers better than its competitors.

On the use of differentiation strategy by the lodges, the results were that a one-unit increase in differentiation strategy increases the performance of lodges by .097 units with a positive value of the coefficient. The findings show that there is no positive effect of differentiation strategy ( $p=.246$ ) on lodges performance. The results were in contrast with Gorondutse and Hilman's (2018) who found that differentiation strategy has a major impact on lodge performance. Also, Bordean, Borza, Nistor, and Mitra (2015) noted that differentiation strategy was discovered to be one of Porter's tactics used by Romanian hotels to increase market share.

The results of the regression model are;

$$Y = 0.241 + 0.021 + 0.123 + 0.097 + \epsilon$$

Where:

$Y$  = Performance of lodges;  $\alpha$  = Constant Term;  $\epsilon$  = Error term

$\beta_1$ ,  $\beta_2$  and  $\beta_3$ , = Coefficients of determination of the independent variables

$X_1$ = Cost leadership;  $X_2$ = Focus;  $X_3$ = Differentiation

#### 4.5.1 Hypothesis Results

To determine the effect of competitive strategies on performance of lodges, multiple linear regression analysis tested three hypotheses of the study. The decision rule for testing this hypothesis was reject  $H_0$  if  $p < 0.05$  or support if  $p > 0.05$ .

**Hypothesis H<sub>01</sub>** postulated that there was no effect of cost leadership strategies on performance of lodges in Isiolo County. To test the hypothesis, a regression of cost leadership variable and performance variable was conducted. The study hypothesized that there was no effect of cost leadership strategies on performance. The study findings depicted that there was no effect of cost leadership strategies on performance ( $\beta_1=0.021$  and  $p=0.837$ ). Therefore, a unit increase in of cost leadership strategies leads to an increase in performance. Since  $p > 0.05$ , the null hypothesis (**H<sub>01</sub>**) failed to be rejected and was therefore supported. Therefore, it was concluded that cost leadership strategies had no effect performance. This implies that a change in of cost leadership strategies does not lead to an improvement on performance of lodges.

**Hypothesis H<sub>02</sub>** postulated that there was no effect of focus strategies on performance of lodges in Isiolo County. To test the hypothesis, a regression of focus variable and

performance variable was conducted. The study hypothesized that there was no effect of focus strategies on performance. The study findings depicted that there was no effect of focus strategies on performance ( $\beta_2=0.123$  and  $p=0.199$ ). Therefore, a unit increase in of focus strategies leads to an increase in performance. Since  $p > 0.05$ , the null hypothesis (**H<sub>02</sub>**) failed to be rejected and was therefore supported. Therefore, it was concluded that focus strategies had no effect performance. This implies that a change in of focus strategies does not lead to an improvement on performance of lodges.

**Hypothesis H<sub>03</sub>** postulated that there was no effect of differentiation strategies on performance of lodges in Isiolo County. To test the hypothesis, a regression of differentiation variable and performance variable was conducted. The study hypothesized that there was no effect of differentiation strategies on performance. The study findings depicted that there was no effect of differentiation strategies on performance ( $\beta_3=0.097$  and  $p=0.246$ ). Therefore, a unit increase in of differentiation strategies leads to an increase in performance. Since  $p > 0.05$ , the null hypothesis (**H<sub>03</sub>**) failed to be rejected and was therefore supported. Therefore, it was concluded that differentiation strategies had no effect performance. This implies that a change in of differentiation strategies does not lead to an improvement on performance of lodges.

From the results cost leadership, focus strategies and differentiation strategies do not affect performance of lodges as per table 4.15.

**Table 4.15: Summary of Hypotheses Results**

| <b>Hypothesis</b>   | <b><math>\beta</math>-value</b> | <b>P-value</b> | <b>Results</b>             |
|---|---------------------------------|----------------|----------------------------|
| <b>H01:</b> There is no effect of cost leadership strategies on performance of lodges | 0.021                           | .837           | Supported<br>( $p > .05$ ) |
| <b>H02:</b> There is no effect of focus strategies on performance of lodges           | 0.123                           | .199           | Supported<br>( $p > .05$ ) |
| <b>H03:</b> There is no effect of differentiation strategies on performance of lodges | 0.097                           | .246           | Supported<br>( $p > .05$ ) |

Source: Data Analysis, (2024)

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter comprises of summary of findings, conclusion and recommendations in line with the topic of the study which was to establish the effect of competitive strategies on performance of selected lodges in Isiolo County.

#### **5.2 Summary**

The high competition in lodges is a challenge that management of the sector needs to pay a keen interest on strategies that ensures they achieve competitive edge over its competitors. An understanding of how competitive strategies affect a lodge competitive positioning was paramount. Cost leadership strategy was found to have been used by the lodges in utilization of resources thus ensuring efficiency in their day to day activities. By adopting the strategy, the lodges were able to attract to customers who are price sensitive. The cost leadership strategy enabled the lodges to keep their costs as low as possible while at the same time offering their customers services that are acceptable.

Competitive strategies adopted in the lodge sector are meant to enable the lodges to position itself in the industry so that it can defend against competitive forces or can influence them in its favor. The study established that the lodges and lodges have pursued focus strategy through market segmentation based on benefit sought by the customers, segmentation based on physiological aspects of the customers and also segmentation based on income.

Differentiation strategy was found to have been used a lot by all the lodges as it enables them to charge their customers different prices while at the same time undertaking promotional activities that tend to appeal to the potential customers of the need to visit

their facilities and the experience they will get. The advertisements show the firms strength relative to that of its competitors in the most efficient way and also molds actions and decisions of managers and employees in a coordinated, companywide game plan.

### **5.3 Conclusion**

Based on the multiple regression results, the study concludes that cost leadership strategy, focus strategy and differentiation strategy do not affect performance of lodges in Isiolo County. The lodges can thus improve their performance to a great extent by employing other competitive strategies.

Cost leadership strategies do not affect performance of lodges in Isiolo County ( $P=0.837>0.05$ ). This suggests that there is no significant relationship between the implementation of cost leadership strategies and the overall performance of the lodges in Isiolo county. In statistical terms, a p-value greater than 0.05 typically indicates that the observed results are not statistically significant, meaning that there is no strong evidence to suggest that the cost leadership strategy directly influences the performance of these lodges. This result implies that, at least in the context of this study, simply adopting a cost leadership strategy focused on reducing operational costs or offering lower prices does not necessarily lead to improved performance outcomes for lodges in Isiolo County. Performance could be influenced by other factors such as service quality, brand reputation, customer satisfaction, or differentiation strategies, which may be more impactful in this specific setting.

Differentiation strategy had no effect on performance of lodges in Isiolo County ( $p=0.246>0.05$ ). The conclusion suggests that there is no statistically significant relationship between the adoption of a differentiation strategy and the performance of

these lodges in Isiolo County. In simpler terms, the p-value of 0.246, which is greater than the commonly accepted significance level of 0.05, indicates that the observed results are likely due to chance and do not provide strong evidence that differentiation (offering unique products or services) directly impacts the lodges' performance in Isiolo County. This outcome implies that, in the context of this study, lodges that employ a differentiation strategy such as providing unique experiences, luxury amenities, or specialized services do not necessarily experience better performance outcomes than those that do not adopt such a strategy. Performance, in this case, may depend on other factors, such as operational efficiency, market conditions, customer loyalty, or external influences like competition or economic trends.

Focus strategy does not affect performance of lodges in Isiolo County ( $p=0.199>0.05$ ). The conclusion indicates that there is no statistically significant relationship between adopting a focus strategy and the performance outcomes of these lodges in this region. Specifically, the p-value of 0.199 is greater than the conventional threshold of 0.05, meaning the observed results are not strong enough to reject the null hypothesis. In other words, the data suggests that focusing on a specific market segment (e.g., targeting niche customer groups based on factors such as demographics or preferences) does not directly influence the performance of the lodges. This result implies that the practice of tailoring services or products to cater to a specific market segment does not necessarily lead to improved performance in Isiolo County's hospitality sector. While focusing on a niche market can be a useful strategy in some contexts, for the lodges in this study, it may not have been effective in driving performance outcomes like revenue growth, customer satisfaction, or market share. It is possible that other factors such as the quality of service, pricing strategies, operational efficiencies, or external market dynamics may have more significant impacts on performance than a focus strategy alone.



## **5.4 Recommendations**

County might need to explore alternative strategies or focus on a combination of factors beyond cost leadership to improve their performance and gain a competitive edge in the market.

Sustainability and green initiatives can be implemented through eco-friendly practices and certifications to attract environmentally conscious travelers. This includes sustainable sourcing, energy efficiency, and waste reduction which could impact on cost reduction and increase profitability. Dynamic pricing and revenue management strategies by using sophisticated techniques to optimize occupancy rates and maximize revenue. This involves adjusting prices based on demand, seasonality, and booking patterns. For example lodges can use revenue management software to adjust room rates dynamically based on real-time market conditions and booking trends.

Lodges have put in place measures in order for their customers to patronize the facilities. It is recommended that the lodges come up with attractive packages and offers to their customers as this may lead to customer retention and better recommendations. For differentiation strategy, other than product and service differentiation such as experience differentiation by creating unique and memorable experiences for guests that go beyond standard hotel offerings. This could include personalized services, themed rooms, or unique amenities. Technology integration can be implemented to enhance guest experience in order to streamline operations to involving mobile check-ins, smart room controls or AI-driven customer service. Culinary excellence can be adopted by developing a reputation for exceptional dining experiences, whether through on-site restaurants, room service, or exclusive culinary events. Personalized Guest Services based on guest preferences and history. This can include customized room settings, tailored recommendations, and personal concierge services. For example a lodge can

use guest data to personalize room amenities, such as preferred pillow types or specific dietary requirements for in-room dining.

Focus strategies depending on the hotel's goals, resources, and market conditions, a broader market approach may be more advantageous for achieving growth, scalability, and brand appeal. Lodges should carefully assess their strategic priorities and market conditions to determine whether focusing on niche markets aligns with their overall business objectives and long-term sustainability. For focus strategy, the study recommends that lodges implement local authenticity to emphasize local culture, cuisine, and heritage in lodge offerings. This creates a more immersive experience for guests and differentiates the hotel from generic offerings. In addition, loyalty programs to encourage repeat business and enhance customer retention. The lodges can offer rewards, personalized offers, and exclusive benefits to loyal guests and engage in strategic Partnerships with local businesses, tourist attractions, or other service providers to offer bundled services or exclusive deals e.g. a lodge might partner with local tour operators to provide guests with exclusive tours or discounted rates on local attractions. The lodges can also create spaces for event and meetings that are high attractive quality facilities and services for conventions, conferences, and functions to attract business clients and groups. Finally, the lodges can expand brand presence globally and locally to attract new markets to saturate the lodge area. A lodge can open new locations in key cities or expand its presence in high-demand local markets.

### **5.5 Theoretical Implication**

Porter's Generic Strategies Model helps lodges identify the strategic direction and competitive positioning, while the Balanced Scorecard provides a framework for translating these strategies into actionable performance measures across various dimensions. Together, they offer a comprehensive approach to enhancing hotel

performance by aligning strategic choices with operational execution and performance evaluation.

Strategic alignment and performance using Porter's Model helps lodges determine the strategic direction (cost leadership, differentiation, or focus) that best suits their market position and competitive environment and the BSC assists lodges in aligning their operational activities with their chosen strategy by integrating financial performance with customer satisfaction, internal processes, and employee development.

Impact on financial performance through Porter's Model provides insights into how different strategies affect revenue and cost structures. For instance, a differentiation strategy may lead to higher revenue but also higher costs while BSC offers a balanced view by correlating financial outcomes with other performance indicators, allowing hotels to assess how strategic choices impact overall performance beyond just financial metrics.

Customer satisfaction and loyalty in Porter's Model suggests that differentiation strategies can enhance customer satisfaction through unique offerings, while cost leadership may focus more on price-sensitive segments whereas BSC emphasizes measuring and managing customer satisfaction and loyalty as crucial aspects of performance, aligning with the idea that high satisfaction can lead to better financial outcomes and market position.

Operational efficiency in Porter's Model highlights the need for operational efficiency in cost leadership strategies to maintain low costs while BSC focuses on internal processes and efficiency as critical for executing any strategy effectively, whether aiming for cost leadership or differentiation.

Employee development in Porter's Model does not explicitly cover effective differentiation but often relies on highly skilled and motivated staff while BSC explicitly addresses the importance of learning and growth, showing that employee training and development are essential for implementing and sustaining competitive strategies.

### **5.6 New Knowledge**

The new knowledge derived from these results is that cost leadership, focus, and differentiation strategies do not significantly affect the performance of lodges in Isiolo County. This implies that adopting cost leadership strategies does not impact on the overall performance of lodges, targeting specific market segments or focusing on niche markets does not result in measurable improvements in the performance of lodges and efforts to differentiate products or services (e.g., offering unique experiences or premium offerings) do not influence the performance of lodges in Isiolo County.

The results suggest that the competitive strategies typically seen as critical in driving performance (cost leadership, focus, and differentiation) may not be as effective in the specific context of lodges in Isiolo County as hypothesized. Factors other than these strategies may play a more significant role in influencing performance, such as location, customer service, local economic conditions, or broader market trends. This finding challenges conventional wisdom that these strategies would directly lead to performance improvements, particularly in a region-specific context.

### **5.7 Recommendations for Further Research**

The researcher recommends further studies on the following areas:

Mixed method research using quantitative data with qualitative insights to gain comprehensive understanding of strategy impacts.

Explore other factors affecting lodge performance, such as technological innovation, brand reputation, customer satisfaction, or external market forces.

The regional context of Isiolo County may warrant a deeper exploration into local market dynamics that could affect the effectiveness of these strategies.

It may also be useful to examine whether these strategies have long-term effects that were not captured in this study or if external environmental factors (e.g., tourism trends, economic stability) influence the performance more than these competitive strategies.

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## **APPENDICES**

### **Appendix 1: Cover Letter**

Dear Respondent,

I am conducting a research on the effects of Competitive strategies on the performance of the Hospitality sector in Isiolo County, Kenya. With the increasing competition that Lodges face today, in order to survive, firms have to adjust their approach to business and come up with Competitive strategies for dealing with the highly competitive environment. Traditionally more focused on the physical product and services, tourism industry is waking up to consumers who demand consistent delivery of the brand promise, changing needs and sensitivity to socio-political both locally and globally. Hospitality sector need to learn to manage tomorrow's opportunities as competently as they manage today's businesses.

Therefore, this research will be of great significance as it will help to find out the actual Lodges performance when the right marketing strategies are given great considerations. I kindly request you to fill these questionnaires attached, which take you at least ten minutes. The research is purely academic and any information provided will be treated with at most confidentiality. Thank you for your cooperation in advance.

**Yours Faithfully**

**Ekadeli E. Francis**

## Appendix 2: Questionnaire for Employees

### SECTION 1: DEMOGRAPHIC INFORMATION

#### PART A: PERSONAL INFORMATION

Please tick ( ) appropriately:

1. State your Gender: Female ( ) Male ( )
2. In which Age Bracket are you? Under 21 ( ) 21-30 ( ) 41-50 ( ) Above 50 ( )
3. What is the Level of your Education?  
Certificate holder ( ) Diploma holder ( ) Degree ( ) Postgraduate ( )
4. For how long have you worked in the Lodges industry?  
0-5 years ( ) 6-10 years ( ) 11years and above ( ) 21 years and above

#### PART B: COST LEADERSHIP STRATEGY

Please indicate the extent to which you agree with each of the following statements relating to cost leadership strategy given the scale below. 5-strongly agree (SA), 4-Agree (A), 3-Neither (N), 2-Disagree (D), 1-Strongly disagree (SD)

5. To what extent do you agree on the following as cost leadership strategies used by various lodges?

| B  | Statements  | SA<br>(5) | A<br>(4) | N<br>(3) | D<br>(2) | SD<br>(1) |
|----|---|-----------|----------|----------|----------|-----------|
| B1 | The lodges ensure capacity utilization of resources   |           |          |          |          |           |
| B2 | We try to maximize on economies of scale when making purchases and production                   |           |          |          |          |           |
| B3 | We are efficient and control costs  |           |          |          |          |           |
| B4 | The hotel forms linkages with service providers, suppliers and other supplementary institutions |           |          |          |          |           |
| B5 | We focus on mass production of food, beverages and all units concerned with production          |           |          |          |          |           |
| B6 | We reduce operation times and costs for efficiency and effectiveness                            |           |          |          |          |           |
| B7 | The lodges distribute products in mass or bulk  |           |          |          |          |           |



### PART C: FOCUS STRATEGY.

Please answer the questions on focus strategy by ticking the appropriate answer.

6. Kindly rate your level of agreement with each of the following statements on aspects of focus in your Lodge.

| C  | Statements  | SA<br>(5) | A<br>(4) | N<br>(3) | D<br>(2) | SD<br>(1) |
|----|---|-----------|----------|----------|----------|-----------|
| C1 | The lodge market segmentation is on customer benefit/preferences      |           |          |          |          |           |
| C2 | We segment our market on physiological aspects of customers.          |           |          |          |          |           |
| C3 | Our customers are segmented based on social class.                    |           |          |          |          |           |
| C4 | We segment our products/services based on customer's level of income. |           |          |          |          |           |

### PART D: DIFFERENTIATION STRATEGIES

This section asks questions relating to Differentiation strategies. Please answer the questions appropriately as per instructions given on the scale provided.

7. Indicate the extent to which you agree with the following statements pertaining to differentiation on a scale of 1-Not at all(NAA); 2-Little Extent (LE); 3-Moderate Extent (ME); 4-Great Extent (GE); 5-Very Great Extent(VGE)

| D  | Statements   | VGE<br>(5) | GE<br>(4) | ME<br>(3) | LE<br>(2) | NAA<br>(1) |
|----|--|------------|-----------|-----------|-----------|------------|
| D1 | We differentiate our products/service quality                |            |           |           |           |            |
| D2 | Our products and services are differentiated by price        |            |           |           |           |            |
| D3 | Our location (place) differentiates us                       |            |           |           |           |            |
| D4 | Our promotion and advertising campaigns are unique           |            |           |           |           |            |
| D5 | We differentiate our personnel through dressing and behavior |            |           |           |           |            |
| D6 | Our image is well differentiated by our logo and others      |            |           |           |           |            |
| D7 | We are differentiated by our technological leadership        |            |           |           |           |            |

### **PART E: PERFORMANCE OF THE LODGES.**

This section asks questions relating to the lodges performance. Please answer the question appropriately as per instructions given on the scale provided.

8. What is the level of improvement on the following aspects of performance 5-Great Improvement (GI); 4-Improved (I); 3-Constant Improvement 2-(CI); 1-Decrease (D); Greate Decrease (GD)

| <b>E</b> |  | <b>GI<br/>(5)</b> | <b>I<br/>(4)</b> | <b>CI<br/>(3)</b> | <b>D<br/>(2)</b> | <b>GD<br/>(1)</b> |
|----------|--|-------------------|------------------|-------------------|------------------|-------------------|
| E1       | The lodge ranking in trip advisor is high                                |                   |                  |                   |                  |                   |
| E2       | Lodge revenue keeps increasing   |                   |                  |                   |                  |                   |
| E3       | There is an increase in the number of the clients patronizing the lodge. |                   |                  |                   |                  |                   |
| E4       | The service quality index is high  |                   |                  |                   |                  |                   |

**Thank you for your time**